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AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

WEDNESDAY, 4 DECEMBER 2024

4.00 PM

COUNCIL CHAMBER, FENLAND HALL, COUNTY ROAD, MARCH

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

1 To receive apologies for absence.

2 Previous Minutes. (Pages 3 - 6)

To confirm and sign the minutes of 22 July 2024

3 To report additional items for consideration which the Chairman deems urgent by virtue of special circumstances to be now specified.

4 Members to declare any interests under the Local Code of Conduct in respect of any item to be discussed at the meeting.

5 Appointed Auditor - Audit Completion Report Year Ended 31 March 2023 (Pages 7 - 54)

To consider the Audit Completion Report for Year Ended 31 March 2023 from the Council's appointed independent external auditor - EY (Ernst and Young).

6 Statement of Accounts 2022/23 (Pages 55 - 188)

To review and approve the final Statement of Accounts for 2022/23.

7 Letter of Representation 2022/23 (Pages 189 - 194)

To agree the format and content of the Letter of Representation provided to the independent external auditor (EY) at the conclusion of the audit of the 2022/23 Statement of Accounts.

8 Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review 2024/25 (Pages 195 - 204)

To review the Council's Treasury Management activity for the first six months of 2024/25 and to provide members with an update on matters pertinent to future updates to the Council's Treasury Management Strategy.

9 Internal Audit Plan 2024-25 Progress Report Q1 & Q2 (Pages 205 - 220)

To report progress against the Internal Audit Plan 2024/25 for the first and second quarters (1 April to 30 September 2024) and the resulting level of assurance from the planned work undertaken.

To provide an update to members on the resourcing situation within the Internal Audit team.

10 Appointment of an Independent Member to the Audit & Risk Management Committee (Pages 221 - 228)

To seek the view of the Audit and Risk Management Committee on the appointment of an Independent Member to the Committee.

11 Corporate Risk Register Review (Pages 229 - 254)

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

12 Audit and Risk Management Committee Work Programme (Pages 255 - 260)

For information purposes.

13 Items of Topical Interest.

14 Items which the Chairman has under item 3 deemed urgent.

Tuesday, 26 November 2024

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

AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 22 JULY 2024 - 4.00 PM

Fenland CAMBRIDGESHIRE
Fenland District Council

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

APOLOGIES: Councillor J Mockett (Vice-Chairman) and Councillor G Booth

OFFICERS IN ATTENDANCE: Stephen Beacher (Head of ICT Digital & Resilience), Peter Catchpole (Corporate Director and Chief Finance Officer), Deborah Moss (Head of Internal Audit), Mark Saunders (Chief Accountant), David Thacker (Interim Internal Audit Manager), Sian Warren (Deputy Chief Accountant) and Linda Albon (Member Services & Governance Officer)

ARMC1/24 TO APPOINT A CHAIRMAN FOR THE MUNICIPAL YEAR

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

ARMC2/24 PREVIOUS MINUTES.

The minutes of the meeting held 25 March 2024 were approved and signed.

ARMC3/24 TO APPOINT A VICE CHAIRMAN FOR THE MUNICIPAL YEAR

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

ARMC4/24 INTERIM VALUE FOR MONEY REPORT 22/23

Members considered the Interim Value for Money Report 22/23 presented by Mark Hodgson from Ernst & Young.

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

- Councillor Christy asked if there would be any significant implications arising from the draft accounts being published late. Mark Hodgson responded that what is important is the conclusion reached about the rationale for why they were late, and it means different things to different stakeholders. It was clear in the notice published by Council at the time and national media attention given to the fact that there have been delays which has a knock-on effect. In his opinion there is no conclusion to be drawn providing there is a timetable in place to catch up. That was discussed as part of the audit plan at the last committee meeting and publication of the 23/24 draft set of statements and hitting that timetable will be key to a conclusion going forward.
- Peter Catchpole said it was a deliberate decision not to publish the 23/24 draft statement of accounts because of other priorities, although they will likely be published in August. An audit is not due until October, so this is not being seen as a big issue but is more a matter of resource prioritisation. Given the amount of public interest in the Council's accounts when they are

published, he does not think it a huge risk.

Proposed by Councillor Christy, seconded by Councillor Mrs French and AGREED to note the Interim Value for Money Report 22/23.

ARMC5/24 VERBAL UPDATE ON 'RESET AND RECOVER' APPROACH ON LOCAL GOVERNMENT AUDITS

Members considered the verbal update on the ‘Reset and Recover’ approach on local government audits provided by Mark Hodgson from Ernst & Young.

Members AGREED the update on the ‘Reset and Recover’ approach on local government audits.

(Following this item, Peter Catchpole announced it was Mark Hodgson’s last meeting with the Audit & Risk Committee. As Fenland District Council is considered low risk, he is moving on to work in areas deemed greater risk. Peter thanked Mark for being part of the Council’s audit pattern over the last five years and wished him all the best for the future. Councillor Miss French also gave her thanks on behalf of the Committee).

ARMC6/24 DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24

Members considered the Draft Annual Governance Statement 2023/24 presented by David Thacker, Interim Internal Audit Manager.

David Thacker added that this would be his last meeting with Fenland District Council following the recruitment of Deborah Moss, whom he introduced as the new Head of Internal Audit and who will be attending future meetings. Councillor Miss French thanked David Thacker for his help and input during his time with the Council and welcomed Deborah Moss. Peter Catchpole echoed Councillor Miss French’s comments and additionally thanked David Thacker for helping to move the service on; he has left the new corporate governance group in a good place where improvements will continue to be made.

Members made comments, asked questions and received comments as follows:
- Councillor Christy referred to the CIPFA Position Statement on Audit Committees 2022 which recommends that audit committees have an independent member in a non-political role to advise the Chairman and he wondered if that is something this Council should have. Peter Catchpole responded that a paper on independent members had previously been brought to this Committee and is on the workplan for discussion at a later date.

Proposed by Councillor Tierney, seconded by Councillor Christy and AGREED to approve the draft Annual Governance Statement 2023/24.

ARMC7/24 INTERNAL AUDIT OUTTURN AND QUALITY ASSURANCE REVIEW

Members considered the Internal Audit Outturn and Quality Assurance Review report presented by David Thacker, Interim Internal Audit Manager.

Members made comments, asked questions and received responses as follows:
- Councillor Christy referred to ARP’s 6-monthly review of systems access and asked if that is regular enough, particularly in respect of the leavers process. David Thacker agreed that restricted access still being available once people had left was high risk, but ARP have acknowledged that and will be undertaking reviews more frequently.
- Councillor Christy expressed his concern that Trading Operations for Estates was deemed

high-risk due to the lack of an Asset Management Plan going as far back as 2019/20. Peter Catchpole responded that this situation arose with the loss of the Council's Property and Asset Management Team, so the plan was never completed. However, the new head of service commenced a year ago and this is one of his objectives as it is important and needs to stay on the capital programme.

- Councillor Christy referred to the importance of staff to complete cyber security training given recent high profile ransomware attacks and the resulting effects. Stephen Beacher responded that training for 2024/25 is now being planned.

Proposed by Councillor Christy, seconded by Councillor Mrs French and AGREED:

- **To note the outturn for Internal Audit for 2023-24, which highlights the audits that were completed as per the agreed Internal Audit Plan, and their associated assurance ratings and also the additional assurances gained from other sources of work completed inhouse and eternally to support the Annual Audit Opinion.**
- **To note the Interim Internal Audit Manager's opinion on the "adequacy" of GRC processes.**

<u>ARMC8/24</u> <u>RISK REGISTER - QUARTERLY UPDATE</u>

Members considered the Corporate Risk Register quarterly update presented by Stephen Beacher, Head of ICT, Digital and Resilience.

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

- Councillor Mrs French referred to the potential rise in internal drainage board (IDB) levies. Additional funding is expected in 2024-25 to mitigate against significant rises. but there are rumours that the new government is planning to dissolve IDBs and put the money into environmental agencies so it will be interesting to see if any money is received. Peter Catchpole said he had previously reported that both he and Councillor Miscandlon are part of a special interest group lobbying for the way IDBs are funded.
- Councillor Christy referred again to cyber resilience and asked if the Committee could be given more information about it and how prepared the Council is although he understood that this element would need to take place in closed session. Stephen Beacher agreed that he would be happy to provide members with more information in a closed session.
- Councillor Mrs French asked for more information on plans for the collection of 10,000 tonnes of mixed dry recycling and she would like to know what the Health Cash Plan scheme for staff is. Stephen Beacher said he would find out the information regarding dry recycling. Councillor Miss French advised that the Health Cash Plan scheme is a form of medical insurance where staff can claim back certain medical care costs.

Members AGREED the latest Corporate Risk Register.

<u>ARMC9/24</u> <u>AUDIT AND RISK MANAGEMENT COMMITTEE ANNUAL REPORT 2023/24</u>

Members considered the Audit and Risk Management Committee Annual Report 2023/24 presented by David Thacker.

Councillor Miss French commented that the report is a form of self-assessment exercise for the Committee and as such she thought it important to include member attendance statistics.

Proposed by Councillor Mrs French, seconded by Councillor Christy and AGREED to approve the Audit and Risk Management Committee Annual Report for 2023/24 to be forwarded to Full Council.

ARMC10/24 AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME

Members considered the Audit and Risk Management Committee Workplan.

Councillor Christy asked that the closed session on cyber security be added for a future meeting as discussed.

Members noted the workplan and agreed for it to be updated as appropriate.

ARMC11/24 ITEMS OF TOPICAL INTEREST.

There were no items of topical interest.

4.48 pm Chairman

Agenda Item No:	5	Fenland CAMBRIDGESHIRE
Committee:	Audit & Risk Management Committee	
Date:	4 December 2024	
Report Title:	Appointed Auditor – Audit Completion Report Year Ended 31 March 2023	

Cover sheet:

1 Purpose / Summary

To consider the Audit Completion Report for Year Ended 31 March 2023 from the Council's appointed independent external auditor - EY (Ernst and Young).

2 Key issues

- EY will present their Audit Completion Report for 2022/23 audit year, which is subject to a disclaimed audit report under the Government's Reset and Recovery legislation.

The Audit Completion Report for Year Ended 31 March 2023 is attached.

3 Recommendations

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

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

Fenland District Council

Completion Report for Those Charged with Governance

Year ended 31 March 2023

Report issued - 4 November 2024

Building a better working world

Audit and Risk Management Committee Members
Fenland District Council
Fenland Hall, County Road
March, Cambridgeshire
PE15 8NQPE29 3TN

4 November 2024

Dear Audit & Risk Management Committee

Fenland District Council - Completion Report for Those Charged With Governance – 2022/23 financial year

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

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

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

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

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

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

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

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

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

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

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

Yours faithfully

MARK HODGSON

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

Enc

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

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

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

01 Executive Summary

Executive Summary – System wide context

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

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

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

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

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

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

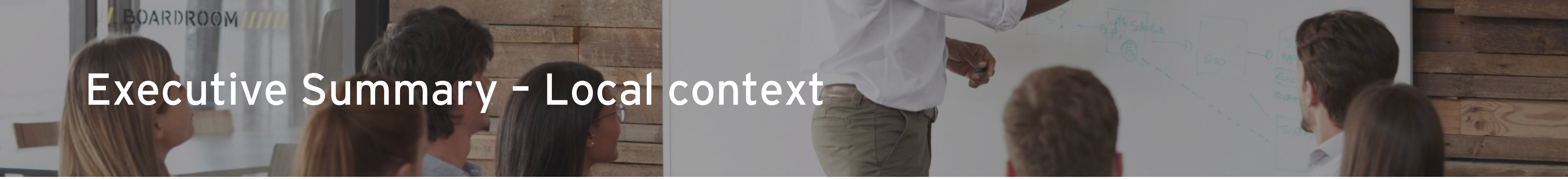
Executive Summary – Council responsibilities

Responsibilities of Authority management and those charged with governance

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

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

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



Executive Summary – Local context

Local Background and Context

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

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

- The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to move onto the subsequent audit years.
- In addition, there were a number of new technical issues and challenges to address during this period, including, accounting for infrastructure assets, taking into account the updated pension fund valuations, which led to delays to the prior year 2021/22 audit being completed. The audit opinion for 2021/22 was signed and issued on the 27 September 2023.
- The Council did not publish its Draft Statement of Accounts by the target date outlined in the Accounts and Audit Regulations 2015 (31 May 2023). The unaudited statements were published on the 9 February 2024.
- Taken together, this has ultimately led to a lack of capacity to be able to commence the 2022/23 audit year with sufficient time to be able to complete the audit.

Executive Summary – Report structure and work completed

Report structure and work completed

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

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

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

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

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

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

Section 4 – Audit Report

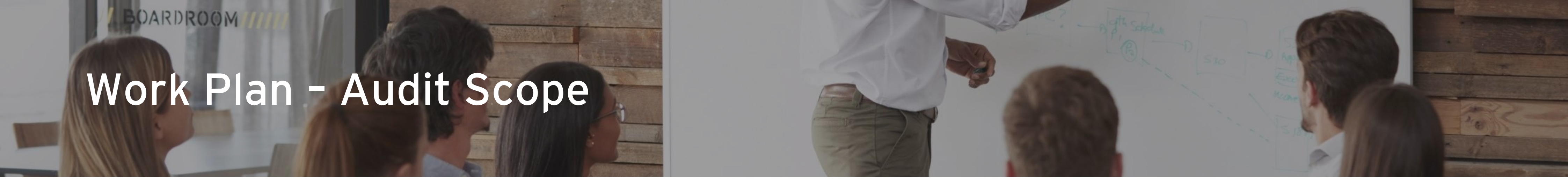
- The draft audit opinion.

Section 5 – Value for Money reporting

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

Section 6 - Appendices

02 Work Plan



Work Plan – Audit Scope

Audit scope

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

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

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

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

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

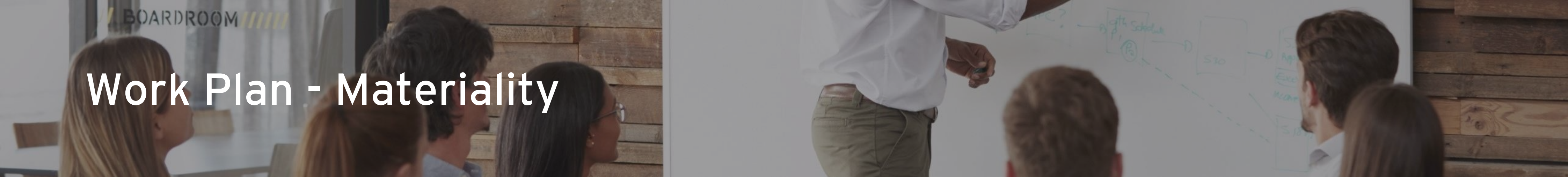
- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

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

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

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

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



Work Plan - Materiality

Materiality

Planning materiality

£1.4m

Materiality for y/e 31 March 2023 has been set at £1.4 million, which represents 2% of 2023 gross expenditure on provision of services.

Performance materiality

£1.06m

Performance materiality for y/e 31 March 2023 has been set at £1.06 million, which represents 75% of planning materiality.

Audit differences

£0.07m

We will report all uncorrected misstatements relating to the primary statements greater than £71,000 for y/e 31 March 2023. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Risk Management Committee.

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

These materiality levels have been set based on the main Council financial statements. These levels are being used to assess our response to any issues identified in the Council's financial statements.

Work Plan – Significant, inherent and other risk areas

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

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Misstatements due to fraud or error	31 March 2023	Fraud risk	No change in risk or focus	As identified in ISA 240, Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively (Management Override).
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	31 March 2023	Fraud risk	No change in risk or focus	Linking to our fraud risk identified above, we have determined that a way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.
Accounting for Pension Liability	31 March 2023	Inherent Risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority's Balance Sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the Pension Fund Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.
Valuation of Land and Buildings and Investment Property	31 March 2023	Inherent Risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) and Investment Property represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end Land & Buildings balances recorded in the Balance Sheet. As a result of our work last year we did not identify any material issues with the work of the external valuer. We are also not aware of any other trigger events that would give rise to a significant risk, and therefore this remains an inherent risk.

Work Plan – Significant, inherent and other risk areas

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

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
National Non-Domestic Rates Appeals Provision	31 March 2023	Inherent Risk	No change in risk or focus	Due to the impact of Covid-19, there is a possibility that businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. The Council's NNDR Appeals Provision is a material estimate, totalling £4.9 million for the Collection Fund as a whole. In light of this, we consider there to be a higher inherent risk of misstatement of the Council's NNDR appeals provision.
Bad debt Provision and recoverability of debtors	31 March 2023	Inherent Risk	No change in risk or focus	As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of Receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of ongoing uncertainty and assess the appropriateness of this estimation technique.

Work Plan - Independence

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

Required communications

Planning stage	Final stage
► The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ► The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ► The overall assessment of threats and safeguards; ► Information about the general policies and process within EY to maintain objectivity and independence ► The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the Audit & Risk Management Committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service). ► All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.	► In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ► Details of non-audit/additional services provided and the fees charged in relation thereto; ► Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ► Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ► Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ► Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ► An opportunity to discuss auditor independence issues.

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

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

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

Work Plan - Independence

Overall Assessment

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

Self interest threats

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

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

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

At the time of writing, the current ratio of non-audit fees to audit fees is approximately ni:nill. No additional safeguards are required.

Self review threats

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

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

Management threats

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

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

Other threats

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

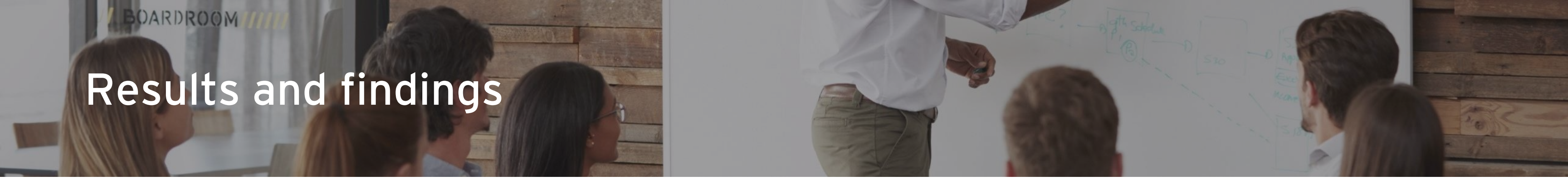
There are no other threats at the date of this report.

EY Transparency Report 2023

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2023 and can be found here: EY UK 2023 Transparency Report.

03 Results and findings



Results and findings

Status of the audit

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

Final Closing procedures:

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

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

Value for Money

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

Audit differences

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

Other Reporting Issues

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

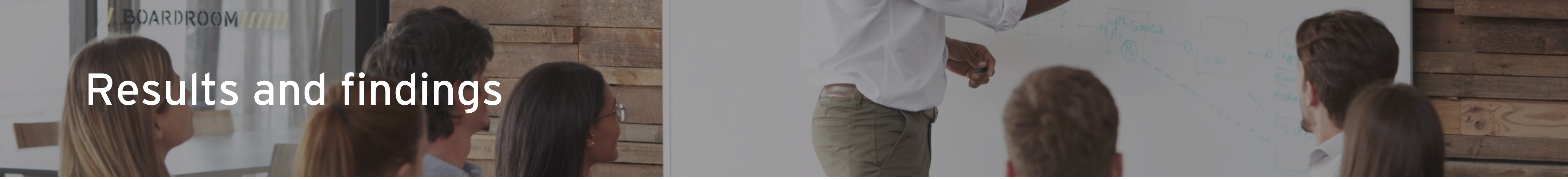
We have completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. We have no matters to report as a result of this work.

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

Other powers and duties

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

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



Results and findings

Areas of audit focus

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

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

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

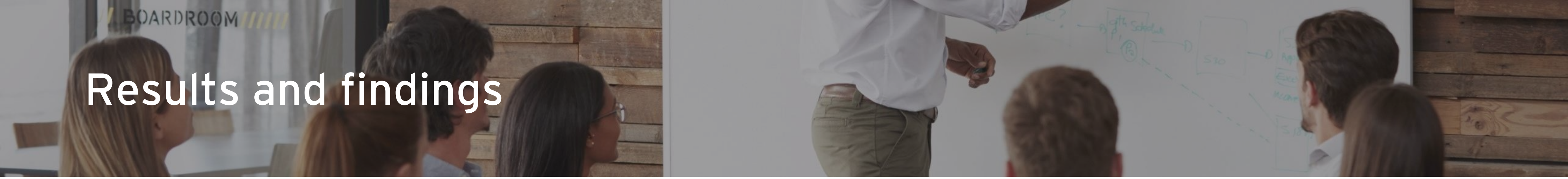
There are no matters, other than those reported by Management or disclosed in this report, which we believe should be brought to the attention of Management, the Audit & Risk Management Committee, or full Council.

Control observations

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

Independence

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



Results and findings

Other matters

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

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

Results and findings

Summary of audit differences

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

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

04 Audit Report

DRAFT

Draft Audit Report

DRAFT

Our opinion on the financial statements

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

Disclaimer of opinion

We were engaged to audit the financial statements of Fenland District Council ('the Authority') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- Expenditure and Funding Analysis,
- the related notes 1 to 38 including a summary of significant accounting policies, and
- Collection Fund and the related notes 1 to 6.

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

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

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We completed the audit of the 2021/22 financial statements and issued our audit opinion on 27 September 2023.

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

Draft Audit Report

DRAFT

Our opinion on the financial statements

Matters on which we report by exception

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

We report to you if:

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

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the 'Statement of Responsibilities for the Statement of Accounts' as set out on page 25, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Draft Audit Report

DRAFT

Our opinion on the financial statements

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

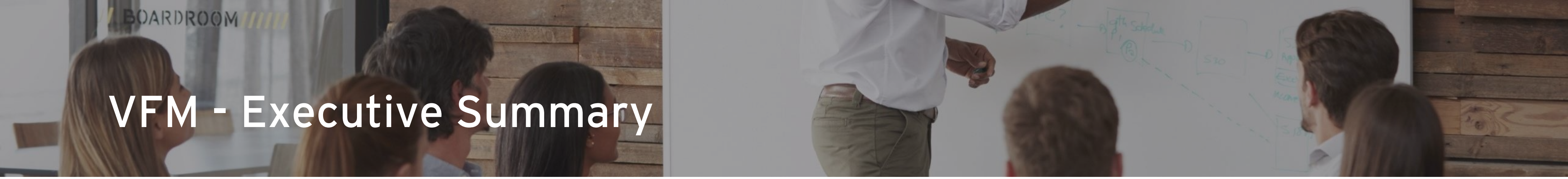
Certificate

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

Use of our report

This report is made solely to the members of Fenland District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

05 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a ‘conclusion’ or ‘opinion’, but where significant weaknesses are identified we will report by exception in the auditor’s opinion on the financial statements. In addition, auditor’s provide an annual commentary on arrangements, which we have done within our Interim VFM Arrangements Report - 30 April 2024. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

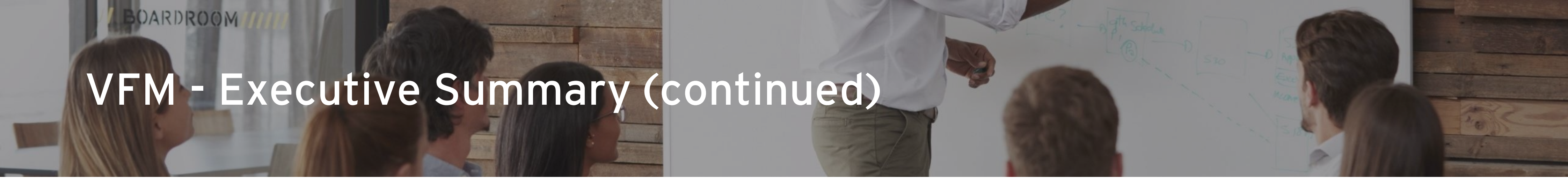
The purpose of this commentary is to explain the work we have undertaken in respect of the period 1 April 2022 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2022/23.

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

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

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

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 30 April 2024.



VFM - Executive Summary (continued)

Risks of Significant Weakness

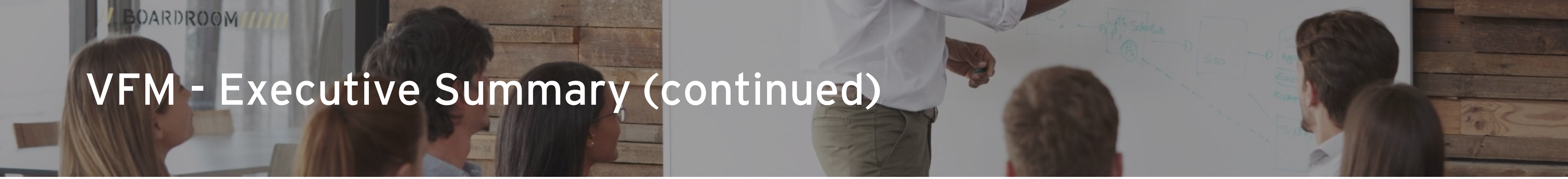
In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting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

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

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

Description of risk identified	Work planned to address the risk of significant weakness
The Council did not publish its Draft Statement of Accounts by the target date outlined in the Accounts and Audit Regulations 2015 (31 May 2023). The unaudited statements were published on the 9 February 2024. The issue above is evidence of a potential weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information – Governance - How the Council ensures that it makes informed decisions and properly manages its risks.	Reviewing the Council's Statement of Accounts publishing arrangements.

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



VFM - Executive Summary (continued)

Reporting

Our commentary for 2022/23 is set out over pages 30 to 32. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23.

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 30 April 2024 . These were reported in our 2021/22 Auditor's Annual Report and have been updated for 2022/23.

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

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

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

Value for Money Commentary

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

No significant weakness identified

During 2022/23 the Council continued to manage the impact on its finances from a number of key issues such as general inflation, pay increases and uncertainties in relation to the amount of funding to be received in the future.

The final outturn on the Council's General Fund for the year was a surplus of £0.800 million, compared to revised budgeted surplus of £0.069 million. The difference predominantly related to costs that were budgeted for but which ultimately were not incurred, or additional income receipts from Central Government. There was a net underspend on services of £0.731 million which is spread across a number of individual services. This was caused by a variety of reasons, including staffing vacancies, higher than budgeted income from Central Government as part of Business Rates and other Covid support, and higher management fees received from Freedom Leisure.

A total of £1.2 million of planned and approved Capital Spending costs were underspent at the year-end, due to slippages or delays in the Capital Programme, and re-profiling of several of the high-profile grant-funded regeneration schemes which the Council is currently delivering at various locations across the District. These costs will therefore carry forward into the 2023/24 capital program.

During the year, the Council have continued to revisit and monitor medium term financial plans to ensure they have sufficient resources to deliver services. The published financial information shows a balanced budget for the financial year 2023/24 and 2024/25. Subsequent to this year, the Council forecasts a funding gap of £2.728 million by the end of 2027/28. The Council continues to develop transformation programmes that will help them achieve balanced budgets in the long term.

At the 31 March 2023, the Council held a General Fund balance of £2 million, which is at the minimum level of the General Fund balance set by the Council's Section 151 Officer. Together with further Earmarked General Fund Reserves of £11.25 million (including a Budget Equalisation Reserve of £1.866 million), this provides a level of resources if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy, allowing the Council to continue to deliver the current level of services. However, given that Earmarked Reserves are set aside for a specific purpose, it maybe that Council priority areas, for which these reserves are earmarked may need to be realigned.

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

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

Value for Money Commentary (continued)

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

Significant weakness identified

The Council have continued to manage governance considerations in response to the pandemic, including in partnership working and delivery of services with other local authorities. The development of the Council's Medium Term Financial Strategy (MTFS) is integrated with the production of the Council's Business Plan. The budget is part of these documents. These are discussed with the Corporate Management Team and the wider Management Team consisting of all Heads of Service. The Council reviewed the Budget Report in February 2022, with the Medium Term Financial Strategy updated during the year. Both documents were taken to the Cabinet and Overview and Scrutiny Panel before final approval at Full Council, which ensures that all Members are kept well informed of the process.

The Council’s Annual Governance Statement sets out the underpinning governance arrangements for the year. The Head of Internal Audit concluded that for the 2022/23 financial year, ‘adequate assurance’ may be awarded over the adequacy and effectiveness of the Council’s overall internal control environment

The Council chose not to publish its Statement of Accounts by the target dates outlined in the Accounts and Audit Regulations 2015 (being the 31 May 2023). The unaudited statements were published on the 9 February 2024. The Council did set out in its statutory notice, published on Council’s website, the reasons for not being able to publish the draft Statement of Accounts by the 31 May date. The delay was caused by prioritising the closure of the 2021/22 Statements of Accounts audit, and gaining confirmation of brought forward balances from the 2021/22 audit, that in turn impacted the preparation of the 2022/23 Statement of Accounts. As context, the Finance team was not fully staffed between October 2022 until the Deputy Chief Accountant position was filled in April 2023.

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

Whilst we raised the issue above, as a significant risk of weakness (See page 31) we are satisfied that the Council did appropriately set out the reasons for the delay within its Statutory notice, and did subsequently publish the 2022/23 Statement of Accounts as soon as was practicable after the conclusion of the 2021/22 audit.

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

Value for Money Commentary (continued)

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

No significant weakness identified

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

The Chief Executive presents the progress against the Council's Performance Indicators annually to the Overview and Scrutiny Committee. This is informed by Management meetings that the Chief Executive chairs with the Heads of Services throughout the year. Performance reporting is maintained against the corporate priorities, with regular reporting on performance and finances taken to the full Authority throughout the year to continuously monitor performance. The Overview and Scrutiny Committee also reviews other areas on an ad-hoc basis during the year, to ensure key performance areas are being monitored. The Council has consistently secured Customer Service Excellence accreditation. This demonstrates how the Council uses external and internal feedback to drive improvement in the quality of the services its customers receive.

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

06 Appendices

Page

Appendix A – Management representation letter

Management representation letter

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

Management Rep Letter

[To be prepared on the entity's letterhead] *[Date]*

Ernst & Young

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

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

A. Financial Statements and Financial Records

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

Appendix A – Management representation letter

Management representation letter

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

Management Rep Letter

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

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

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

- Involving financial improprieties
- Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the [consolidated and parent] Authority financial statements
- Related to laws or regulations that have an indirect effect on amounts and disclosures in the [consolidated and parent] Authority financial statements, but compliance with which may be fundamental to the operations of the [Group and] authority's business, its ability to continue in business, or to avoid material penalties

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Management representation letter

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

Management Rep Letter

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

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

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

2. All material transactions have been recorded in the accounting records and are reflected in the [consolidated and parent] Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the *[period]* to the most recent meeting on the following date: *[list date]*.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the [Group and] authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the [consolidated and parent] Authority financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].
6. We have disclosed to you, and the [Group and] authority has complied with, all aspects of contractual agreements that could have a material effect on the [consolidated and parent] Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the [consolidated and parent] Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Management representation letter

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

Management Rep Letter

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

D. Liabilities and Contingencies

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

E. Going Concern

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

F. Subsequent Events

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

G. Other information

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

I. Climate-related matters

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

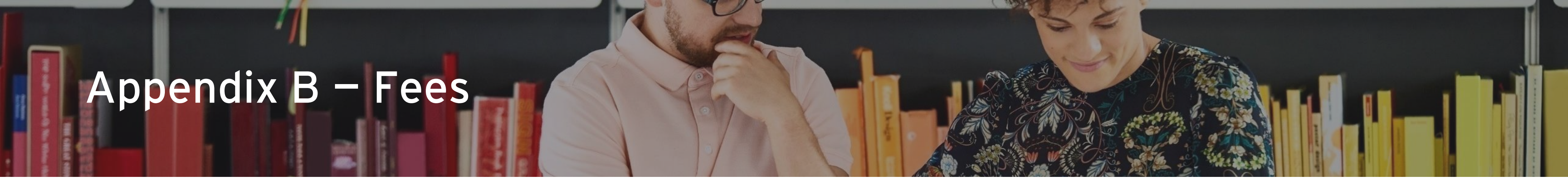
Yours faithfully,

____

(Chief Financial Officer/Finance Director)

____

(Chairman of the Audit & Risk Management Committee)



Appendix B – Fees

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

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

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

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

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment
- The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See https://www.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.

	Current Year – 2022/23	Prior Year – 2021/22
	£'s	£'s
Scale Fee – Code Work	49,310	37,873
Determined Scale Fee Variation	TBC – Note 1	58,220
Total audit		**96,093**
Other non-audit services not covered above (Housing Benefits)	23,000 – Note 2	21,000
Total fees	**TBC**	**117,093**

All fees exclude VAT

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

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

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

Appendix C — Required communications with the Audit & Risk Management Committee

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

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

Appendix C — Required communications with the Audit & Risk Management Committee (cont'd)

		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 ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements	This Completion report for Those Charged with Governance
Misstatements	▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management	This Completion report for Those Charged with Governance
Fraud	▶ Enquiries of the Audit & Risk Management Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit & Risk Management Committee responsibility	This Completion report for Those Charged with Governance

Appendix C — Required communications with the Audit & Risk Management Committee (cont'd)

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

Appendix C — Required communications with the Audit & Risk Management Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
	► A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ► Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ► Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ► The Audit & Risk Management Committee should also be provided an opportunity to discuss matters affecting auditor independence	This Completion report for Those Charged with Governance
External confirmations	► Management's refusal for us to request confirmations ► Inability to obtain relevant and reliable audit evidence from other procedures	This Completion report for Those Charged with Governance
Consideration of laws and regulations	► Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ► Enquiry of the Audit & Risk Management Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit & Risk Management Committee may be aware of	This Completion report for Those Charged with Governance
Internal controls	► Significant deficiencies in internal controls identified during the audit	This Completion report for Those Charged with Governance

Appendix C — Required communications with the Audit & Risk Management Committee (cont’d)

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

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

Non-Compliance with Laws and Regulations includes:

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

Management Responsibilities:

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

ISA 250A, para 3

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

ISA 250A, para 3

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

Audit Engagement Letter

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

Auditor Responsibilities

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

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

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

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

An understanding of the nature of the act and the circumstances in which it has occurred; and

Further information to evaluate the possible effect on the financial statements

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

ISA 250A, paras 19 and 22

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

Matter	Implication
Suspected or known fraud or bribery	Potential fraud/breach of anti-bribery legislation
Health and Safety incident	Potential breach of section 2 of the Health and Safety at Work Act 1974
Payment of an unlawful dividend	Potential breach of Companies Act 2006
Loss of personal data	Potential GDPR breach
Allegation of discrimination in dismissal	Potential non-compliance with employment laws
HMRC or other regulatory investigation	Suspicion of non-compliance with laws/regulations
Deliberate journal mis-posting or allegations of financial impropriety	Potential fraud / breach of Companies Act 2006
Transacting business with sanctioned individuals	Potential breach of sanctions regulations

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

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

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

Management response:	Audit response:
Timely communication of the matter to auditors (within a couple of days)	Initial assessment of the NOCLAR matter and its potential impact
Determine who will carry out any investigation into the matter – in-house or external specialists or mix of both	Initial consultation with risk team to determine responsive procedures and the involvement of specialists
Scope the investigation, in discussion with the auditors	Understand and agree scope of management's investigation with support from specialists as needed
Evaluate findings and agree next steps	Evaluate findings and undertake appropriate audit procedures
Determine effect on financial statements including disclosures	Determine audit related impact including accounting and disclosure and audit opinion implications
Prepare a paper, summarising the outcome of the investigation and management's conclusions	Document and consult on the outcome of our procedures
Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.	Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Key Reminders:

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

Appendix E – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

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

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

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

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

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UKC-024050 (UK) 07/22. Creative UK.

ED None

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Agenda Item No:	6	
Committee:	Audit & Risk Management Committee	
Date:	4 December 2024	
Report Title:	Statement of Accounts 2022/23	

1 Purpose / Summary

The purpose of this report is for members to review and approve the final Statement of Accounts for 2022/23.

2 Key issues

- The annual accounts are prepared in accordance with the Code of Practice on Local Authority Accounting (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and based on International Financial Reporting Standards (IFRS).
- The draft unaudited Statement of Accounts 2022/23 were published on 9th February 2024.
- The Annual Governance Statement (AGS) 2022/23 was approved by this Committee at the 26 September 2023 meeting and is included in the attached Statements for completeness. The AGS action plan has been updated following progress reports presented to this Committee on 25 March 2024 and 22 July 2024.
- Members will receive the external auditors' completion report on the 2022/23 accounts prior to this item.
- Under the Government's Reset and Recovery legislation, the 2022/23 Statement of Accounts is subject to a disclaimed audit report.
- The Statement of Accounts requires approval by this Committee following receipt of the external auditor's report.
- The current version of the Statement of Accounts is attached for review.
- Following approval by this Committee, and subject to EY having completed all outstanding work, it is anticipated that they will 'sign off' the accounts by 5 December 2024.
- Following the auditors' signature, the accounts will be published on our website and notice will be given by advertisement in the local papers and on our website, that the audit has been concluded.

3 Recommendations

It is recommended:

(i) that the Statement of Accounts and Annual Governance Statement for the financial year ended 31 March 2023 as presented be approved;

(ii) that delegation be given to the Chairman of Audit & Risk Management Committee and the Corporate Director and Chief Finance Officer to agree any further amendments to the Statement of Accounts which may arise prior to the final 'sign off' by the external auditors.

Wards Affected	All
Forward Plan Reference	
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder for Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	Closure of accounts working papers 2022/23 EY Audit Completion Report – Year ended 31 March 2023

FENLAND DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2022-23

FENLAND DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2022/23

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NARRATIVE REPORT

1. INTRODUCTION

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

2. ABOUT FENLAND

Fenland has strong community spirit and pride in its heritage. 102,500 people live in the district (Census 2021), which covers 211 square miles within North Cambridgeshire. 75% of residents live within our four market towns of Chatteris, March, Whittlesey and Wisbech. Our beautiful rural landscape is home to 29 villages and attracts visitors from nationwide.

Fenland has the lowest house prices in Cambridgeshire and plentiful availability of commercial land. As a result, our population is growing quickly. By 2036, it is predicted that the population will have increased by over 12% to 115,140. We have plans in place to maximise the positive opportunities that growth brings.

Our population is also getting older. 29% of our population are aged 60 or over; above average compared to Cambridgeshire (24%) and the UK as a whole (24% - Census 2021). Alongside partners, we are working to enable residents to access the support they need to live happily, healthily and independently.

We also face some challenges around deprivation, particularly around education and health. We are the 80th (out of 326) most deprived area in the country, with some wards within the top 10% most deprived (IMD: 2019). Nevertheless, we continue to work closely with other organisations to positively overcome these challenges.

Further details can be found in our Annual Report at: Annual Report 2022/23

3. ABOUT FENLAND DISTRICT COUNCIL

Fenland District Council has 329 employees. As an organisation, our unique ‘one-team’ culture supports the effective delivery of our priorities. It enables officers, elected members and partners to effectively work together without the constraints of traditional department silos. We support and invest in our workforce to give them the skills they need to work effectively in their roles, which has been recognised by continued Customer Service Excellence (CSE) re-accreditations. In our latest Staff Survey (2022), 87% of staff said they were proud to work for us.

As an organisation, work is underway to ensure we are operating as effectively as possible – not only to meet current needs, but to meet future ones too. During this financial year we have taken forward the Commercial and Investment Strategy approved in early 2020. This strategy enabled us to establish Fenland Future Ltd (in June 2020), a wholly owned subsidiary, to take forward the development of Council owned landholdings. In addition, the Council has acquired an industrial property in Wisbech (in March 2021) which is leased to the private sector and a residential property in March 2022 which is currently being utilised by our homelessness service. Our ‘My Fenland’ Customer Services project is enabling us to transform our processing of customer enquiries by utilising technology to enable residents to access services 24/7. A number of transformation projects, under our ‘Council for the Future’ agenda, spanning across a variety of service areas, are also changing the way we work to meet emerging needs.

With the cost of living skyrocketing across the board and energy, fuel, food, mortgage rates and rents all rising, it might have been expected that the Council would raise our element of Council Tax too. But instead, members reduced Fenland's portion of the bill by 2% to lessen the financial burden on taxpayers – and reaffirmed their commitment to freeze council tax for a further four years thereafter, through to 2027/28.

Here, as we outline our achievements for 2022/23, we're proud to have maintained excellent public services and pushed forward with ambitious plans for the future, while consistently offering our residents a year-on-year, real-terms cut in their Council Tax.

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

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

Our Annual Report gives a summary of this work, outlines what we have achieved in the past year and how we have spent the money we receive, and charts progress made against the ambitions and commitments set out in our Business Plan 2022/23.

Key highlights include progress on numerous regeneration programmes such as our Railway Stations Masterplans, Wisbech High Street Project and March Future High Streets Fund work, the launch of several new online service request forms to make it even easier for people to access council services, tackling more rogue landlords who breached housing and safety legislation, expanding the district's air quality monitoring network, distributing more coronavirus business grants, and playing a key role in the Government's Homes for Ukraine scheme by supporting Ukrainians seeking refuge from war.

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

Partnership Investment in Fenland

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

The diagram on page 4
shows some of the projects currently in progress across the district thanks to millions of pounds worth of inward investment already secured.

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

The opportunities will help to accelerate Fenland's Covid-19 recovery, boost our economy, support new skills opportunities, and create much-needed new jobs.

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

Extract from the Council's 2023/24 Business Plan - Key Projects in Fenland

4. GOVERNANCE

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

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

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

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

5. OUR PRIORITIES

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

These priorities have been developed to address the most important needs of our communities.

Our priorities are split into three headings: Communities, Environment and Economy. These priorities primarily focus on the statutory and wide variety of core services that we provide day-to-day.

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

Our unique 'one- team' culture enables officers, elected members and partners to work effectively together without the constraints of traditional department silos. This approach results in excellent staff satisfaction, with 87% of staff saying they were proud to work for us in our latest Staff Survey (2022).

Each priority is underpinned by a series of performance indicators, which is reported to all Members at our Council meetings.

We also have a fifth cross cutting priority: Council for the Future. This priority is formed from a selection of transformative projects which aim to address the future needs of residents and our organisation as a whole.

Summary of Corporate Priorities 2022/23:

Council for the Future	Quality Organisation	Communities	• Support vulnerable members of our community • Promote health and wellbeing for all • Work with partners to promote Fenland through culture and heritage
		Environment	• Deliver a high performing refuse, recycling and street cleansing service • Work with partners and the community on projects that improve the environment and our street scene • Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion
		Economy	• Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland • Promote and enable housing growth, economic growth and regeneration across Fenland • Promote and lobby for infrastructure improvements across the District

6. COUNCIL FOR THE FUTURE

Our Cabinet members have selected a number of projects to contribute towards our 'Council for the Future' agenda. These projects have a variety of aims; from tackling areas of particular need within Fenland, to sustainably transforming services and our organisation to be fit for the future. Projects vary in scope and complexity, with some requiring close partnership working with external organisations and changes in policies before their aims can be delivered.

Modernising council services

❶ Over 54,500 answered phone calls to contact centre and 99% of customer queries resolved at first point of contact in 2022.
❷ Our My Fenland team, with 2 new service areas supported by the team and 112 officers trained over 30 topics.
❸ Our Transformation team has completed 75 new and existing processes, including 11 processes redesigned. These benefit either staff, our customers or both.

Safer homes for tenants

❶ 246 properties where positive action from the team helped resolve issues.
❷ Our Housing Options team received 2051 requests for homeless advice and assistance; 1,228 of these approaches were resolved through the advice provided.
❸ 275 households were prevented from becoming homeless through various forms of intervention.

CCTV service

❶ Service delivered 24/7, 365 days a year, providing key outcomes for our community.
❷ 1,247 incidents captured on CCTV to support police outcomes, leading to 107 arrests being made.
❸ 4,492 (12 per day) pro-active camera controls completed, supporting early detection of community issues and crime reduction.

Planning for the future

❶ Completed the evidence base to enable consultation on a draft Local Plan.
❷ Consulted on a draft Local Plan between August and October 2022.
❸ Oversaw the making and successful referendum of the Whittlesey Neighbourhood Plan.

Better online services

❶ Our website received over 345,000 visits and over 21,500 webforms were completed online across 48 different topics.
❷ Fenland For Business website developed with new branding and updated content, and brought back in house, with content hosted on the FDC website.
❸ Launch of two Idox web digital journeys for Licensing and Events which enable customers to supply information or apply for a licence via our website on a 24/7 basis.

Bringing empty homes back into use

❶ Intervention advice and assistance to help two long-term empty residential properties (LTEP - 24mth), and two long-term empty properties (LTE 6-23mths) properties which have now been fully renovated
❷ 81 homes brought back into use.
❸ £98,395 benefit from New Homes Bonus.

Competitive trade waste service

❶ Introduction of a commercial food waste service to complement the existing mixed dry recycling and residual waste collections offered to small and medium sized Fenland businesses.
❷ 75 new customers joined our service from other providers.
❸ Increased income year on year; income in 2022/23 was £465,000 - up 26% from 2021/22.

Clamping down on poor parking

❶ Completed on-street site surveys of all existing Traffic Regulation Orders within the district. This identified works needed surrounding sign and line discrepancies.
❷ Working with Cambridgeshire County Council, we have prepared a draft application for the Department of Transport for the implementation of Civil Parking Enforcement.
❸ We wrote to all statutory consultees to find out any comments or objections in relation to the implementation of CPE. No objections were received.

A more commercial outlook

❶ Received a second full year's rent (£230,000) from the Wisbech property investment acquired in March 2021.
❷ Outline planning permission granted for two Council owned development sites.
❸ Strategically purchased another property in March to support the Council's Commercial Investment Strategy.

Healthy You

❶ Through recruitment and training we have developed our Yoga, Forever Fit and Badminton sessions into self-sustainable programmes, thereby prolonging provision.
❷ Over 3,170 individuals made contact with the Healthy You Tier 1 service, with just over 1,320 new individuals starting an activity at some point in the year.
❸ 55 sessions set up across the district ranging from physical activity, healthy eating, to school-based and family focused sessions.

Protecting our environment

❶ Reviewed and responded to more than 800 consultations associated with proposed developments and industry in Fenland, including the proposal for an energy from waste plant, to protect the environment and residents from potential harm, such as noise, dust or other air pollutants.
❷ Successfully prosecuted two individuals for failing to dispose of their waste correctly when we found large items fly-tipped. This saw a combined fine of £857 imposed by the courts.
❸ Our Street Scene team spent 3,900 hours out and about in the community.

Better railways for Fenland

❶ Completion and launch of the Whittlesey Heritage Walk.
❷ Working with the Hereward Community Rail Partnership (CRP) and railway industry partners to achieve pre covid levels of use at Manea and Whittlesea Stations.
❸ The 10-year anniversary of the Hereward CRP and its national re accreditation for 2022/202.

7. OUR COMMUNITIES

Support vulnerable members of our community

- As the Cost of Living crisis deepened in the aftermath of Covid and war in Ukraine, we launched a campaign to help residents struggling with rising costs. Together with our partners, we have helped to ensure people claim support they are entitled to, know how to make their homes warmer and cheaper to run, are aware of social tariffs offered by suppliers, are helped to manage debt or know where to turn if they need advice or someone to talk to. The campaign has included organising cost of living events with a host of partners in attendance, creating a resource hub on our website, producing a cost of living information booklet available at locations across Fenland, internal staff updates and a social media toolkit.
- Our Housing Options team received 2,051 requests for homeless advice and assistance; 1,228 of these approaches were resolved through the advice provided. 275 households were prevented from becoming homeless through various forms of intervention including (but not limited to) mediation, emotional support, budgeting advice, financial support and assisting with sourcing alternative accommodation.

- Through our Disabled Facilities Grants scheme, the Council provides adaption works for elderly and disabled householders to remain safe, secure and protected in their own homes. Last year we assisted 114 households with adaption works. These included the installation of walk-in showers, stairlifts, ramped access facilities and specialist equipment such as person hoists.

- The 15th annual Pride in Fenland awards took place in November to celebrate the incredible contributions of unsung heroes from across the district. Organised by Fenland District Council and the Fenland Citizen newspaper, this year's awards saw an almost record number of nominations – 83 in total. Judges heard many inspiring stories of kindness and selfless support across seven categories: Young Individual or Youth Group Volunteers, Individual Volunteer, Community Group Volunteers, Special Judges' Award and three new awards; Recreational and Environmental Volunteers, Community Fundraising Volunteers and Lifetime Volunteering Award.

- Our Golden Age project, which helps provide older residents with advice on services and support available to them at events across Fenland, celebrates its 20th anniversary in 2023. The events were launched in 2003 by the late Cllr Mac Cotterell MBE and have continued to be valuable to residents – and an enduring Council priority - ever since. Held at venues across the district throughout the year, the events bring together many providers of care, financial assistance, social activities, health provision and other services for the over 60s. To date, almost 7,000 visitors have attended the Golden Age event

- Since Russia's invasion of Ukraine began in February 2022, we have led a co-ordinated response to the Government's Homes for Ukraine scheme. Together with partner organisations and local community groups, we have helped to ensure all arrivals from Ukraine receive the best possible support and safe welcome to the district. This includes working with host families to carry out necessary accommodation and disclosure checks and providing a wrap-around support package for Ukrainian refugees to help them with access to financial support, education, healthcare and social care services when they arrive.

Promote health and wellbeing for all

- Freedom Leisure continues to deliver leisure centre services on the Council's behalf and has done an excellent job at encouraging people back into the centres following the Covid pandemic. Whilst there remain some reductions in the performance below the pandemic levels, overall monthly income is now performing 4% above the February 2020 level, with swimming lessons particularly strong, and thousands of young people learning to swim every week. This is excellent news and a reflection on the efforts that the Freedom team in Fenland has put into the service.

- Health and wellbeing support for Fenland residents and businesses continued following the Covid-19 pandemic. Working with our partners we focused on access to vaccination centres and information regarding immunisations through the 'Stay Strong, Live Long campaign. The Enduring Transmission project continued to support businesses until March 2023 providing direct public health support helping to build resilience and supporting business continuity.
- Our Active Fenland Team successfully attracted more than £402,000 in funding to help all ages of the community to get more active, more often, and to lead healthier lifestyles. The funding helped to deliver 513 sport and physical activities to Fenland communities, including badminton, tennis, running, walking, football and netball, yoga and strength and balance.

- We have continued to invest in our parks and open spaces. Together with our contractor Tivoli, we look after more than 135 hectares of parks and open spaces across Fenland. Work in the past year has included refurbishments to several play areas to keep them up-to-date, safe and popular with children and families, investment in planting new trees, and a new Splashpad attraction in Wisbech Park. We also secured £240,000 grant from the Governments' Changing Places Fund to provide two larger, accessible Changing Places toilets for severely disabled people, including one for the new Wisbech Park café and Pavilion due to open in 2024.

Work with partners to promote Fenland through culture and heritage

- We worked with numerous local cultural and creative organisations and individuals to develop the Fenland Culture Strategy and build relationships with Arts Council England (ACE) and Cause4 Arts Fundraising and Philanthropy, both which have led to additional training support, engagement and further investment in the district. This work, combined with Fenland's ACE Priority Place status, also led to two Fenland-based organisations being named as the first two ACE National Portfolio Organisations (NPO) ever. As a result, they will receive as combined £399,000 investment annually.

- We secured £120,000 from the Government's UK Shared Prosperity Fund for Amplifying Community Arts and Culture. The funding will be used to help local creative providers develop more opportunities for the community to engage in creative activities, including training and upskilling for cultural organisations and creative individuals, and equipment and resources. It will also provide dedicated support to the creative community around searching and applying for grant funding to further amplify what is available in Fenland.

- Significant effort has been made in the last couple of years to ensure that our much-loved Four Seasons events were not only re-established but came back bigger and better than they were before the Covid pandemic. Government 'Welcome Back' funding enabled a series of marketing events throughout the town centres prior to the relaunches, designed to rebuild the events again and encourage visitors back out into public spaces. Additional funding was secured by volunteers to boost March's St George's Fayre, with visitors turning out to the event in their thousands, and there were huge efforts to support Whittlesey Festival to recruit more volunteers and regroup in 2022 after a three-year hiatus. Work has been ongoing in Whittlesey for 18 months but has proved successful, meaning that all Four Seasons events will have been reinstated in 2023.

- Thanks to an idea born from our Growing Fenland Whittlesey Project and funding from the Cambridgeshire and Peterborough Combined Authority, we launched the new Whittlesey Heritage Walk in October 2022. Developed in partnership with key stakeholders, the walk encourages people to explore the fascinating and often undiscovered history of the ancient market town. The walk can be completed by following information boards along the route, using the Whittlesey Heritage Walk brochure or downloading the Love Exploring App which includes Augmented Reality and GEO-Location features for lots of family fun.

Performance	Target 2022/23	Performance
Total number of private rented homes where positive action has been taken to address safety issues	250	246
Proportion (%) of households presenting to the Council as homeless whose housing circumstances were resolved through Housing Options work	57%	53%
Number of empty properties brought back into use	50	81
New Homes Bonus achieved as a result of bringing empty homes back into use	£45,000	£98,395
Number of Active Health local sessions per year that improve community health	500	513
Customer feedback across Freedom Leisure facilities in Fenland	25	29
Value of Grants for creativity and culture managed by FDC	£40,000	£43,000

8. OUR ENVIRONMENT

Deliver a high performing refuse, recycling and street cleansing service

- We carried out more than 2.9million bin collections from across the district, in all weathers, and collected more than 8,850 tonnes of materials for recycling. Thanks to residents continuing to recycle their waste well, we also generated more than £461,600 of income to support our services. Customer satisfaction with our Refuse and Recycling and Garden Waste (Brown Bin) services remains high with 96% and 89% respectively. The Garden Waste service has continued to grow with subscriptions at an all-time high of over 23,688 in 2022/23.

- Our trained 'Getting It Sorted' volunteers supported recycling in Fenland with events, activities, and online training courses. They also kept the Council's multi-lingual recycling website, www.gettingitsorted.org, up-to-date to help residents recycle right at home.

- Our Cleansing and Rapid Response team continued to provide the excellent seven-day street sweeping, litter picking and fly-tipping removal service in our towns and villages. Last year they responded to over 1,860 service requests: 96% on the same or next day. Over 1,380 quality inspections were made in areas of high footfall - 99% met cleansing standards first time.

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

- We worked with a number of community environmental volunteering groups who carried out litter picks, planting and other community projects help to keep Fenland clean, green and safe for all to enjoy. Leverington Street Pride celebrated its 10th anniversary and Chatteris In Bloom achieved Gold in the town category of the Britain in Bloom awards. Over £33,000 was awarded to community groups living within the vicinity of wind turbines to improve their local environment. Projects included switching to LED lighting, upgrading to triple glazed windows to a community hall, solar powered mobile vehicle activated signs and enhancements to green spaces.

- Our Street Scene team spent 3,900 hours out and about in the community, working on various environmental improvement projects. In 2022/23 the team issued 10 Fixed Penalty Notices for fly-tipping, and successfully prosecuted two individuals for fly-tipping, with a combined fine total of £857 imposed by the courts. The team also investigated 194 reported abandoned vehicles and issued 13 car parking fines to drivers parked illegally on March Market Place.

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

- Our shared CCTV service with Peterborough City Council maintained its 100% service function 24 hours a day, 365 days a year. The service conducted over 4,000 pro-active camera patrols, detected over 1,000 incidents of crime and disorder across the district and supported our policing partners to make over 100 arrests for offences, helping to make the district safer.

- Our Community Support and Community Safety teams made a successful bid to the Government's UK Shared Prosperity Fund for £50,000 to improve the perception of crime and anti-social behaviour in Wisbech. We are currently working with a range of partners including Cambridgeshire Constabulary, Clarion Housing, Wisbech Town Council and Cambridgeshire County Council to establish and engage with young people in Wisbech to shape the future of the project which will run until March 2025.

- Together with internal and external partners, our Community Safety team has been involved in the investigation of 246 reports of anti-social behaviour, nuisance or other quality of life concerns. The team is also part of the Fenland Community Safety Partnership (CSP), which has undertaken projects to raise awareness of domestic abuse and coercive control, radicalisation, child criminal exploitation and road safety. As well as engaging the community, training sessions were delivered to support the development of frontline professionals who work within the Fenland community surrounding domestic abuse, hate crime, cybercrime and substance abuse. The team was also part of a successful partnership bid with the Office of the Police Crime Commissioner and Cambridgeshire Constabulary, securing funds from the Home Office's Safer Streets initiative to deliver work on diverting youth away from involvement in anti-social behaviour (ASB) in Wisbech.

Performance	Target 2022/23	Performance
Rapid or Village Response requests actioned the same or next day	90%	96%
% of inspected streets meeting our cleansing standards	93%	98.6%
% of collected household waste recycled through the Blue Bin service	28%	27%
Customer satisfaction with Refuse and Recycling services	90%	95.8%
Customer satisfaction with Garden Waste service	85%	89.1%
Number of Street Pride, Green Dog Walkers and Friends of Community environmental events supported	204	236
% of local businesses who thought they were supported and treated fairly	96%	100%
% of those asked who are satisfied with Fenland District Council's events	96%	97%

9. OUR ECONOMY

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

- The Economic Growth team has done intensive work with numerous businesses to support them to grow. One such example being major employer Suncrop, which was support to:

  - develop a long-term plan to combat business-threatening energy price hikes.
  - become a Disability Confident employer and further explore opportunities to address recruitment challenges by employing harder-to-reach groups

- form beneficial contacts to help with access to funding and partnership working with a foreign business now looking to establish a base within Suncrop's Chatteris site.
- further explore robotics innovation. •

- We secured over £900,000 of funding from the Government's UK Shared Prosperity Fund to invest in businesses over the next three years. The funding will support businesses with grants to invest in new technology, diversify their income or create new employment opportunities. In addition, we have secured over £430,00 to invest in rural businesses and communities that will, for example, provide grants to help farming businesses diversify.

- We helped to deliver a Start & Grow programme with the Cambridgeshire and Peterborough Combined Authority Growth Hub, an intensive programme of structured business support and grants, funded by the Community Renewal Fund. More than £650,000 in business support and grants was delivered into Fenland through a number of sources. The 'Start' programme was for individuals wanting to explore enterprise and offered intensive pre-start business information sessions, online learning, mentoring, networking and peer support. The 'Grow' programme supported existing early-stage micro-businesses to expand into new markets, create new jobs or increase profitability and productivity.

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

- Our Planning team determined 725 planning applications - between 62% and 81% of these were decided on time, depending on application type. The team also dealt with nearly 800 other types of application (such as discharge of condition, general enquiries, and licensing requests) and received 103 pre-application enquiries, in addition to 'traditional' planning applications. We also investigated and resolved 228 cases of unauthorised development reported to us.

- Work continued on projects outlined in our Growing Fenland masterplans, part of the Cambridgeshire and Peterborough Combined Authority (CPCA) strategic Market Town Masterplans, including opening of the Whittlesey Heritage Walk and Wisbech Park Splashpad, progress on the March Future High Streets Fund project, completion of improvements to Wisbech Market Place and funding for local skills development in Chatteris

- Work gathered pace on March town centre's multi-million pound regeneration, a programme of inter-related schemes being delivered by various partners to transform and futureproof the town centre. Highlights of 2022/23 include:

  - Delivery of March Market Place improvements, funded by our Future High Streets Fund grant funding. Work started in January 2023 and was completed in April.
  - Primary-build of CityFibre's £5million super-fast broadband investment - offering service to over 8,500 homes.
  - Major gas pipe upgrade by Cadent Gas
  - Contractor appointed to deliver the Broad Street regeneration scheme, including transformation of the existing road layout and a new public realm area. Funded by the Future High Streets Fund and the Cambridgeshire and Peterborough Combined Authority.

- Our Wisbech High Street Project, funded by the National Lottery Heritage Fund, continued to make progress. Highlights from 2022/23 included the completion of restoration works at 31 High Street with grant funding, the delivery of seven free, in-person traditional heritage skills workshops, and planning approved and contractor appointed to deliver a retail and residential scheme at 24 High Street, known as 'The Gap'

Promote and lobby for infrastructure improvements across the district

- Supported by Cambridgeshire and Peterborough Combined Authority funding, work continues to improve transport connectivity in Fenland. Highlights include the completion of the £32million Kings Dyke Crossing Project in Whittlesey and the £25million A47 Guyhirn roundabout. There was also great progress on the Fenland Railway Station Masterplans project, which aims to improve stations at March, Manea and Whittlesey and provide better railways for Fenland. Work included the completion of a redevelopment at March Railway Station, with a new open-plan ticket hall and waiting area, accessible modern toilet facilities and a bigger, upgraded car park. There were also infrastructure improvements delivered through the March Area Transport Study (MATS).

Performance	Target 2022/23	Performance
% of major planning applications determined in 13 weeks	70%	74%
% of minor applications determined in 8 weeks	70%	62%*
% of other applications determined in 8 weeks	80%	81%*
% occupancy of our Business Premises estate	92%	93.9%
% occupancy Wisbech Yacht Harbour	95%	99%

*The reduced performance was as a result of rising workloads and resource challenges

10. QUALITY ORGANISATION

- We collected over £65million in Council Tax and £24million in Business Rates. This plays a major part in funding the key services we provide to the community. A large share of this money is also passed onto the Police, Fire Service, County and Parish Councils - see the 'Money Matters' section for more information.

- We continued to roll out our ongoing transformation project to optimise our workforce, improve services and customer experience and make it even easier for people to interact with the Council. Phase 2 of our transformation project included a new My Fenland operating model and new management structure. Transformation highlights in 2022/23 included the completion of 75 process mapping tasks, and redesign of 11 processes, to develop services for the benefit of either our customers, our staff, or both. The My Fenland team also answered more than 54,900 phone calls and resolved 99% of customer queries at the first point of call. We also received 10,397 payments via PayPoint, totalling over £1.3million.

- Our website saw over 345,000 visits and received 21,500 online form submissions across 48 different topics and was regularly updated with front-page news to maintain user engagement. As part of our ongoing work to improve our digital services and user journeys, we also expanded our suite of online forms, with new digital journeys for licensing forms and event bookings. The forms enable residents to apply for services or submit information online 24/7, and automatically transfer information received directly to teams on the ground and into back-office systems – saving hours of resource in processing time.

- Our Social Media channels remain popular, with 8,880 Twitter followers and 6,700 Facebook followers. Over the past year we have used our social media channels to promote our online services and customer self-service forms, encourage behaviour change to tackle issues such as dog fouling and fly-tipping and improve recycling rates, and highlight local news, events, campaigns and consultations. We have also increased our use of video on our social media channels to develop our online engagement with residents.

- The Licensing team issued 414 licences and dealt with 95 service requests for a variety of licensable services including Taxi, Premises, Alcohol, Scrap Metal and Animal Licensing, to help ensure such businesses are well managed and operating safely and legally.

- We consulted with residents, stakeholders and partners about a wide range of topics to help us understand local people's priorities and shape our service. Consultations included asking for views on our draft Budget and Business Plan, our Local Validation List which helps ensure that the requirements for information included within a planning application are kept to the minimum, and plans for a Public Spaces Protection Order (PSPO) to help reduce antisocial behaviour in a Wisbech alleyway.

- We were reaccredited with the Customer Service Excellence (CSE) award last year. This is a Government standard that recognises the high quality, customer focused services that we provide. The independent assessor said the Council had continued to meet the 'gold standard' for customer service delivery and that our ongoing transformation programme is clearly delivering significant benefits to customers.

- As well as continuing to provide direct public health support to businesses through the post-Covid Enduring Transmission project, our Environmental Health team delivered a wide range of services including:

    - Inspected more than 290 food businesses to ensure they complied with food law and produced food that is safe to eat.
    - Investigated nearly 2,000 reports of noise or other environmental problems that may be affecting residents.
    - Extended our network of air quality monitoring sites.
    - Assisted Health Security UK with infectious disease outbreaks including salmonella, norovirus, campylobacter, cryptosporidium.

- Inspected and permitted 16 industrial processes, ranging from sawmills to mineral processes.
- Inspected and licensed all skin piercing businesses, including tattooing, acupuncture, botox and eyebrow microblading.

Performance	Target 2022/23	Performance
% of customer queries resolved at the first point of contact	85%	99%
% of customers satisfied by our service	90%	86%
% of contact centre calls answered within 20 seconds	46.5%	47.49%
% of contact centre calls handled	80%	87.96%
Days taken to process Council Tax Support new claims and changes	8.0 days	5.29 days
% of Council tax collected	95.72%	96.76%
Council Tax net collection fund receipts	£64,734,624	£65,262,181
% of NNDR Collected	96.70%	97.1%
NNDR net collection fund receipts	£24,017,406	£24,120,990
Number of online forms submitted via FDC website	22,000	21,504

11. FINANCIAL PERFORMANCE

The 2022/23 Revenue Budget Process

The Revenue Budget for 2022/23 was prepared against a background of meeting the Council's Corporate Plan objectives whilst continuing to face significant financial pressures. A balanced budget was produced that included a deliverable level of savings and income, provided for investment in key services and funding from general reserves. This was achieved through a budget strategy that resulted in:

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

The budget included savings or additional income of £0.192m. This compared to £0.295m included within the 2021/22 budget. The majority of the savings were based on the implementation of the Comprehensive Spending Review (CSR). In addition, higher forecast business rates growth has enabled the Council to retain more business rates in recent years, including 2022/23. However, the government is currently reviewing the system for allocating money generated from business rates to local authorities. The proposed reforms will potentially impact on the funding available to the Council from business rates from 2024/25 onwards. The budget also included £0.203m of funding from reserves.

Council approved a net revenue budget for 2022/23 of £12.442m at its meeting on 24 February 2022. Council also approved the Fees and Charges proposals that support delivery of the revenue budget, the Treasury Management Strategy and Capital Programme and funding for 2022/23- 2024/25.

Council Tax
At its meeting on 24 February 2022 Council resolved not to increase Council Tax in the 2022/23 financial year. The Cambridgeshire Police and Crime Commissioner increased their element of Council Tax by 3.88% and the Fire Authority increased theirs by 2.00%. Cambridgeshire County Council increased their Council Tax by 2.99%. On average Parish Councils increased their precepts by 0.88%.

The calculation of the 2022/23 Tax-Base resulted in an increase of 521 in Band D equivalent properties (as shown in the table below). This produced a net increase in Council Tax income of £135,699 for Fenland District Council. The increase in Band D equivalent properties reflects both an increase in properties built and a reduction in the number of people claiming Council Tax Support.

The comparison of Council Tax levels and Tax Base from 2020/21 to 2022/23 is shown below:

Band D Council Tax by authority	**2020/21 £**	**2021/22 £**	**2022/23 £**
Fenland District Council	260.46	260.46	260.46
Cambs. County Council	1,359.18	1,399.77	1,469.61
Cambs. Police & Crime Commissioner	232.65	247.59	257.58
Cambs. Fire Authority	72.09	73.53	74.97
	1,924.38	1,981.35	2,062.62
Parish Councils (Average)	48.46	48.05	48.48
Total average Band D Council Tax	**1,972.84**	**2,029.40**	**2,111.10**
Total average increase	60.46 (3.16%)	56.56 (2.87%)	81.70 (3.96%)
Council Tax Base			
Number of Band D equivalent dwellings	29,815	30,143	30,664

Revenue Spending

For 2022/23, the Council agreed an original budget of net spending on services of £12.442m and then revised it in February 2023 to £13.806m. This sum was to be financed in part by

Government Grant together with the Council's share of Business Rates, with the remainder being raised through Council Tax. The Council Tax for 2022/23 was set at £260.46 for Band D properties. The precept on the Collection Fund (£7.987m) is the amount due to the Council net of Parish Precepts (£1.486m). The following table summarises the final figures (outturn) with those budgeted for the year

FENLAND DISTRICT COUNCIL			
Summary of Revenue Estimates			
Service Summary	**Revised Estimate 2022/23 £**	**Outturn 2022/23 £**	**Variation compared with Revised £**
Growth & Infrastructure	1,444	1,157	-287
Communities, Environment, Leisure & Planning	4,562	3,906	-656
Resources & Customer Services	8,837	9,645	808
NET COST OF GENERAL FUND SERVICES	**14,842**	**14,707**	**-135**
Corporate Items			
Drainage Board Levies	1,708	1,708	0
Contributions to(+)/from(-) Earmarked Reserves	-522	10	532
Contribution from(-) Business Rates Reserve	-984	-965	18
Contributions from(-) Horizons A14 Reserve	0	-1,008	-1,008
RTB/VAT Sharing Income	-128	-249	-121
Financing Charges - *Interest/Minimum Revenue Provision*	865	894	29
Investment Income and Property Funds	-695	-722	-27
New Homes Bonus	-824	-824	0
Lower Tier Services Grant	-169	-169	0
Services Grant	-255	-255	0
Business Rates Levy Account Surplus allocation	-31	-31	0
Corporate Adjustments	**-1,036**	**-1,613**	**-577**
Net Expenditure after use of balances/reserves	**13,806**	**13,094**	**-713**
Core Funding			
Revenue Support Grant	-1	-1	0
Business Rates - Income due in Year			
Business Rates Funding	-9,320	-9,320	0
Tariff Payment to Government	6,027	6,027	0
Renewable Energy Rates Retained	-1,955	-1,955	0
Business Rates Pool - FDC Share of Benefit	-300	-475	-175
Business Rates S31 Grants due in year	-2,860	-2,888	-28
Business Rates Levy due in year	728	912	184
	-7,680	**-7,698**	**-18**
Business Rates Collection Fund Deficit(+)	**1,836**	**1,836**	0
Council Tax Collection Fund Deficit(+)/Surplus(-)	**-44**	**-44**	0
Council Tax	**-7,987**	**-7,987**	0
Business Rates and Council Tax Funding	**-13,875**	**-13,894**	**-18**
Surplus(-)/Shortfall(+)	**-69**	**-800**	**-731**
Surplus at year-end transferred to Budget Equalisation Reserve			

In January 2020 Cabinet agreed to establish a Budget Equalisation Reserve. When the Council returns a surplus it is transferred to this reserve. If an unbudgeted deficit arises when the outturn is finalised the balance held on the reserve is available to absorb the impact of that deficit without impacting on the General Fund. The surplus of £799,798 returned in the 2022/23 financial year has been transferred to the Budget Equalisation reserve. The current General Fund Balance of £2M reflects the level approved by Cabinet as representing an adequate amount to be held in the General Fund to mitigate against the risks and adverse circumstances that the reserve is in place to address.

The Council under-spent by £0.731m on the revised budget due principally to the following reasons:

Service Area	Description	Over(+) / Under spend (-)	
One-Off Variations		**£000**	**£000**
Fees and Charges	Income variations across a variety of services		
	Enforcement Fees (Housing Standards)	17	
	Marine Services	-55	
	Planning & Pre-App Fees	-221	
	Waste Services - bulky waste and recycling	-115	
	Trade Waste	-22	
	Licence Fees	-23	
	Cemeteries	-35	
	Economic Estates	-53	
			-507
Other Income/Costs			
	Additional Government New Burdens - Business Grants assurance, Land Charges, Transparency etc		-53
	Investment Income and property funds		-27
	RTB/VAT Sharing arrangement with Clarion		-121
	Lower contribution to ARP costs due to higher New Burdens grants		-123
	Leisure Contract - support costs to Freedom up to Cabinet approval		151
	Sub-Total One-Off Variations		**-680**
Service Base Variations			
Employee Costs	Variance across a variety of services mainly resulting from vacancies	-13	
Premises Costs	Lower costs across a variety of services	-46	
Transport Costs	Lower car allowance & mileage costs across a variety of services	-16	
	Higher vehicles/vessel maintenance costs	71	
Supplies and Services	Lower ICT costs - Telephones/Software/Maintenance	-62	
	Homelessness - higher accommodation costs	14	
	Lower costs across all services	-83	
Third Party Payments	Net impact of Housing Benefit subsidy claim and overpayments	46	
	Higher Bad Debts Provision	11	
Capitl Financing Costs	Higher Minimum Revenue Provison (MRP)	29	
Other variations	Other cost/income variations	-2	
	Sub-Total Service Base Variations		**-51**
	Additional Surplus		**-731**
Projected Surplus 2022-23 at Revised Estimate (Cabinet/Council February 2023)			**-69**
Net Surplus 2022-23	**Transferred to Budget Equalisation Reserve**		**-800**

Budget Monitoring

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

Capital Spending and Funding

In 2022/23 the Council spent £9.487m on capital projects, which included Revenue Expenditure Funded from Capital under Statute (grants and loans to private sector home owners and support for community development), compared with the original budget of £13.567m and a revised budget of £11.136m.

The main items of capital expenditure in the year were the roofing works at Hudson Leisure Centre (£184k), replacement of Council vehicles (£222k), investment in ICT infrastructure and software linked to the Council's transformation agenda (£83k), investment in Social Housing Decarbonisation in conjunction with Clarion Housing Association (£4.354m), replacement of Sewage Treatment Works (£275k), investment in Regeneration programmes (£2.354m including High Street, Wisbech (£148k), Railway Station improvements at March and Manea (£383k), March Future High Street works (£1.800m). This expenditure was financed by capital grants, capital receipts and revenue contributions. Capital receipts of £390k (net of costs) were realised in 2022/23 (2021/22: £100k).

Grants of £0.975m were paid to individuals in the District who qualified for a Private Sector Renewal Grant/Disabled Facilities Grant. These grants are funded from money the Council receives from Cambridgeshire County Council as part of the national Better Care Fund arrangements.

Revenue Balances

Set out in notes 24 and 25 to the core financial statements are the Council's reserves.
As at 31 March 2023, the Council's uncommitted General Fund Balance stood at £2m and the total Earmarked Reserves balance stood at £11.125m.

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

Provisions and Contingencies

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2022/23 and earlier financial years in their proportionate share. Therefore, a provision of £1.910m (Fenland's share) has been recognised for the best estimate of the amount that businesses are potentially due a refund, as at 31 March 2023.

Treasury Management

The Local Government Act 2003 gave councils the freedom to determine how much they borrow for investment in new capital projects, subject to a regulation that such borrowing complies with the 'Prudential Code for Capital Finance in Local Authorities'. The Prudential Code looks to ensure affordability, prudence and sustainability in relation to determined borrowing limits. The Council determined the required Prudential Code indicators and Treasury Management Strategy as part of the budget process for 2022/23. No new borrowing was undertaken in 2022/23 and all investment activities were undertaken in accordance with the approved strategy.

The total external loan debt was £7.8m at the year-end, unchanged from the previous year. Short-Term Investments (i.e. between 3-12 months) at the year-end amounted to £19m (£10m at 31st March 2022).

Pension Liabilities

At 31 March 2023, the Council's share of the assets and liabilities of the Cambridgeshire LGPS show an estimated net liability of £8.265m. This liability has no impact on the level of the Council's available reserves.

An actuarial valuation was carried out as at 31 March 2022, with the employer's contribution set as a combination of a percentage of salary plus a lump sum. As explained below, an up-front payment including the lump sum payments for 2020/21, 2021/22 and 2022/23 financial years was paid in April 2020. By paying a lump sum in this manner the Council was able to obtain a discount of £0.172m in the total value of the lump sum due when compared to what the Council would have been due to pay if payment had been made in the year the lump sums fell due.

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

Significant Transactions

The actuarial valuation of the Council's Local Government Pension Scheme liabilities and pension reserve shown on the Balance Sheet have reduced by £38.570m during the year, from £46.835m at 31 March 2022 to £8.265m at 31 March 2023. This reflects the valuation received from the Council's actuary which included updated assumptions relating to the pension increase rate, the salary increase rate and the discount rate used.
The Council also made an up-front payment of £1.874m to the Pension Fund in April 2020 reflecting the lump sum payments due in respect of the 2020/21, 2021/22 and 2022/23 financial years. Collectively the changes in assumptions offset by the lump sum payment reduced the Council's pension liability by £6.578m.

Pension fund assets are valued separately but form part of the net pension liability disclosed on the Balance Sheet. Pension fund assets attributable to the Council increased in value by £5.480m. The assumptions used are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in note 35 of the core financial statements.

The Council engages Wilks Head and Eve to undertake valuations of the Council's asset base in accordance with the requirements set out in the CIPFA Code of Accounting Practice and the professional standards of the Royal Institute of Chartered Surveyors. All assets are formally re-valued at least every five years and an annual review is undertaken to ensure there has been no significant movement in the value of the Council's assets since they were last subject to formal valuation. Further details are given in notes 14 and 25 of the core financial statements. Increases in the value of some of the Council's assets led to revaluation gains of £6.359m being recognised in the revaluation reserve. These gains were offset by downward movements in the value of other assets totalling £0.621m leading to a net credit to the revaluation reserve of £5.738m.

12. MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2027/28

This Council, in common with most other local authorities, faces an ongoing difficult position in the medium term due to a range of pressures including providing statutory services, ongoing pressures caused by maintaining and developing sources of income through fees and charges whilst managing the impact on revenue and capital budget of delivering against the Council's strategic priorities.

There is still considerable uncertainty around the estimates for 2023/24 and the forecasts for the medium term. Currently there are a number of 'unknowns' which could both positively and negatively impact on the forecasts including:

Risks associated with the MTFS forecasts:

- The ongoing impact of the Finance Settlements on 2023/24 and the medium term;
- Impact of potential changes to the New Home Bonus methodology and allocations from April 2024;
- Impact of the business rates revaluation from April 2023 and longer-term changes to the Business Rates Retention system from April 2025;
- Impact of potential additional costs and income in 2024/25 from the Extended Producer Responsibility scheme for managing packaging waste;
- Impact on income streams being greater than anticipated due to external factors such as Port Income (sale of Port Sutton Bridge);
- Continuing impact of homelessness temporary accommodation costs in 2023/24 and the medium term and the impact on recovery of housing benefit subsidy;
- Potential for additional support for the Leisure Management contactor in 2023/24, (over and above the provision provided in the estimates) and over the medium term, as a result of the energy costs crisis. A full year's Management Fee income from the Leisure Contractor has currently been included in the 2023/24 estimates and each subsequent year of the MTFS;
- Impact of increases in Fees and Charges (where feasible) on the 2023/24 estimates and MTFS;
- Impact of service developments eg. Car Parking Enforcement (CPE);
- Revenue impact of funding new capital schemes not currently included in the capital programme. There are currently a number of schemes which require consideration with potentially substantial funding needed over the medium term (see Section 16);
- Potential impact of the Council's future transformation programme with associated savings. Further detailed work is required to quantify the scope of this programme and associated savings;
- Review of the recharge of staff time to the LATCO (Fenland Future Ltd) to quantify potential revenue savings. Currently recharges of £125k in 2022/23 onwards have been assumed in the MTFS;
- Potential net benefits from FFL of loan interest and dividends from future developments over and above already included in the MTFS, generating revenue income;
- Commercial and Investment Strategy and future potential positive returns to the Council;
- Review of the General Fund Balance and Earmarked Reserves to ensure they align with the future requirements of the Council;
- Potential positive impact over the MTFS of implementing the outcomes from the Accommodation Strategy.

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

The forecasts for the years 2024/25 – 2027/28 are provisional at this stage and should be considered with extreme caution. Future announcements and consultation outcomes will also determine government policy and therefore the funding in the future years. In addition, the forecasts are dependent on permanently maintaining the savings already identified through the My Fenland transformation initiative.

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

			(2% reduction in Council Tax in 2023/24 and 0% increase thereafter)		
Medium Term Financial Strategy	Estimate	Forecast	Forecast	Forecast	Forecast
February 2023	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Expenditure					
Service Expenditure/Income					
Gross Service Expenditure	26,768	26,480	26,802	26,983	27,411
Gross Service Income	-10,842	-10,595	-10,606	-10,617	-10,629
Total Net Service Expenditure	***15,926***	***15,885***	***16,196***	***16,366***	***16,783***
Corporate Items					
Corporate Expenditure/Savings					
Drainage Board Levies	1,878	1,924	1,973	2,022	2,072
Financing Charges - Interest on External Borrowing	619	772	796	803	809
Financing Charges - Current Capital Programme - MRP	397	681	734	748	762
Vacancy Factor (1.5%)	-199	-204	-209	-214	-220
Transformation Programme - additional savings	-25	0	0	0	0
	2,669	*3,174*	*3,294*	*3,358*	*3,423*
Corporate Income Items					
Contribution to(+)/from(-) Earmarked Reserves	-740	-131	-42	42	42
Contribution to(+)/from(-) Business Rates Reserve	-211	0	0	0	0
RTB/VAT Sharing Income	-20	-20	-20	-20	-20
Investment and Property Fund Income	-775	-950	-1,310	-1,260	-710
New Homes Bonus	-369	-400	-400	-400	-400
Lower Tier Services Grant	0	0	0	0	0
CSP Guarantee Grant	-601	-601	-601	-601	-601
Services Grant	-150	-150	-150	-150	-150
Business Rates Levy Account Surplus allocation	0	0	0	0	0
Contribution to Budget Equalisation Reserve	4	0	0	0	0
	-2,862	*-2,252*	*-2,522*	*-2,388*	*-1,838*
Total Corporate Items	***-193***	***922***	***771***	***970***	***1,585***
Gross Service/Corporate Expenditure	**29,438**	**29,653**	**30,095**	**30,341**	**30,835**
Gross Service/Corporate Income	**-13,704**	**-12,847**	**-13,128**	**-13,005**	**-12,467**
Net Budget Requirement	**15,734**	**16,807**	**16,967**	**17,336**	**18,368**
Funding - RSG, Business Rates & Council Tax					
Revenue Support Grant	**-173**	**-173**	**-173**	**-173**	**-173**
Business Rates					
Business Rates Baseline Funding	-10,558	-11,854	-11,981	-12,110	-12,235
Tariff Payment to Government	7,367	7,677	7,753	7,831	7,909
Renewable Energy Rates Retained	-1,904	-1,717	-1,599	-1,563	-1,524
Business Rates Pool - FDC Share of Benefit	-350	-350	-350	-350	-350
Business Rates S31 Grants due in year	-2,912	-2,379	-2,404	-2,429	-2,455
Business Rates Levy due in year	601	708	719	730	739
Business Rates Collection Fund Deficit	211	0	0	0	0
Total Business Rates Funding	**-7,545**	**-7,916**	**-7,862**	**-7,891**	**-7,916**
Council Tax					
Council Tax Collection Fund Surplus(-)/Deficit	-87	-50	-50	-50	-50
Council Tax *(2% reduction in 2023/24 and 0% in 24/25 onwards)*	-7,927	-8,023	-8,119	-8,215	-8,310
Total Council Tax Funding	**-8,015**	**-8,073**	**-8,169**	**-8,265**	**-8,360**
Total Funding - RSG/Business Rates/Council Tax	**-15,733**	**-16,162**	**-16,204**	**-16,329**	**-16,450**
Surplus(-)/Shortfall(+)	**0**	**+644**	**+763**	**+1,008**	**+1,918**

Fair Funding Review and Future Changes to the Business Rates Retention System

The implementation of a revised approach to central government's allocation of financial resources to local government has been subject to considerable delay. These delays were further exacerbated by the Covid 19 pandemic and it remains unclear when the Government will be in a position to adhere to its earlier commitment to implement the Fair Funding Review and Business Rates funding changes.

The Autumn Statement 2022 confirmed the government's spending plans for 2023/24 and 2024/25 resulting in rollover settlements in both 2023/24 and 2024/25. That is, financial settlements that are broadly similar to the 2022/23 settlement. The Fair Funding Review, business rates baseline reset and other funding reforms were pushed back to 2025/26 at the earliest. It also confirmed that the 2021 Census will not be reflected in funding allocations until 2025/26.

Pushing these major changes back to 2025/26 means that they can be aligned with the next spending review period (the current spending review runs to 2024/25) and they will follow the next General Election (no later than January 2025). However, this would mean 2025/26 would be a very significant financial year, incorporating a new spending review, the 2021 Census and funding reforms. The difficulties of these challenges might result in scaled-down changes.

The future changes to the Business Rates Retention system, New Homes Bonus and the outcome of the Fair Funding Review are very significant risk areas for this Council, for district councils in particular and the local authority sector in general, over the medium term.

Council for the Future (CFF)

Through its Comprehensive Spending Review (FDC-CSR), which was established in July 2015, the Council achieved considerable success in securing savings across a number of services. The estimated total net savings generated from the FDC-CSR proposals agreed previously at £1.667m amounted to £1.76m by the end of 2020/21. Changes implemented include the introduction of a garden waste subscription service with effect from 1 April 2017, the transfer of management of the Council's leisure centres with effect from December 2018 and the implementation of shared services model with Peterborough City Council for the delivery of CCTV.

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

Transformation Agenda 2 (TA2)

Cabinet at their meeting on 16 March 2023, agreed the principles associated with the Proposed Operating Model (POM), linked to the accommodation review and which sets out the Council's vision and priorities in pursuing our Transformation Agenda 2 (TA2), which includes new working practices.

TA2 will be critical in delivering the required savings over the Medium Term and for the successful delivery of the Council's budget strategy. The current strategy of not increasing Council Tax will be unsustainable if TA2 and the accommodation review does not achieve the required savings.

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

Combined Authority

This Council is a constituent authority of the Cambridgeshire and Peterborough Combined Authority (CPCA) which was formally established following the Mayoral election in May 2017. The devolution deal for the CPCA includes a new £20m fund for the next 30 years (£600m) to support economic growth, development of local infrastructure and jobs. In addition, a new £100m housing fund is to be invested over the next five years to build more homes in Cambridgeshire and Peterborough including affordable, rent and shared ownership.

The Council has continued to work closely with Combined Authority to secure investment in the District. During the 2022/23 financial year, following the production of masterplans for each of the four market towns (completed in 2020/21 and funded by the Combined Authority), capital projects in each market town have progressed with £1m from the Combined Authority having been committed for each market town. Work on the March and Manea Stations Regeneration Programme, to enhance transport infrastructure across the District, was completed in 2022/23 with just the CCTV camera at Manea car park to be finished. The Combined Authority has also committed funding towards the March Future High Street project and the regeneration of properties in High Street, Wisbech but there have been delays in delivering these projects during 2022/23 but should make significant progress in 2023/24.

13. EXPLANATION OF THE FINANCIAL STATEMENTS

The Council's financial statements for the year 2022/23 are set out on pages 27 to 105.
They consist of:

- the **Movement in Reserves Statement** – shows how the movement in reserves in the Balance Sheet is reconciled to the Comprehensive Income and Expenditure Account Deficit and what adjustments are required to be charged to the General Fund Balance for Council Tax setting purposes;
- the **Comprehensive Income and Expenditure Statement** (CIES)– a summary of the resources generated and consumed by the Council;
- the **Balance Sheet** - setting out the Council's financial position as at 31 March 2023;
- the **Cash Flow Statement** - which summarises the Council's inflows and outflows of cash for revenue and capital transactions for the year with third parties;
- the **Expenditure and Funding Analysis** – a summary of annual expenditure used and funded by the Council together with the adjustments required between funding and accounting basis to reconcile with the CIES;
- the **Collection Fund** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non – Domestic Rates (NNDR) and its distribution to precepting bodies.

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

14. FURTHER INFORMATION

Further information about these accounts is available from the Chief Accountant, Fenland Hall, County Road, March, Cambridgeshire, PE15 8NQ, (☎ 01354 622486).

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

15. CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the financial statements set out on pages 27 to 105 present a true and fair view of the financial position of Fenland District Council at 31 March 2023 and its income and expenditure for the year then ended.

Signed: **December 2024**

Peter Catchpole

Chief Finance Officer

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

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

The Chief Finance Officer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer has:
- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Local Authority Code.

The Chief Finance Officer has also:
- kept proper accounting records which were up to date.
- taken reasonably steps for the prevention and detection of fraud and other irregularities.

Signed:

December 2024

Peter Catchpole

Chief Finance Officer

Chairman's Declaration

I confirm these accounts were approved by the Audit and Risk Committee on 4 December 2024 subject to formal delegation to myself and the Chief Finance Officer. Signed on behalf of Fenland District Council

Signed:

December 2024

Councillor Kim French, Chair of Audit and Risk Management Committee

MOVEMENT IN RESERVES STATEMENT

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

2021/22	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	**Total Usable Reserves**	**Unusable Reserves**	**Total Council Reserves**
	£000	£000	£000	£000	**£000**	**£000**	**£000**
Balance at 31 March 2021	**2,000**	**12,072**	**6**	**5,891**	**19,969**	**(22,037)**	**(2,068)**
Movement in reserves							
Surplus on Provision of Services	5,746	0	0	0	5,746	0	5,746
Other Comprehensive Expenditure and Income	0	0	0	0	0	26,771	26,771
Total Comprehensive Expenditure and Income	**5,746**	**0**	**0**	**0**	**5,746**	**26,771**	**32,517**
Adjustments between accounting basis and funding basis under regulation (note 7)	(5,479)	0	(6)	3,388	(2,097)	2,097	0
Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves	**267**	**0**	**(6)**	**3,338**	**3;649**	**28,868**	**32,517**
Transfers to / (from) Earmarked Reserves (note 8)	(267)	267	0	0	0	0	0
Increase/(Decrease) in 2020/21	**0**	**267**	**(6)**	**3,388**	**3,649**	**28,868**	**32,517**
Balance at 31 March 2022 carried forward	**2,000**	**12,339**	**0**	**9,279**	**23,618**	**6,831**	**30,449**

2022/23	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	**Total Usable Reserves**	**Unusable Reserves**	**Total Council Reserves**
	£000	£000	£000	£000	**£000**	**£000**	**£000**
Balance at 31 March 2021	**2,000**	**12,339**	**0**	**9,279**	**23,618**	**6,831**	**30,449**
Movement in reserves							
Surplus on Provision of Services	(10,998)	0	0	0	(10,998)	0	(10,998)
Other Comprehensive Expenditure and Income	0	0	0	0	0	48,712	48,712
Total Comprehensive Expenditure and Income	**(10,998)**	**0**	**0**	**0**	**(10,998)**	**48,712**	**37,714**
Adjustments between accounting basis and funding basis under regulation (note 7)	9,784	0	0	(5,426)	4,358	(4,358)	0
Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves							
Transfers to / (from) Earmarked Reserves (note 8)	1,214	(1,214)	0	0	0	0	0
Increase/(Decrease) in 2020/21	**0**	**(1,214)**	**0**	**(5,426)**	**(6,640)**	**44,354**	**37,714**
Balance at 31 March 2023 carried forward	**2,000**	**11,125**	**0**	**3,853**	**16,978**	**51,185**	**68,163**

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2021/22				**2022/23**		
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
4,809	(7,151)	(2,342)	Growth and Infrastructure	3,889	(2,225)	1,664
20,923	(8,327)	12,596	Communities, Environment, Leisure and Planning	21,234	(8,908)	12,326
32,024	(24,946)	7,078	Resources and Customer Services	37,354	(29,429)	7,925
57,756	(40,424)	17,332	**Cost of Services**	62,477	(40,562)	21,915
		2,943	Other operating expenditure (note 9)			3,699
		930	Financing and investment income and expenditure (note 10)			4,290
		(26,951)	Taxation and non-specific grant income (note 11)			(18,906)
		(5,746)	**(Surplus)/Deficit on Provision of Services**			**10,998**
		(2,938)	(Surplus)/Deficit on revaluation of property, plant and equipment assets (note 25)			(6,090)
		(23,833)	Re-measurement of net defined benefit liability/ (asset) (note 35)			(42,622)
		(26,770)	**Other Comprehensive Income and Expenditure**			**(48,712)**
		(32,516)	**Total Comprehensive Income and Expenditure**			**(37,714)**

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022 £000		Note	31 March 2023 £000
50,456	Property, Plant and Equipment	14	55,757
5,439	Infrastructure	15	5,416
6,658	Investment Property	16	5,960
77	Intangible Assets		59
4,066	Long Term Investments	18	3,450
379	Long Term Debtors		447
67,075	**Long Term Assets**		**71,089**
10,006	Short Term Investments	18	5,016
98	Inventories		82
9,816	Short Term Debtors	20	9,501
20,935	Cash and Cash Equivalents	29	14,037
40,855	**Current Assets**		**28,636**
(36)	Short Term Borrowing	18	(35)
(83)	Short Term Finance Lease Liability	34	(23)
(10,941)	Short Term Creditors	21	(11,194)
(9,471)	Receipts in Advance	22	(2,329)
(2,292)	Provisions	23	(1,916)
(22,823)	**Current Liabilities**		**(15,497)**
(7,800)	Long Term Borrowing	18	(7,800)
(23)	Finance Lease Liability	34	0
(46,835)	Defined Benefit Pension Liability	35	(8,265)
(54,658)	**Long Term Liabilities**		**(16,065)**
30,449	**Net Assets/(Liabilities)**		**68,163**
23,618	Usable Reserves	24	16,978
6,831	Unusable Reserves	25	51,185
30,449	**Total Reserves**		**68,163**

The notes on page 35 to 103 form part of the financial statements.

Signed: **Chief Finance Officer** **December 2024**

THE CASH FLOW STATEMENT

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

2021/22 £000		2022/23 £000
5,746	**Net (deficit)/surplus on the provision of services**	**(10,998)**
9,665	Adjust net deficit on the provision of services for non-cash movements (note 26)	3,709
(12,735)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities (note 27)	(4,520)
2,676	**Net cash flows from Operating Activities**	**(11,809)**
(62)	Investing Activities (note 27)	4,593
356	Financing Activities (note 28)	318
2,970	**Net increase/(decrease) in cash and cash equivalents**	**(6,898)**
17,965	Cash and cash equivalents at the beginning of the reporting period (note 29)	20,935
20,935	**Cash and cash equivalents at the end of the reporting period (note 29)**	**14,037**

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Council's Outturn Report to the

CIES. The EFA shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by Local Council's in comparison with those resources consumed or earned by Council's in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22				2022/23		
Net Expenditure Chargeable to General Fund	**Adjustments between Funding and Accounting Basis (Note 7)**	**Net Expenditure in the CIES**		**Net Expenditure Chargeable to General Fund**	**Adjustments between Funding and Accounting Basis (Note 7)**	**Net Expenditure in the CIES**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
1,194	(3,536)	(2,342)	Growth and Infrastructure	1,158	466	1,624
3,821	8,775	12,596	Communities, Environment, Leisure and Planning	3,906	8,420	12,326
8,362	(1,284)	7,078	Resources and Customer Services	9,769	(1,804)	7,965
13,377	3,955	17,332	**Net Cost of Services**	14,833	7,082	21,915
(13,377)	(9,701)	(23,078)	Other Income and Expenditure	(14,833)	3,916	(10.917)
0	**(5,746)**	**(5,746)**	**(Surplus) or Deficit**	**0**	**10,998**	**10,998**
2,000			**Opening General Fund Balance**	**2,000**		
0			**Add/(Less) Surplus/(Deficit) on General Fund in Year**	**0**		
2,000			**Closing General Fund Balance at 31st March**	**2,000**		

INDEX TO THE NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

i. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS). Policies have been consistently applied except for the policy in relation to heritage assets where some of the measurement rules are relaxed (details are provided in paragraph xi below).

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

ii. ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplied, received and their consumption, they are carried as inventories on the Balance Sheet. Exceptions to this principle include utility bills, maintenance contracts and other similar quarterly payments, which are charged at the date of billing rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.

- Interest payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Grants paid or payable to third parties by the Council are recognised in the Comprehensive Income and Expenditure account if the Council is acting as principal to the transaction. Where the Council is acting as the agent of another organisation when paying a grant, the Council does not account for the grant paid or payable or the funding received to award the grant in the Comprehensive Income and Expenditure account.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. CASH AND CASH EQUIVALENTS

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

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

v. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

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

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

vii. COUNCIL TAX AND NON – DOMESTIC RATES

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

Accounting for Council Tax and NDR

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

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

viii. EMPLOYEE BENEFITS

Benefits Payable During Employment

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

Termination

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of these benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Cambridgeshire County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (based on the yields of the constituents of the IBoxx £ Corporates AA index and the Council's weighted average duration).

- The assets of Cambridgeshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

  quoted securities – current bid price
  unquoted securities – professional estimate
  unitised securities – current bid price
  property – market value

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

  Service cost comprising:

  current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

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

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

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

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

Discretionary Benefits

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

ix. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

Level 3 – unobservable inputs for the asset or liability.

x. FINANCIAL INSTRUMENTS

A financial asset or liability is recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the instrument. This will normally be the date that a contract is entered into but may be later if there are conditions that need to be satisfied.

Financial assets are recognised by the Council on the Balance Sheet only when goods or services have been provided or rendered to a third party. Financial liabilities are recognised when the goods or services ordered from a third party have been received by the Council and the third party has performed its contractual obligations.

Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at the real effective rate of interest with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

Expected Credit Loss Model

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

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

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

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

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

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

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

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

xi. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant is yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xii. HERITAGE ASSETS

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

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

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

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

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

xiii. INFRASTRUCTURE ASSETS

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

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

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

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

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

Depreciation
Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network and non highways infrastructure is assessed by the Highways, Sewage Works and Port Quay Engineers and using industry standards where applicable and vary depending on the asset classification.

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

Disposals and Derecognition

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

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

xiv. INTANGIBLE ASSETS

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

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

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

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

xv. INVENTORIES

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

xvi. INVESTMENT PROPERTY

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

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

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

xvii. LEASES

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under a finance lease are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to the lessor. Indirect costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

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

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

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

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

Operating Leases

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

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii. OVERHEADS AND SUPPORT SERVICES

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

xix. PROPERTY, PLANT AND EQUIPMENT

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.

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

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

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

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

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

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

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

Where an item of Property, Plant and Equipment has major components with different estimated useful lives and whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

Disposal proceeds in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xx. PROVISIONS

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

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

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

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

xxi. CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.
Contingent liabilities are not recognized in the Balance Sheet but disclosed in a note to the accounts.

xxii. CONTINGENT ASSETS

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

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

xxiii. RESERVES

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

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

xxiv. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

xxv. VALUE ADDED TAX (VAT)

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

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) the Council is required to disclose information setting out the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2022/23 Code:

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

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

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013, the Council is liable for successful appeals against business rates charged to businesses in

2022/23 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2023. The estimate has been calculated using the latest Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31st March 2023.
The Council's share of the balance of business rate appeals provisions held at this date amounted to £1.910m. This is a reduction of 0.364m from the previous year.

Investment Properties

The Council acquired a commercial property in Wisbech during the 2020/21 financial year. The property is leased to a commercial tenant on a long-term lease. Having obtained and reviewed an independent valuation of the property, the Council is satisfied that the property should be accounted for as an investment property as the Council's residual interest in the property exceeds the value of the Council's net investment in the lease. Had this not been the case the property would have been de-recognised as at 31 March 2023 and a long-term debtor reflecting the value of the Council's net investment in the lease would have been reflected in the Balance Sheet instead.

Group Accounts

The Council established a wholly-owned subsidiary, Fenland Future Limited ('the company') in June 2020. The Council owns 100% of the company's share capital. During the 2022/23 financial year the company incurred expenditure as part of work to prepare its business plan for consideration and approval by the Council's Investment Board in July 2022. This expenditure was not deemed to be material based on a consideration of both quantitative and qualitative criteria. The company did not generate any turnover from its activities during 2022/23.

As at 31 March 2023 the company had no assets. Its liabilities comprised solely short-term creditors representing amounts owed to the Council in respect of services the Council has provided where the balances owed by the company have not yet been settled. Details of the total creditor balance are provided as part of the related party transactions note to these financial statements (note 36).

Based upon the information above regarding 2022/23 transactions recognised by the company and its Balance Sheet as at 31 March 2023 the Council has assessed that Fenland Future Limited is not a material component. On this basis Group Accounts have not been prepared.

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

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

The following items in the Council's Balance Sheet as at 31 March 2023 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible assets respectively. This enables the	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

	assets to be written down to their residual value over their estimated useful lives and show an appropriate cost of the use of the asset in the Comprehensive Income and Expenditure Statement. Management judgement is used to determine the useful economic lives of the Plant and Equipment. The Council's valuers provide estimates for the useful life of property assets. The methodology for valuing properties at Depreciated Replacement Cost (DRC), e.g. Leisure Centres, includes an adjustment for obsolescence as deemed reasonable by the Council's valuers and management.	It is estimated that the annual depreciation charge for buildings would increase by £9.2k for every year that useful life is reduced. A reduction of 10% in the value of assets valued on the basis of Existing-Use-Value and Fair Value would reduce the carrying value of Investment Property by £599,000 and the value of Property, Plant Equipment by £2.710m. An increase would result in an upward increase by the same amount.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For example: (i) a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £1.854m (ii) a 1 year increase in member life expectancy would result in an increase in the pension liability of £4.242m (iii) a 0.1% increase in the salary increase rate would result in an increase in the pension liability of £0.168m (iv) a 0.1% increase in the pension increase rate would result in an increase in the pension liability of £1.714m However, the assumptions interact in complex ways, so care should be taken when looking at changes in one variable in isolation.

5. EXPENDITURE AND FUNDING ADJUSTMENTS ANALYSIS

Adjustments between Funding and Accounting Basis 2022/23	Adjustments for Capital Purposes (Note i)	Net Change for the Pensions Adjustment (Note ii)	Other Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts				
Growth and Infrastructure	1,339	72	(945)	466
Communities, Environment, Leisure and Planning	6,733	1,210	477	8,420
Resources and Customer Services	69	347	(2,220)	(1,804)
Net Cost of Services	**8,141**	**1,629**	**(2,688)**	**7,082**
Other Income and Expenditure from the Expenditure and Funding Analysis	**1,244**	**1,446**	**1,226**	**3,916**
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services	**9,385**	**3,075**	**(1,462)**	**10,998**

Adjustments between Funding and Accounting Basis 2021/22	Adjustments for Capital Purposes (Note i)	Net Change for the Pensions Adjustment (Note ii)	Other Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts				
Growth and Infrastructure	600	110	(4,246)	(3,536)
Communities, Environment, Leisure and Planning	5,830	1,428	1,517	8,775
Resources and Customer Services	128	524	(1,936)	(1,284)
Net Cost of Services	**6,558**	**2,062**	**(4,665)**	**3,955**
Other Income and Expenditure from the Expenditure and Funding Analysis	**(11,024)**	**1,540**	**(217)**	**(9,701)**
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services	**(4,466)**	**3,602**	**(4,882)**	**(5,746)**

Note (i): Adjustments for Capital Purposes
This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

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

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

Note (ii): Net Change for the Pensions Adjustments

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

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

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

Note (iii): Other Differences

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

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

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

Segmental Income

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

	2022/23	2021/22
Growth and Infrastructure	(405)	(457)
Communities, Environment, Leisure and Planning	(5,265)	(5,043)
Resources and Customer Services	(246)	(763)
Financing and Investment Income	(2,360)	(2,262)
Total Fees, charges and other service income	(8,276)	(8,525)

6. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure/Income	**2022/23**	**2021/22 £000**
Expenditure		
Employee Benefits Expenses	17,136	17,076
Other Service Expenses	38,600	42,279
Depreciation, Revaluation, Amortisation and Impairment	3,622	245
Interest Payments	1,102	491
Precepts and Levies	3,781	3,363
Gain on the Disposal of Assets	505	(100)
Total Expenditure	**64,746**	**63,354**
Fees, Charges and Other Service Income	(8,276)	(8,563)
Interest and Investment Income	(737)	(132)
Income from Council Tax and Non-Domestic Rates	(14,289)	(13,754)
Government Grants, Reimbursements and Other Contributions	(30,446)	(46,651)
Total Income	**(53,748)**	**(69,100)**
Surplus on Provision of Services	**10,998**	**(5,746)**

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

Capital Grants Unapplied Account

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

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

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

2021/22	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation of non-current assets	1,834	0	0	(1,834)
Deficit arising from revaluation and impairment of Property, Plant and Equipment	106	0	0	(106)
Movements in the market value of Investment Properties	(1,704)	0	0	1,704
Amortisation of intangible assets	9	0	0	(9)
Capital grants and contributions that have been applied to capital financing	(4,539)	0	0	4,539
Revenue expenditure funded from capital under statute	8,391	0	0	(8,391)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(366)	0	0	366
Capital expenditure charged against General Fund Balance	(584)	0	0	584
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	(100)	100	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(106)	0	106
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(8,097)	0	8,097	0
Capital Grants Unapplied applied to Financing of Capital Expenditure	0	0	(4,709)	4,709

2021/22	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Pooled Investments Fund Adjustment Account:				
Movement in the fair value of Pooled Funds credited to the Comprehensive Income and Expenditure Statement	(65)	0	0	65
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in	(15)	0	0	15
Adjustments primarily involving the LGPS Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	6,037	0	0	(6,037)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,435)	0	0	2,435
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(3,892)	0	0	3,892
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	(59)	0	0	59
Total Adjustments	**(5,479)**	**(6)**	**3,388**	**2,097**

8. TRANSFERS (TO)/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund Balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2022/23.

	Note	Balance at 1 April 2021	Movements in year		Balance at 31 March 2022	Movements in year		Balance at 31 March 2023
			Receipts	Applied		Receipts	Applied	
		£000	£000	£000	£000	£000	£000	£000
Travellers Sites	1	**326**	62	0	**388**	60	0	**448**
Maintenance -Station Road, Whittlesey	2	**5**	3	0	**8**	2	0	**10**
CCTV	3	**21**	10	0	**31**	10	0	**41**
Invest to Save	4	**103**	0	(103)	**0**	0	0	**0**
Management of Change Reserve	5	**802**	0	(307)	**495**	0	(47)	**448**
Specific Grants Reserve	6	**2,234**	183	(1,178)	**1,239**	684	(456)	**1,467**
Local Government Resource Review	7	**4,147**	1,287	(3,418)	**2,016**	110	(1,075)	**1,051**
Capital Contribution Reserve	8	**315**	0	(180)	**135**	0	(4)	**131**
Port – Buoy Maintenance	9	**147**	0	0	**147**	8	(8)	**147**
Repairs & Maintenance Reserve	10	**563**	80	(98)	**545**	160	0	**705**
Wisbech High St HLF Reserve	11	**81**	0	(29)	**52**	24	(24)	**52**
Solid Wall Remediation	12	**100**	0	0	**100**	0	0	**100**
Street Lighting	13	**30**	17	0	**47**	19	0	**66**
Investment Strategy Reserve	14	**1,340**	0	0	**1,340**	0	0	**1,340**
Budget Equalisation Reserve	15	**482**	584	0	**1,066**	800	0	**1,866**
Planning Reserve	16	**391**	10	(118)	**283**	161	(118)	**326**
Election Reserve	17	**30**	30	0	**60**	135	0	**195**
Covid Outbreak Management Fund	18	**741**	0	(298)	**443**	0	(253)	**190**
Council Tax Hardship Fund	19	**36**	0	(32)	**4**	0	(4)	**0**
Pilots Development Training	20	**24**	0	0	**24**	1	(1)	**24**
National Leisure Recovery Plan	21	**154**	0	(154)	**0**	0	0	**0**
Council Tax Energy Rebate	22	**0**	217	0	**217**	0	(214)	**3**
Cambridgeshire Horizons Reserve	23	**0**	3,891	(192)	**3,699**	0	(1,184)	**2,515**
Total		**12,072**	**6,374**	**(6,107)**	**12,339**	**2,174**	**(3,388)**	**11,125**

Notes

1. The Travellers Sites Reserve is used to fund future maintenance programmes.

2. The Station Road, Whittlesey Reserve was set up in 2004/05 to finance future maintenance costs in relation to the un-adopted estate road. Contributions are received annually from the Companies who have purchased the freehold of individual sites.

3. CCTV Reserve is to provide for future plant and equipment requirements.

4. The Invest to Save Reserve was set up for services to "borrow" from in order to finance ways of producing savings.

5. The Management of Change Reserve was established for the effective management of any organisational changes required to meet the Council's future priorities.

6. Specific grants received in year but not spent. Balance available to fund specific spending commitments in future years.

7. The Local Government Resource Review Reserve was established to assist the Council in delivering the localisation of council tax support and business rates retention from 2013/14. Transfers to and from this reserve in 2021/22 and 2022/23 reflect the impact of the significant grants received by the Council to fund the award of business rate relief to businesses impacted by the Coronavirus. The impact of awarding this relief is reflected in the Collection Fund. The balance on this reserve has been used to mitigate the impact of recognising the Council's share of the Collection Fund deficit in the General Fund.

8. The Capital Contributions Reserve was set-up to provide funding for future capital schemes.

9. The Port Buoy Maintenance Reserve was established to provide funding for future buoy maintenance to windfarms.

10. The Repairs and Maintenance Reserve was established in 2016/17 to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.

11. The Wisbech High Street Heritage Lottery Fund Reserve was established in 2017/18 to facilitate work on grant-funded projects on buildings located in Wisbech High Street.

12. The Solid Wall Remediation Reserve has been established in 2018/19 to fund potential costs linked to solid wall installations in the District.

13. The Street Lighting Reserve has been established in 2018/9 to fund future repairs and maintenance relating to street lighting.

14. The Investment Strategy Reserve was established following a meeting of Cabinet held in January 2020. The purpose of the reserve is to enable the Council to take forward projects approved in accordance with the Council's Commercial and Investment Strategy.

15. The Budget Equalisation Reserve was established in January 2020. The purpose of the reserve is to hold surpluses achieved in previous financial years so that these are available to cover deficits returned in future years should the Council wish to do so.

16. The Planning Reserve was established in January 2020 using balances held previously in the Local Plan Reserve and the Neighbourhood Planning Reserve.

17. The Elections Reserve was established in 2020/21 to fund the cost of future District Council elections.

18. The Covid Outbreak Management Fund holds money received from government to support the council in controlling and managing covid outbreaks which has not been paid out as at 31 March 2023. The balance will be paid out over the course of the 2023/24 financial year.

19. The Council Tax Hardship Fund reserve holds money received from government to assist Council Taxpayers experiencing hardship linked to the Covid 19 pandemic. Most of the balance carried forward at 1 April 2021 was distributed by the Council during the 2021/22 financial year. There was a small balance at 1 April 2022 which was distributed in the 2022/23 financial year.

20. The Pilots Development Training reserve holds money to be utilised in future years to fund the training of maritime pilots to fulfil the authority's statutory functions.

21. The National Leisure Recovery Plan reserve held the balance of funding the Council received to assist its leisure operator with costs linked to the re-opening of its leisure centres when restrictions linked to the Covid 19 pandemic were eased. The balance was utilised during the 2021/22 financial year.

22. The Council Tax Energy Rebate reserve was set up in the 2021/22 financial year. It contains funds received from government for the purpose of making payments, on a discretionary basis, to households impacted by the increase in energy prices in accordance with a policy introduced by central government in February 2022. The small balance at 31 March 2023 represents the underspend of the funding received and will be repaid to the government in the 2023/24 financial year.

23. The Cambridgeshire Horizons reserve was set up in the 2021/22 after the Council received a distribution from Cambridgeshire Horizons Limited. In March 2023 the council repaid it's A14 contribution as a single lump sun and utilised £1.008m of this reserve to fund the contribution.

9. OTHER OPERATING EXPENDITURE

	2022/23	2021/22
	£000	£000
Parish Council Precepts	1,486	1,449
Drainage Board Levies	1,708	1,594
Loss/(Gain) on the Disposal of Non-Current Assets	505	(100)
Total	**3,699**	**2,943**

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2022/23	2021/22
	£000	£000
Deficit on Trading Accounts	1,224	1,212
Interest payable and similar charges	1,102	491
Interest on the net defined pension liability	1,301	1,356
Interest receivable and similar income	(737)	(131)
Income and expenditure in relation to investment properties and changes in their fair value	1,400	(1,998)
Total	**4,290**	**930**

11. TAXATION AND NON-SPECIFIC GRANT INCOME

	2022/23	2021/22
	£000	£000
Council Tax income	(9,526)	(9,393)
Net share of business rate income	(4,356)	(4,101)
Non-ring-fenced Government grants	(4,137)	(4,394)
Capital grants and contributions	(887)	(9,063)
Total	**(18,906)**	**(26,951)**

12. MEMBERS' ALLOWANCES

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

	2022/23 £000	2021/22 £000
Allowances	347	347
Expenses	7	5
Total	**354**	**352**

13. EXTERNAL AUDIT COSTS

In 2022/23 Fenland District Council incurred the following fees relating to external audit and inspection:

	2022/23 £000	2021/22 £000
Fees payable with regard to external audit services carried out by the appointed auditor	58	80
Fees payable for the certification of grant claims and returns	15	18
Fees payable to the Cabinet Office in respect of services provided – National Fraud Initiative	3	0
Total Audit Costs	**76**	**98**

The amounts included in the 2022/23 column above are for external audit services and grant certification work undertaken in relation to the 2022/23 financial. Neither 2021/22 nor 2022/23 fees had been agreed at the date the 2022/23 accounts were published.

14. PROPERTY, PLANT AND EQUIPMENT

Movements in 2022/23:

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

Comparative Movements in 2021/22:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Asset Under Construction	Community Assets	Surplus Assets	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation						
At 1 April 2021	38,008	18,098	212	1,477	3,497	61,292
Additions	612	768	1,072	0	0	2,452
Revaluation Surplus/(Deficit) recognised in the Revaluation Reserve	1,905	0	0	0	256	2,161
Revaluation Surplus/(Deficit) recognised in the Deficit on the Provision of Services	(76)	0	0	0	37	(39)
Transfers	(160)	0	160	0	0	0
At 31 March 2022	**40,289**	**18,866**	**1,444**	**1,477**	**3,790**	**65,866**
Accumulated Depreciation and Impairment						
At 1 April 2021	(947)	(13,543)	0	(88)	0	(14,578)
Depreciation charge	(354)	(1,025)	0	0	0	(1,379)
Impairments	(68)	0	0	0	0	(68)
Depreciation charge to the Revaluation Reserve	(160)	0	0	0	0	(160)
Depreciation charge written out to the Revaluation Reserve	775	0	0	0	0	775
At 31 March 2022	**(754)**	**(14,568)**	**0**	**(88)**	**0**	**(15,410)**
Net Book Value						
At 31 March 2022	**39,535**	**4,298**	**1,444**	**1,389**	**3,790**	**50,456**
At 31 March 2021	**37,061**	**4,555**	**212**	**1,389**	**3,497**	**46,714**

Fair Value Hierarchy

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

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

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

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

Highest and Best Use

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

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

Valuation Process for Investment Properties

The Council's investment properties have been valued as at 31 March 2022 by Wilks Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Management obtained a market review from Wilks Head & Eve in April 2023. This indicated that relevant market data indicated that the value of the Council's Investment Properties was likely to have decrease by a material amount between 1 April 2022 on 31 March 2023. Management has reviewed in detail the valuations provided in respect of the investment properties recognised in the Council's Balance Sheet and made an appropriate allowance to reflect anticipated changes in the value of each asset.

Depreciation

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

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

Capital Commitments

At 31 March 2023 the Council had contractual capital commitments of £6.716m (31 March 2022 £1.036m).

Revaluations

A full re-valuation of all assets valued at current value or fair value was undertaken as at 31 March 2023. All assets required to be valued at current value are re-valued at least every 5 years. The Council also instructs its valuers to undertake an annual valuation, as at 1st April each year of all assets considered to be materially significant in the context of the Council's overall property portfolio. This includes all assets valued on the basis of fair value in accordance with IFRS13.

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

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

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

	Land & Buildings £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Total £000
Valued at historical cost	0	5,416	1,388	4,061	0	10,865
Valued at current/fair value as at:						
31 March 2023	45,082	0	0	0	2,922	48,004
Total`	45,082	5,416	1,388	4,061	2,922	58,869

15. HIGHWAYS INFRASTRUCTURE

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

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

	2022/23 £000	2021/22 £000
Balance at start of the year	5,439	5,064

Additions	289	669
Depreciation	(312)	(294)
Balance at end of the year	**5,416**	**5,439**

16. INVESTMENT PROPERTY

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

	2022/23 £000	2021/22 £000
Rental income from investment property	(93)	(294)
Loss/(Gain) on revaluation of investment property	1,492	(1,704)
Net (Gain)/Loss	**1,399**	**(1,998)**

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:

	2022/23 £000	2021/22 £000
Balance at start of year	6,658	4,954
Transfers from Property, Plant and Equipment	794	0
Additions	0	0
Net gain/(loss) from fair value adjustments	(1,492)	1,704
Balance at end of the year	**5,960**	**6,658**

Fair Value Hierarchy

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

17. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Carrying amount	
	31 March 2023 £000	31 March 2022 £000
Financial liabilities (Measured at Amortised Cost)		
Long Term Liabilities	(7,800)	(7,800)
Short Term Borrowings	(35)	(36)
Creditors	(5,396)	(6,996)
	(13,231)	**(14,832)**
Financial Assets (Fair Value Through Profit & loss)		
Long Term Investments **(Measured at Amortised Cost)**	3,450	4,066
Debtors	8,429	6,903
Cash & Cash Equivalents	14,037	20,935
Investments	5,016	10,006
	30,932	**41,910**

Income, expense, gains and losses

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

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

	Financial Liabilities	Financial Assets	Total
	31 March 2022	31 March 2022	31 March 2022

	£000	£000	£000
Gains on Investments			
Fair Value through profit and loss	0	(65)	**(65)**
Amortised Cost			
Interest Income – soft loans	0	(11)	**(11)**
Interest and Investment Income	0	(55)	**(55)**
Increase in allowance for expected credit losses	0	318	**318**
Interest payable and similar charges	491	0	**491**
Net loss for year	491	187	**678**

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

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

18. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to the fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- For loans from the Public Works Loan Board (PWLB), new borrowing rates have been applied from the PWLB to provide fair value disclosures at the balance sheet date. As an alternative, the Debt Management Office provides a fair value valuation under PWLB debt redemption procedures calculated without undertaking a repayment or transfer.
- For other market debt, PWLB (new certainty) prevailing market rates have been applied to provide the fair value disclosures at the balance sheet date.

As at 31 March 2023 the Council held £27.482m financial assets and £13.231m liabilities for which level 3 valuations will not apply. All the financial assets, excluding investments in pooled funds, are classed as loans and receivables and held within Notice Accounts. The financial liabilities are held with PWLB and market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, for all long-term liabilities we have used a financial model valuation provided by Link Asset Services. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future

in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses new borrowing rates to discount the future cash flows.
In accordance with advice received from Link Asset Services the fair value of all financial instruments classified as being short-term in the balance sheet has been assumed to be the same as the book value.

	Carrying Amount 31 March 2023	**Fair Value 31 March 2023**	**Carrying Amount 31 March 2022**	**Fair Value 31 March 2022**
	£000	£000	£000	£000
Financial liabilities				
Long Term Liabilities	(7,800)	(8,658)	(7,800)	(11,072)
Short Term Borrowing	(35)	(35)	(36)	(36)
Creditors	(5,396)	(5,396)	(6,996)	(6,996)
	(13,231)	(14,089)	(14,832)	(18,104)
Financial Assets				
Long Term Investment	3,450	3,450	4,066	4,066
Total Debtors	8,429	8,429	6,903	6,903
Cash & Cash Equivalents	14,037	14,037	20,935	20,935
Investments	5,016	5,016	10,006	10,006
	30,932	30,932	41,910	41,910
Total	**17,701**	**16,843**	**27,078**	**23,806**

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

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. As a result of its PWLB commitments for fixed rate loans a comparison of the terms of these loans with the new borrowing rates available from the PWLB has been used to calculate the fair value. If a value is calculated on this basis, the carrying amount of £4.532m would be valued at £5.416m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £1.197m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £5.729m.

This redemption charge is a supplementary measure of the fair value of the PWLB loans of £5.729m. It measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value, measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

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

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

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

At 31 March 2023 there was a maximum of £5m with approved counterparties and a maximum of 2 times this limit may be invested in total with counterparties belonging to the same group.

In light of the above investment strategy, the Council considers that it has taken all reasonable steps to reduce to a minimum any exposure to credit risks in relation to investments at 31 March 2023 and that any residual risk cannot be quantified.

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

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

31 March 2022	Less than 3 Months £000	3 Months to 6 Months £000	6 Months to 1 year £000	Total £000
	Maturity Bands			
Banks	5,050	7,000	3,000	15,050
Building Societies	16,800	0	0	16,800
Local Authorities	0	0	0	0
	21,850	**7,000**	**3,000**	**31,850**

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

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

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

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

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

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

	12-Month Expected Credit Losses £000	Lifetime Expected Credit Losses – Not Credit Impaired £000	Lifetime Expected Credit Losses – Simplified Approach £000	Total £000
Opening Balance at 1 April 2021	**421**	**200**	**82**	**703**
New Financial Assets Originated or Purchased	179	0	0	179
Amounts Written Off	0	0	(40)	(40)
Changes in Model/ Risk Parameters	16	0	145	161
As at 31 March 2022	**616**	**200**	**187**	**1,003**

The Council has the following exposure to credit risk:

Basis for Calculation of Expected Credit Loss	Gross Carrying Amount 31 March 2023 £000	Gross Carrying Amount 31 March 2022 £000
12-Month Expected Credit Losses	5,456	4,796
Lifetime Expected Credit Losses – Not Credit Impaired	200	200
Lifetime Expected Credit Losses – Simplified Approach	2,773	1,907

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

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

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

	31 March 2023 £000	31 March 2022 £000
Between 5 and 10 years	4,500	4,500
Between 30 and 35 years	3,300	3,300
Total	7,800	7,800

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

Market Risk

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

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

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

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

The Council's treasury management officers play a pro-active role in assessing interest rate exposure that feeds into the Council's annual budget setting process and which is used to revise budget projections as necessary during the financial year. The assessment procedures indicate that if interest rates were one percentage point higher, with all other variables held constant, the effect in 2022/23 would have been interest foregone of £63,000 (£14,000 increase in 2021/22).

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

20. SHORT TERM DEBTORS

	31 March 2023 £000	**31 March 2022 £000**
Central Government bodies	793	1,695
Trade Receivables	2,972	1,420
Other	5,736	6,701
Total	**9,501**	**9,816**

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

21. SHORT TERM CREDITORS

	31 March 2023 £000	31 March 2022 £000
Central Government bodies	5,226	3,739
Trade	1,706	3,088
Other entities and individuals	4,262	4,114
Total	**11,194**	**10,941**

The Council has received a number of developer's contributions that have yet to be recognised as income as they have conditions attached to them that require the monies to be returned to the giver if not used as prescribed. This liability is included within the 'Other Entities and Individuals' category in the table above at a value of £1,926,747 (2021/22 £2,049,981).

22. RECEIPTS IN ADVANCE

	31 March 2023 £000	31 March 2022 £000
Central Government Bodies	823	8,120
Council Tax receipts in advance	263	235
Business Rates receipts in advance	431	285
Trade	42	77
Garden Waste receipts in advance	770	753
Other	0	1
Total	**2,329**	**9,471**

23. PROVISIONS

	31 March 2023 £000	31 March 2022 £000
Balance at 1 April	2,292	2,352
Additional Provision	62	599
Utilised in Year	(438)	(659)
Balance at 31 March	**1,916**	**2,292**

Included within Provisions are amounts set aside to meet potential future liabilities for Business Rates Appeals and amounts set aside in respect of exit packages associated with decisions taken by the Council prior to 31 March 2023.

24. USABLE RESERVES

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

25. `UNUSABLE RESERVES

	31 March 2023 £000	31 March 2022 £000
Revaluation Reserve	26,640	21,834
Capital Adjustment Account	32,891	33,716
Financial Instruments Adjustment Account	(261)	(270)
Pensions Reserve LGPS	(8,265)	(47,813)
Collection Fund Adjustment Account	1,089	(271)
Accumulated Absences Account	(359)	(430)
Pooled Funds Adjustment Account	(550)	65
Total	**51,185**	**6,831**

Revaluation Reserve

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

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

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

	2022/23 £000	2021/22 £000
Balance at 1 April	**21,834**	**19,058**
Upward revaluation of assets	6,712	3,899
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(671)	(963)
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Services	6,040	2,936
Difference between fair value depreciation and historical cost depreciation	(165)	(160)
Accumulated gains on assets transferred, sold or scrapped	(276)	0
Revaluation Reserve written off on transfer to Investment	(754)	0
Amount written off to the Capital Adjustment Account	(1,235)	(160)
Balance at 31 March	**26,640**	**21,834**

Capital Adjustment Account

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

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

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

	2022/23 £000	2021/22 £000
Balance at 1 April	**33,716**	**31,887**
Charges for depreciation of non-current assets	(1,796)	(1,834)
(Deficit)/Surplus arising from revaluation and impairment of Property, Plant and Equipment	(872)	(106)
Amortisation of intangible assets	(18)	(9)
Revenue expenditure funded from capital under statute	(6,483)	(8,391)
Adjusting amounts written out of the Revaluation Reserve	959	160
Use of the Capital Receipts Reserve to finance new capital expenditure	390	106
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	3,599	4,539
Application of grants to capital financing from the Capital Grants Unapplied Account	4,446	4,709
Transfer from Revaluation Reserve in respect of Non-Current assets transfers and assets sold or scrapped	(14)	0
Statutory provision for the financing of capital investment charged against the General Fund Balance	406	367
Capital expenditure charged against the General Fund Balance	50	584
Movements in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement	(1,492)	1,704
Balance at 31 March	**32,891**	**33,716**

Financial Instruments Adjustment Account

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

	2022/23 £000	2021/22 £000
Balance at 1 April	**(270)**	**(285)**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	9	15
Balance at 31 March	**(261)**	**(270)**

Pension Reserve – Local Government Pension Scheme

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

	2022/23 £000	2021/22 £000
Balance at 1 April	**(47,813)**	**(68,044)**
Re-measurements of the net defined benefit liability	42,622	23,833
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,698)	(4,739)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,624	2,435
Balance at 31 March	**(8,265)**	**(47,813)**

Collection Fund Adjustment Account

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

	2022/23 £000	2021/22 £000
Balance at 1 April	**(271)**	**(4,162)**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	1,360	3,891
Balance at 31 March	**1,089**	**(271)**

Accumulated Absences Account

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

	2022/23 £000	£000	2021/22 £000	£000
Balance at 1 April	**(430)**		**(491)**	
Settlement or cancellation of accrual made at the end of the preceding year	430		491	
Amounts accrued at the end of the current year	(359)		(430)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		**(359)**		**(430)**
Balance at 31 March		**(359)**		**(430)**

Pooled Fund Adjustment Account

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

	2022/23 £000	2021/22 £000
Balance at 1 April	**65**	**0**
Increases/(decreases) in fair value recognised in the Comprehensive Income and Expenditure reversed to the Pooled Fund Adjustment Account in accordance with statutory requirements	(615)	65
Balance at 31 March	**(550)**	**65**

26. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

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

	2022/23 £000	2021/22 £000
Depreciation	1,796	1,834
Impairment & downward/upward revaluations	871	106
Amortisation	18	9
Increase/(decrease) in impairment for bad debts (operational debtors)	897	640
Increase/(decrease) in Creditors	(5,386)	2,747
(Increase)/decrease in Debtors	313	1,708
Decrease/(Increase) in inventories	16	(33)
Movement in pension liability	4,052	4,497
Contribution to/(from) provisions	375	(60)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	14	0
Movement in fair value of investment properties	1,492	(1,704)
Other non-cash transactions	(747)	(79)
	3,709	**9,665**

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

	2022/23 £000	2021/22 £000
Capital grants credited to the deficit on the provisions of services	(4,130)	(12,635)
Proceeds from the sale of property, plant and equipment and repayment of loans	(390)	(100)
	(4,520)	**(12,735)**

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

	2022/23 £000	2021/22 £000
Interest received	676	52
Interest paid	(1,103)	(491)
	(427)	**(439)**

27. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2022/23 £000	2021/22 £000
Purchase of property, plant and equipment, investment property and intangible assets	(4,529)	(1,133)
Purchase of short-term investments		(30,500)
Purchase of long-term investments	0	(4,001)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets and repayment of grants and loans	376	35
Proceeds from short-term investments	5,000	25,500
Other payments for investing activities	0	0
Other receipts from investing activities	3,746	10,037
Net cash (outflow)/inflows from investing activities	**4,593**	**(62)**

28. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2022/23 £000	2021/22 £000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(83)	(137)
Other (payments)/receipts for financing activities	401	493
Net cash (outflow)/inflows from investing activities	**318**	**356**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2022 £000	Financing Cash Flows £000	31 March 2023 £000
Long Term Borrowing	7,800	0	7,800
Lease Liabilities	106	(83)	23
Total Liabilities from financing activities	**7,906**	**(83)**	**7,823**

29. CASH AND CASH EQUIVALENTS

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

	31 March 2023 £000	31 March 2022 £000
Cash held by the Council	14,180	21,861
Bank Current Accounts	(143)	(926)
Total Cash and Cash Equivalents	**14,037**	**20,935**

30. EMPLOYEES' REMUNERATION

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

Senior Officers Remuneration

Name/Officer	Note	Year	Gross Salary £	Benefits in Kind (e.g. car allowance) £	Total Remuneration (excl. Pension contributions) £	Employers Pension Contributions £	Total Remuneration (incl. pension contributions) £
Chief Executive		**2022/23**	**154,594**	**2,000**	**156,594**	**26,836**	**183,430**
		2021/22	152,304	2,000	154,304	26,501	180,805
Corporate Director and Chief Finance Officer		**2022/23**	**93,433**	**9,450**	**102,883**	**14,811**	**117,691**
		2021/22	91,508	9,450	100,958	14,000	114,958
Corporate Director and Monitoring Officer	1	**2022/23**	***55,768**	**9,450**	**65,218**	**16,275**	**81,493**
		2021/22	91,508	9,450	100,958	14,000	114,958
Assistant Director (Communities)	2	**2022/23**	**71,463**	**6,478**	**77,941**	**12,435**	**90,376**
		2021/22	0	0	0	0	0
Assistant Director (Transformation)	2	**2022/23**	**71,463**	**6,478**	**77,941**	**12,435**	**90,376**
		2021/22	0	0	0	0	0
Assistant Director (Statutory)	2	**2022/23**	**71,463**	**6,478**	**77,941**	**12,435**	**90,376**
		2021/22	0	0	0	0	0

Note 1 The Corporate Director and Monitoring Officer returned from maternity leave on 5th September 2022. Their annualised salary was £93,433.
Note 2 The vacant Corporate Director position has been replaced by a new structure comprising of three new Assistant Director posts from 5th December 2022.

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

Remuneration Band	Number of Employees 2022/23 Total	2021/22 Total
£50,000 - £54,999	4	5
£55,000 - £59,999	9	7
£60,000 - £64,999	6	7
£65,000 - £69,999	3	4
£70,000 - £74,999	3	4
£75,000 - £79,999	3	0
£80,000 - £84,999	0	2
£100,000 - £104,999	1	1
£150,000 - £154,999	1	1

The band changes from 2021/22 to 2022/23 are due to pay progression within individual's terms and conditions, and the nationally agreed cost of living increases.

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23 £000	2021/22 £000
£0 - £20,000	2	1	0	1	2	2	19	23
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
Total	**2**	**1**	**0**	**1**	**2**	**2**	**19**	**23**
Total cost included in Comprehensive Income and Expenditure							**19**	**23**

31. GRANT INCOME

The Council credited the following significant grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22:

	2022/23 £000	2021/22 £000
Credited to Taxation and Non-Specific Grant Income		
Net Share of Business Rate Income	4,356	4,101
New Homes Bonus Grant	824	875
Capital Grants and Contributions	887	9,063
Business Rate Reliefs Funded by Government	2,888	2,639
Service Grant	256	0
Lower Tier Services Grant	169	0
Government Income Compensation-Sales Fees and Charges	0	88
Covid-19 Non-Ring-Fenced Grant	0	634
Total	**9,380**	**17,558**
Credited to Services		
Housing Benefit Subsidy	19,606	20,384
Capital Grants and Contributions	1,751	3,551
Housing Benefits/Local Council Tax Support Admin	381	393
NNDR Cost of Collection	116	120
Homelessness Prevention	822	744
New Burdens Grant	365	98
Covid-19	0	1,977
Cambridgeshire Horizons	0	3,892
Other	1,147	768
Total	**24,189**	**31,927**

32. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. No material related party transaction balances remain outstanding at year end.

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

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

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

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

This Council's share for 2022/23 was 13.49%. This Council's share of partnership transactions and balances are included within the relevant lines within the accounts.

The Council established a wholly owned subsidiary, trading as Fenland Future Limited, in June 2020. Arrangements exist whereby the Council provides services to Fenland Future Limited which enable Fenland Future Limited to undertake activities connected to its business plan and the Council's Commercial and Investment Strategy. During the 2022/23 financial year the Council has recognised income of £420,968 in respect of transactions between Fenland Future Limited and the Council. As at 31 March 2023 Fenland Future Limited owed the Council £674,038.

The Council did not owe any monies to Fenland Future Limited as at 31 March 2023. There is no expenditure recognised in the Council's accounts in respect of amounts paid to Fenland Future Limited.

33. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2022/23 £000	2021/22 £000
Opening Capital Financing Requirement	**7,456**	**6,177**
Capital investment (as reported in notes 14-16)		
Property, Plant and Equipment and Intangibles	2,688	2,523
Infrastructure	289	669
Capital expenditure charged to Comprehensive Income and Expenditure Statement		
Revenue Expenditure Funded from Capital under Statute	6,483	8,391
Sources of finance		
Capital receipts	(390)	(106)
Government grants and other contributions	(8,045)	(9,248)
Sums set aside from revenue:		
Direct revenue contributions	(50)	(584)
Minimum Revenue Provision (MRP)	(406)	(366)
Closing Capital Financing Requirement	**8,052**	**7,456**
Explanation of movements in year		
Capital Expenditure Funded from Internal Borrowing	1,002	1,645
MRP charge to Revenue	(406)	(366)
Increase/(decrease) in Capital Financing Requirement	**596**	**1,279**

34. LEASES

Council as Lessee

Finance Leases

The Council leases a number of vehicles under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment (Vehicles, Plant, Furniture and Equipment) in the Balance Sheet with a carrying value of £22,845 as at 31 March 2023 (31 March 2022: £113,882).

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

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

	2022/23 £000	2021/22 £000
Finance lease liabilities (net present value of minimum lease payments):		
• current	23	83
• non-current	0	23
Finance costs payable in future years	1	4
Minimum lease payments	**24**	**110**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Not later than one year	23	86	23	83
Later than one year and not later than five years	0	24	0	23
Later Than 5 Years	0	0	0	0
	23	**110**	**23**	**106**

Operating Leases - Land and Buildings

The Council leases nine properties for homeless families.

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

	31 March 2023 £000	31 March 2022 £000
Not later than one year	61	32
Later than one year and not later than five years	328	0
	389	**32**

Lease payments for 2022/23 amounted to £55,654 (2021/22: £51,953).

Council as Lessor

Operating Leases

The Council leases out land and property under operating leases for the purposes of provision of community (sports facilities) and economic development services. Additionally, the Council entered into a long-term lease with a commercial tenant during the 2020/21 financial year.

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

	31 March 2023 £000	31 March 2022 £000
Not later than one year	332	308
Later than one year and not later than five years	1,199	978
Later than five years	4,543	4,741
	6,074	**6,027**

35. DEFINED BENEFIT PENSION SCHEMES

(i) The Local Government Pension Scheme

Participation in pension scheme

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

The Council participates in the following pension scheme:

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

	Local Government Pension Scheme	
Comprehensive Income and Expenditure Statement	**2022/23 £000**	**2021/22 £000**
Cost of Services:		
• Current service cost	**4,397**	**4,624**
• Past Service Cost (including curtailments)	**0**	**57**
Financing and Investment Income and Expenditure		
• Interest income on scheme assets	**(2,717)**	**(1,807)**
• Interest cost on defined benefit obligation	**4,018**	**3,163**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**5,698**	**6,037**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	**5,204**	**(5,429)**
• Actuarial gains and losses arising on changes in demographic assumptions	**(842)**	**(341)**
• Actuarial gains and losses arising on changes in financial assumptions	**(55,486)**	**(9,612)**
• Other	**8,502**	**(8,451)**
Total Remeasurement (Gains)/Losses	**(42,622)**	**(23,833)**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(36,924)**	**(17,796)**
Movement in Reserves Statement:		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	**(3,074)**	**(3,602)**
Actual amount charged against General Fund Balance for pensions in the year:		
• Employers' contributions payable to scheme	**1,646**	**1,539**

Transactions Relating to Post-Employment Benefits

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

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

	Local Government Pension Scheme	
	2022/23	**2021/22**
	£000	**£000**
Opening fair value of scheme assets	**101,157**	**91,207**
Effect of Settlements	**0**	**0**
Interest income	**2,717**	**1,807**
Remeasurement gain/(loss):		
• The return on plan assets, excluding the amount included in the net interest expense	**(5,204)**	**5,429**
• Other experience		**4,118**
Contributions from employer	**1,646**	**1,539**
Contributions from employees into the scheme	**624**	**576**
Benefits paid	**(3,166)**	**(3,519)**
Closing fair value of scheme assets	**97,774**	**101,157**

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2022/23	**2021/22**
	£000	**£000**
Opening balance at 1 April	**(147,992)**	**(157,377)**
Current service cost	**(4,397)**	**(4,624)**
Past service cost (including curtailments)	**0**	**(57)**
Interest cost	**(4,018)**	**(3,163)**
Contributions from scheme participants	**(624)**	**(576)**
Re-measurement gains and (losses):		
• Actuarial gains/losses arising from changes In demographic assumptions	**842**	**341**
• Actuarial gains/losses arising from changes in financial assumptions	**55,486**	**9,612**
• Other experience	**(8,502)**	**4,333**
Benefits paid	**3,166**	**3,519**
Closing balance at 31 March	**(106,039)**	**(147,992)**

Local Government Pension Scheme assets comprised:

Asset Category	Fair Value of Scheme Assets 2022/23 Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	2021/22 Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
Debt Securities:								
UK Government	**0**	**3,309**	**3,309**	**3%**	**0**	**4,965**	**4,965**	**5%**
Private Equity:								
All	**0**	**12,133**	**12,133**	**12%**	**0**	**10,796**	**10,796**	**11%**
Real Estate:								
UK Property	**0**	**6,387**	**6,387**	**7%**	**0**	**7,104**	**7,104**	**7%**
Overseas Property	**0**	**0**	**0**	**0%**	**0**	**0**	**0**	**0%**
Investment Funds and Unit Trusts:								
Equities	**0**	**54,021**	**54,021**	**55%**	**0**	**58,320**	**58,320**	**58%**
Bonds	**0**	**10,556**	**10,556**	**11%**	**0**	**10,752**	**10,752**	**11%**
Infrastructure	**0**	**8,596**	**8,596**	**9%**	**0**	**8,037**	**8,037**	**8%**
Derivatives:								
Other	**0**	**410**	**410**	**0%**	**0**	**205**	**205**	**0%**
Cash and Cash Equivalents:								
All	**2,362**	**0**	**2,362**	**1%**	**978**	**0**	**978**	**1%**
TOTALS	**2,362**	**95,412**	**97,774**	**100%**	**978**	**100,179**	**101,157**	**100%**

Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme 2022/23 £000	2021/22 £000
Present value of funded liabilities	**(105,203)**	**(146,916)**
Present value of unfunded liabilities	**(836)**	**(1,076)**
Fair value of plan assets	**97,774**	**101,157**
Net liability arising from defined benefit obligation	**(8,265)**	**(46,835)**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund's liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2022/23	**2021/22**
Longevity at 65 for current pensioners		
Men	**21.5 years**	22.0 years
Women	**24.4 years**	24.6 years
Longevity at 65 for future pensioners		
Men	**22.6 years**	22.8 years
Women	**25.8 years**	26.1 years
Rate of increase in pensions	**2.95%**	3.20%
Rate of increase in salaries	**3.45%**	3.70%
Rate for discounting scheme liabilities	**4.75%**	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2021/22.

Change in assumptions at 31 March 2023	**Approximate % increase to Employer Liability**	**Approximate Monetary Amount £000**
0.1% decrease in real discount rate	2%	1,854
1 year increase in member life expectancy	4%	4,242
0.1% increase in the salary increase rate	0%	168
0.1% increase in the pension increase rate	2%	1,714

Impact on the Council's Cash Flows

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

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

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

Allowances for full Guaranteed Minimum Pensions (GMP) indexation and for the potential impact of the McCloud judgement were included by the actuary in the closing balance sheet position as at 31 March 2020 and these have been rolled forward and included in the liabilities as at 31 March 2022 and 31 March 2023.
The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £8.265m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The Council anticipates paying £1.832m contributions to the scheme in 2023/24. In addition, an up-front payment of £2.651m was paid in April 2023 in respect of lump sums due for the 3-year period 2023/24 - 2025/26. This will be reflected in the pension liability in the Balance Sheet in those years to take account of the up-front payment. The weighted average duration of the defined benefit obligation for scheme members is 18 years.

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

36. CONTINGENT LIABILITIES

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

Stock Transfer

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

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

Pilots' National Pension Fund (PNPF)

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

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

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

Pension Contingent Liabilities

Leisure Centres Management Contract

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

37. GOING CONCERN

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

In carrying out its assessment that this basis is appropriate for the going concern period to 30 September 2024, management of the Council has undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting. Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31 March 2023	£2.000m	£11.125m

The 2022/23 Statements reported that the General Fund and Earmarked Reserve position has a balance of £2.000 million and £11.125million respectively as at 31 March 2023. Our expected General Fund and Earmarked Reserve position as at 31st March 2024, are a predicted balance of £2.000 million in the General Fund and £9.630 million in other Earmarked Reserves. [Figures from the 2023/24 budget approved by Full Council on the 20 February 2023.] The General Fund balance is forecast to remain at our target balance of £2 million. In addition, the Council has significant earmarked reserves as set out above. These reserves could be utilised if there was a short-term deterioration in the Council's financial health. Reserve balances are subject to regular review and where no longer required for their original purpose Cabinet can re-designate reserves as necessary. If the General Fund balance did fall below the minimum level set, that balance would be directly increased from Earmarked Reserves from the 1 April 2024.

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

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

The Council has in recent years, always underspent its budget at year-end and in 2022/23, an underspend of £800k has been achieved as reported to Cabinet on 17 July 2023. This was transferred to the Budget Equalisation Reserve which at 31 March 2023 had a balance of £1.867m. The budget setting process for 2023/24 culminated in the Council deciding to reduce its' Council Tax level by 2% without any contributions from either the General Fund Balance or Budget Equalisation Reserve [From the 2023/24 budget approved by Full Council on the 20 February 2023.]

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

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period up to 30 September 2024, maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

38. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 22 December 2023. This is the date up to which events after the balance sheet have been considered. Management has assessed whether any events have occurred after the Balance Sheet date which might need to be disclosed as non-adjusting events within the notes to the financial statements. No such events have been identified.

THE COLLECTION FUND

Total 2021/22 £000		Note	Council Tax 2022/23 £000	NNDR 2022/23 £000	Total 2022/23 £000
	INCOME				
62,474	Council Tax Receivable	2	65,727	0	**65,727**
32	S13A*1C* transfer from General Fund		0	0	**0**
26,777	Business Rates Receivable	3	0	24,590	**24,590**
89,283	**Total Income**		**65,727**	**24,590**	**90,317**
	EXPENDITURE				
	Precepts, Demands and Shares:				
12,420	Central Government		0	11,650	**11,650**
19,236	Fenland District Council		9,473	9,320	**18,793**
44,429	Cambridgeshire County Council		45,064	2,097	**47,161**
7,463	Cambs. Police & Crime Commissioner		7,899	0	**7,899**
2,464	Cambridgeshire Fire Authority		2,299	233	**2,532**
86,012			**64,735**	**23,300**	**88,035**
	Apportionment of Previous Year Surplus /(Deficit):				
(4,526)	Central Government		0	(2,294)	**(2,294)**
(3,665)	Fenland District Council		44	(1,836)	**(1,792)**
(1,007)	Cambridgeshire County Council		205	(413)	**(208)**
(33)	Cambs. Police & Crime Commissioner		37	0	**37**
(100)	Cambridgeshire Fire Authority		11	(46)	**(35)**
(9,331)			**297**	**(4,589)**	**(4,292)**
	Charges to Collection Fund:				
120	Cost of Collection Allowance		0	119	**119**
2,452	Increase/(Reduction) in Bad Debts Provision	4	625	(489)	**136**
1,499	Increase in Provision for Appeals	5	0	156	**156**
1,715	Renewable Energy Retention		0	1,440	**1,440**
5,786			**625**	**1,226**	**1,851**
82,467	**Total Expenditure**		**65,657**	**19,937**	**85,594**
(6,816)	**(Surplus)/Deficit for the Year**		**(70)**	**(4,653)**	**(4,723)**
	COLLECTION FUND BALANCE				
10,472	(Surplus)/Deficit b/fwd at 1 April		(625)	4,281	**3,656**
(6,816)	(Surplus)/Deficit for the year (as above)		(70)	(4,653)	**(4,723)**
3,656	**(Surplus)/Deficit c/fwd at 31 March**	6	**(695)**	**(372)**	**(1,067)**

NOTES TO THE COLLECTION FUND ACCOUNTS

1. GENERAL

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

2. COUNCIL TAXPAYERS

Council Tax income is derived from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire Authority and the Council for the forthcoming year and dividing this figure by the Council Tax base of 30,664 in 2022/23 (2021/22: 30,143). The increase in Council Tax base in 2022/23 is a result of a combination of new builds and lower numbers of Council Tax Support claimants.

The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent adjusted for discounts etc. This basic amount of tax for a Band D property (average of £2,111.10 for 2022/23 compared to £2,029 for 2021/22) is then multiplied by the proportion specified for the particular Band (after adjusting for individual Parish Council precepts) to give an individual amount due.

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

	Total Dwellings No.	Equivalent Dwellings after Discounts, Reliefs, Exemptions & LCTS No.	Ratio to Band D	Band D Equivalent Dwellings
Band A	17,178	11,790	6/9	7,860
Band B	12,617	10,206	7/9	7,938
Band C	8,732	7,585	8/9	6,742
Band D	4,702	4,281	1	4,281
Band E	2,379	2,190	11/9	2,677
Band F	650	611	13/9	882
Band G	174	155	15/9	258
Band H	25	13	18/9	26
	46,457	36,831		30,664

Income receivable from Council Taxpayers in 2022/23 was £65.727m (£62.474m in 2021/22).

3. NATIONAL NON-DOMESTIC RATES (NNDR)

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

The business rates share payable for 2022/23 were estimated before the start of the financial year as £11.650m to Central Government, £2.097m to Cambridgeshire County Council, £0.233m to Cambridgeshire Fire Authority and £9.320m to Fenland District Council. These sums have been paid in 2022/23 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority, identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities and payable to Central Government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Fenland paid a tariff to the government of £6.027m in 2022/23 (£6.027m in 2021/22) which is charged to the General Fund.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates appeals outstanding as at 31 March 2023. As such, authorities are required to make a provision for these amounts. The total provision charged to the Collection Fund for 2022/23 has been calculated at £0.156m.

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

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

Business Rates Pooling Arrangement 2022/23

The Council joined with the County Council, Peterborough City Council, Fire Authority, East Cambridgeshire and South Cambridgeshire District Councils became part of a pooling arrangement for business rates for the first time in 2020/21. This continued in 2022/23.

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

For 2022/23, the combined levy payments amounted to £7.449m (Fenland's levy was £0.912m) and this Council's pool share was £0.475m. The levy and pool share are charged to the revenue account and are not part of the Collection Fund. The above pooling arrangements have continued into 2023/24.

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

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

Council Tax Bad Debts Provision

2021/22 £000		2022/23 £000
3,465	**Balance at 1 April**	**3,561**
(597)	Write-offs during year for previous years	(391)
693	Increase in provision during year	625
3,561	**Balance at 31 March**	**3,795**

The Council's proportion of this provision at 31 March 2023 is £528,199 (£521,173 at 31 March 2022).

Non- Domestic Rates Bad Debts Provision

2021/22 £000		2022/23 £000
1,211	**Balance at 1 April**	**2,727**
(243)	Write-offs during year for previous years	(105)
1,759	Increase in provision during year	(489)
2,727	**Balance at 31 March**	**2,133**

The Council's proportion of this provision at 31 March 2023 is £853,100 (£1,090,777 at 31 March 2022).

5. PROVISION FOR APPEALS – NON-DOMESTIC RATES

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

2021/22 £000		2022/23 £000
5,406	**Balance at 1 April**	**5,684**
(1,221)	Write-offs during year for previous years	(1,065)
1,499	Increase/(Reduction) in provision during year	156
5,684	**Balance at 31 March**	**4,775**

The Council's proportion of this provision at 31 March 2023 is £1,910,030 (£2,273,567 at 31 March 2022).

6. DEFICIT/ (SURPLUS) ON COLLECTION FUND

Council Tax Collection Fund
The surplus of £695,350 at 31 March 2023 (£625,442 surplus at 31 March 2022), which related to Council Tax, will be reimbursed in subsequent financial years to Cambridgeshire County Council, Cambridgeshire Police and Fire Authorities and the Council in proportion to their shares of the total Council Tax raised.

This Council's share of the surplus, £98,126 is reported within the Collection Fund Adjustment Account.

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

	31 March 2022	31 March 2023
	£000	£000
Fenland District Council	(89)	(98)
Cambridgeshire County Council	(436)	(487)
Cambridgeshire Police & Crime Commissioner	(78)	(86)
Cambridgeshire Fire Authority	(22)	(24)
Total (Surplus)	**(625)**	**(695)**

Non-Domestic Rates Collection Fund
The surplus of £371,737 at 31 March 2023 (deficit of 4,281,018 at 31 March 2022), which related to Business Rates, will be reimbursed in subsequent financial years by Cambridgeshire County Council, Cambridgeshire Fire Authority, Central Government and the Council in proportion to their shares of business rates income.

This Council's share of the surplus £148,695 is reported within the Collection Fund Adjustment Account.

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

	31 March 2022	31 March 2023
	£000	£000
Fenland District Council	1,712	(149)
Cambridgeshire County Council	385	(33)
Cambridgeshire Fire Authority	43	(4)
Central Government	2,141	(186)
Total Deficit/(Surplus)	**4,281**	**(372)**

Collection Fund Adjustment Account

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

	31 March 2022 £000	Movement in Year £000	31 March 2023 £000
Council Tax	(89)	(9)	(98)
NNDR - Renewable Energy	(1,352)	510	(842)
NNDR - Core	1,712	(1,861)	(149)
TOTAL COLLECTION FUND ADJUSTMENT ACCOUNT	**271**	**(1,360)**	**(1,089)**

GLOSSARY OF TERMS

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

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

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

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

BAD DEBT
Debts whose repayment is known to be impossible or unlikely.

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

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

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

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

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

CAPITAL RECEIPTS
The proceeds from the disposal of land or other assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT GRANTS

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

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

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)
A reference to the accounting treatments that companies globally would generally be expected to apply in the preparation of their financial statements.

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

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

OPERATING LEASES
A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

OUTTURN
Refers to actual income and expenditure or balances as opposed to budget amounts.

PRECEPT
The levy made on a billing authority by a Precepting Authority, requiring collection of income from Council's Taxpayers on their behalf.

PRECEPTING AUTHORITIES
Those authorities which are not Billing Authorities i.e. do not collect Council Tax and non-domestic rate. County Council are "major precepting authorities" and parish, community and Town Councils are "local precepting authorities".

PROVISIONS AND RESERVES
Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred but the amounts or the dates on which they arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or "balances") which every authority must maintain as a matter of prudence.

PUBLIC WORKS LOAN BOARD
A central Government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

REVENUE EXPENDITURE
Spending on day to day items including employees' pay, premises costs and supplies and services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE
Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax.

REVENUE SUPPORT GRANT

A grant paid by central Government in aid of Council’s services.

THE CODE
The Code of Practice on Local Authority Accounting in the United Kingdom. This specifies the principals and practices of accounting required to give a ‘true and fair’ view of the financial position and transactions of a local authority.

ABBREVIATIONS USED IN THE ACCOUNTS

ARP	Anglia Revenue Partnerships
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CSE	Customer Service Excellence
DWP	Department for Work and Pensions
FDC-CSR	Fenland District Council Comprehensive Spending Review
HMOs	Houses in Multiple Occupations
IFRS	International Financial Reporting Standard
IMD	Index of Multiple Deprivations
LEP	Local Enterprise Partnership
MRP	Minimum Revenue Provision
MTFF	Medium Term Financial Forecast
NNDR	National Non-domestic Rates
PNPF	Pilots' National Pension Fund
PWLB	Public Works Loan Board
LGA	Local Government Association
LGPS	Local Government Pension Scheme
IAS	International Accounting Standards

FENLAND DISTRICT COUNCIL

2022-23 ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

Fenland District Council (FDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively, providing value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, FDC is responsible for putting in place proper arrangements for the governance of its affairs, and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.

FDC has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.fenland.gov.uk or can be obtained from the Chief Finance Officer. This statement explains how FDC has complied with the Code and also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement (AGS).

2. Definition of Corporate Governance

Corporate Governance generally refers to the processes by which an organisation is directed, controlled, led, and held to account.

Good Governance in the public sector means “achieving the intended outcomes while acting in the public interest at all times”.

In undertaking all Council work, and exercising community leadership responsibilities, the Council will have regard for the four principles of good corporate governance.

- Openness
- Inclusivity
- Integrity
- Accountability

3. <u>The Governance Framework</u>

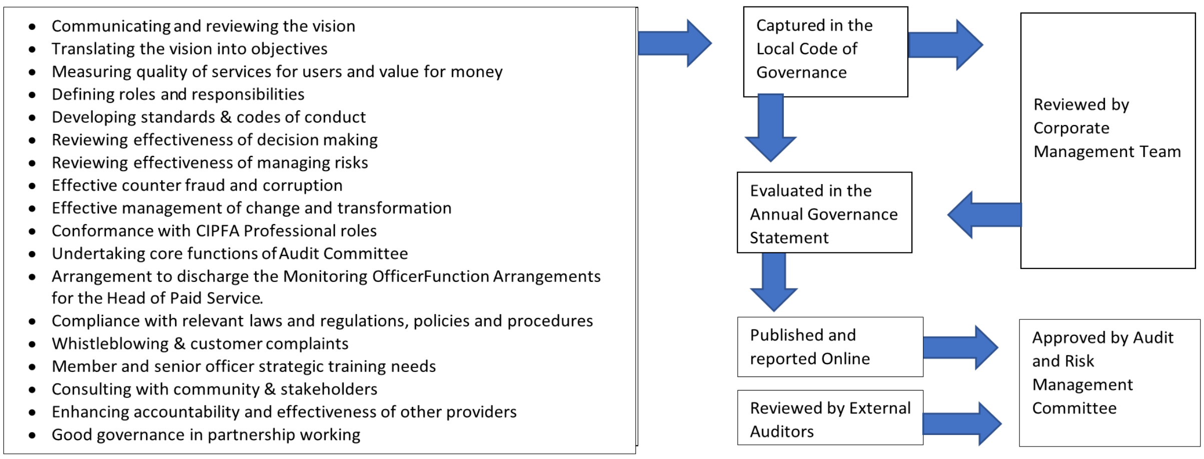
Our governance framework comprises the culture, values, systems, and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice, and management processes.

The Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing an AGS.

This AGS meets that requirement and sets out brief details of the arrangements that the Council has in place regarding the key systems and processes comprising the Council's governance framework, which incorporates the Local Code of Governance adopted by the Council covering six themes, underpinned by the supporting principles contained within the "CIPFA/SOLACE Framework for delivering good governance in Local Government (2016 Edition)".

Elements of the Framework

The key elements of the systems and processes that comprise the authority's governance arrangements are as follows:



The Governance Framework for 2022-23 supports the Council's aims and objectives. which are published on our website in the Business Plan. The vision states:

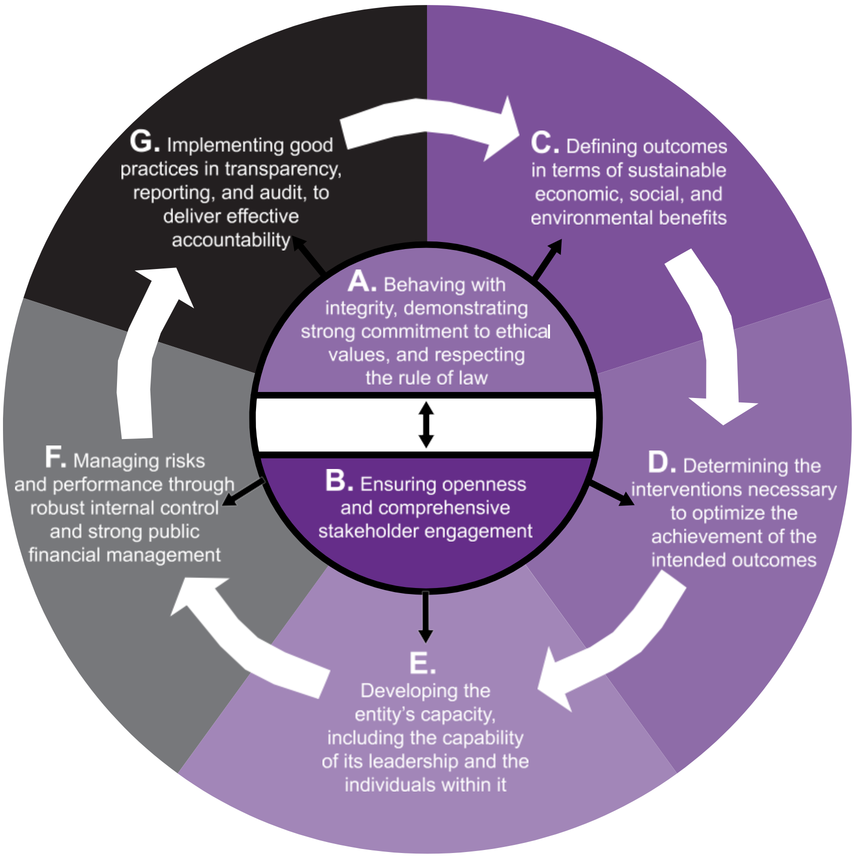
"The outcomes we focus on, the actions we'll deliver through working collaboratively with our partners and communities are what change people's lives for the better and for the long-term. They help to improve opportunities for everyone and make Fenland an even better place to live, work and raise a family."

The Business Plan sets outs our Priority Areas with specific and measurable actions. Performance against the Business Plan is published in the Annual report and is available on the website.

Local Code of Governance

We are responsible for ensuring that there is a sound system of governance which incorporates the systems of internal control.

The governance framework is recorded in our Local Code of Governance, which is underpinned by the 7 principles of good governance as set out in CIPFA / SOLACE publication 'Delivering Good Governance in Local Government Framework 2016'. The principles are:



Roles and Responsibilities

Governance Structures	Roles and Responsibilities
Council	The Council agrees the budget and policy framework, such as the Business Plan, Medium Term Financial Strategy, including the General Fund Budget and Council Tax levels and the Commercial and Investment Strategy. Further details are published on our website.
Cabinet	The Cabinet is the Council's principal decision-making body, charged with implementing the budget and policy framework agreed by the Council. Further details are published on our website.
Corporate Management Team (CMT)	The management team structure includes a CMT of a Chief Executive, Directors and Assistant Directors and is supported by an operational Management Team. Both teams consider policy formulation and future planning. In 2022-23 it was decided to support the three statutory roles, Head of Paid Service, Chief Financial & s151 Officer and Monitoring Officer, with three Assistant Directors. Previously, the Assistant Directors had been appointed in an acting capacity pending review.
Audit and Risk Management Committee (ARMC)	The ARMC plays a vital role in overseeing and promoting good governance, ensuring accountability, and reviewing how things are done. It provides an assurance role to the council by examining areas such as audit, risk, internal control, anti-fraud, and financial accountability. The ARMC exists to challenge the way things are being done, making sure the right processes are in place. It works closely with Internal Audit and Senior Management to continually improve the governance, risk, and control environment. Meeting details and minutes are published on the website.
Conduct Committee	The Conduct Committee is in place to promote and maintain high standards of conduct by all members. It reviews formal complaints, ensures compliance with requirements for ethical standards, provides advice on conduct matters and maintains a framework for identifying and implementing new legislative requirements upon the Council.
Overview and Scrutiny Committee	The Overview and Scrutiny committee monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district. This may be services directly provided by the Council or services provided through partnership working arrangements and makes recommendations for improvement. Meeting details and minutes are published on the website.

Other Review and Assurance Mechanisms

Management have helped to review the Local Code of Governance and inform the AGS. In addition, assurances can be provided from other sources, as detailed below:

Head of Internal Audit Opinion

The Head of Internal Audit provides an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk management and control (GRC) arrangements and the extent to which the Council can rely on it. This has been considered in the development of the AGS.

The Internal Audit Annual Report was presented to the Audit and Risk Management Committee in July 2023. This report outlined the key findings of the audit work undertaken during 2022-23 and other sources of assurance that were used to support the Annual Audit opinion, including any areas of significant weakness in the control environment.

From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, would have a major impact on the organisation. In each instance where it has been identified that the control environment was not strong enough or was not complied with sufficiently to prevent risks to the organisation, recommendations have been issued to further improve the system of internal control and compliance. The implementation of the actions is followed up by Internal Audit and is reported to the ARMC.

It is the opinion of the Head of Internal Audit that, considering all available evidence, adequate assurance can be given over the adequacy and effectiveness of the Council's overall internal control risk and governance arrangements during the financial year 2022-23.

External Audit

The externally appointed auditors, Ernst & Young, issued their annual audit results report in September 2023 which provided an unqualified opinion on the 2021-22 statement of accounts and the Council's arrangements to secure economy, efficiency, and effectiveness in its use of resources. The report praised the management and staff of the Council, and reflected positively on the co-operation, quality of working papers and timeliness of provision of information.

The Council continues to demonstrate compliance against the Customer Service Excellence standard, the UK Government's national standard for excellence in customer service. The standard demonstrates our culture and behaviours, and that we engage with customers and partners, and deliver effective use of resources.

4. Review of effectiveness

FDC has responsibility for conducting, at least annually, a review of the effectiveness of its GRC arrangements. The review of effectiveness is informed by the work of the CMT and Management within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As well as the annual review, the GRC arrangements are maintained and reviewed by a series of comprehensive processes throughout the year. The following actions and processes have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months:

Principle	Review of effectiveness for the 2022-23 Financial Year
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.	• Codes of Conduct for Council Members, with revised guidance procedures in place. All members are required to sign and registration of interest with 28 days of acceptance of office and all Council meetings require a declaration of interest to be disclosed. • Staff codes of conduct, capability and disciplinary procedures, anti-fraud and corruption policies, Whistleblowing policy, Values statement, and competency framework. • Training is provided for Members to support them in their roles, and they are encouraged to attend training including on Equality, Diversity and Inclusion. • Specific legal and regulatory requirements and/or Standards and Codes of Practice are maintained by staff for membership of relevant professional bodies, including continuing professional development. • Up to date register of gifts and hospitality • Complaints policy • The Constitution, including terms of reference for committees, and compliance requirements with relevant laws. • Compliance with CIPFA's statement on the role of the Chief Finance Officer • Monitoring Officer provision • Recording of legal advice provided • Statutory guidance is followed. • The Overview and Scrutiny Panel established a Task and Finish group to undertake a comprehensive review of the Council's key performance indicators with reference to the strategic priorities set out in the Business Plan. To date the group has reviewed the Environment, Economy and Quality Organisation priorities with Communities remaining.
B. Ensuring openness and comprehensive stakeholder engagement.	• The Council's policies and governance framework are published on the Council's website including: − The Constitution − The Council's Business Plan − Annual Report − Agenda and reports for all meetings within the Council's decision-making framework − Cabinet work programme − Annual budget & Medium-Term Financial Forecast − Fees and Charges − Pay Policy and Gender Pay Gap Statements

	− Record of Executive Decisions − Information required under the Transparency Code − Annual Statement of Accounts • The Council regularly carry out consultations on major policy initiatives which is conducted in an open way with all consultations available on the Council's website. • Equality position statement reinforces how we will publish information to demonstrate compliance with the equality duty. • The Council has an up-to-date Freedom of Information Act 2000 publication scheme in place on its website with links to information and guidance for stakeholders. • The Council publicised all news and events on our website and social media, shared with all local news outlets and with Town and Parish Councils, to inform the community and businesses of the work and services carried out by the Council. • Contracts are managed with a partnership approach and decisions are made in an open and transparent way, including open book accounting processes • The Council has a consultation strategy and a communications strategy and uses channels such as the website and community hubs to consult on activities relevant to the community including planning, licensing, policy, and development. Examples of significant consultation exercises carried out during 2022/23 included: ○ Draft Business Plan & Budget ○ Local Government Boundary Commission ○ Taxi Tarff Consultation ○ Housing Enforcement ○ March Railway Station Redevelopment ○ Whittlesey Neighbourhood Plan ○ Draft Local Plan ○ Polling District Review • The Council adopted the Local Plan on 8 May 2014, which involved participation from numerous stakeholders and is currently under review. Details are published on the Council's website. • A scheme is in place within the Council's Constitution to have public participation at Member meeting. Therefore, meetings of the Council and its Committees are open to members of the public to attend, with agendas and minutes being publicly available on the Council's website. Also,

	Committee meetings can now be viewed on You tube to engage with stakeholders via different mediums.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.	• The Corporate Planning Framework of the Council ensures the delivery of services and projects to improve quality of life for Fenland residents. Partners, through the Fenland Strategic Partnership, meet and establish priorities for delivery to address the statutory duty of promoting the well-being of the district.
	
	• The Council, through its Business Plan establishes its objectives by consultation with its key partners and the public as well as with reference to statutory duties, local needs, and national priorities. The Business Plan communicates the Council's vision of its purpose and intended outcomes for citizens and service users.
	• The Business Plan has corporate priorities which are then cascaded down to team priorities. Achievement of corporate priorities is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Committee and Full Council. Progress against intended outcomes is reported in the Council's Annual Report.
	• Option appraisals are undertaken for all key decisions and are a standard part of the operations.
	• An active review of Service Plans is carried out during the year by Senior Management.
	
	• Service quality is measured via customer communication channels and by measurement of performance indicators.
	
	• The Council also approved the Economic Growth Strategy Refresh for 2022-2025
	
	• The Council has adopted and implemented the Local Plan 2014-2034. Details are published on the Council's website. Consultation was undertaken, and a proactive role was undertaken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and economic evidence was obtained to inform the development of the Local Plan, which is being revised and should be completed by Spring 2024.
	
	• The Council has a Carbon Reduction and Climate Adaptation Plan, which was approved by Cabinet and Council in December 2022. The key aims are:
	  • Reducing the Council's Energy & Fuel use - Projects relating to the internal day to day running of the Councils services. These contribute the 'Council for the Future' agenda by ensuring that service delivery processes are continually refined to reduce energy and fuel use and to ensure that the Council's operational accommodation is able to meet changing business and working needs.
	  • Supporting homes to reduce energy use and encourage active travel - Ensuring homes are warm, cheap to heat, comfortable and healthy places in which to live, encouraging active travel and transport options across Fenland#.
	  • Building resilience - Ensuring Communities remain resilient and thrive.
	  • Protecting our Environment - Work closely with all sections of the community to maintain and enhance the district.

	• Further monitoring and reporting.
D. Determining the interventions necessary to optimise the achievement of the intended outcomes.	• Although in a healthy financial position, the Council still faces continuing financial challenges over the medium term, resulting from changes to central government funding. The Medium-Term Financial Strategy presented to Council in February 2023 highlighted the need for further savings of £1,918k up to 2027/28. • The development of the Commercial and Investment Strategy has the potential to generate additional significant returns over the medium term, through the trading company Fenland Future Ltd (FFL). • Cabinet also considered reports and proposals regarding the council Transformation programme to ensure continued achievement of outcomes through the efficient use of resources and improvements to service delivery. • The Overview & Scrutiny Committee considers the effective delivery of Council priorities and recommends interventions and remedies as appropriate. O&S are consulted on major issues pre- implementation e.g., budget, business plan, major policy changes (garden waste charging). It then provides a review role especially on major partnerships such as ARP, Freedom, Clarion. Other internal changes through portfolio holder updates that go to O&S. • Consideration of alternative courses of action for all decision making is undertaken. • The Assistant Director of Legal & Governance is engaged in wider discussions with client teams on options for resourcing larger legal projects and higher profile actions to ensure these are resourced as efficiently as possible e.g., making use of the EM Lawshare framework discounted rates; considering alternatives to prosecution; considering the terms of a Public Space Protection Order; resourcing and managing appropriate external legal support for the projects.
E. Developing the authority's capacity, including the capability of its leadership and individuals within it.	• The Council appointed three Assistant Directors to support the two Corporate Directors to ensure sufficient leadership capacity within the organisation. • The Human Resource team lead on the development of the workforce planning and organisational development and training plan, supported by annual service planning. • The Council has a clear scheme of delegation contained within the standing orders and financial regulations which are reviewed by the Monitoring officer to ensure compliance. These are embodied in the Constitution. • Staff and members have access to induction programmes and training courses to support and develop their roles, which also include personal development plans that are reviewed at least annually. • The Council has approved practices and protocols for the management and processing of data ensuring that training is routinely updated to reflect current and evolving requirements.

	• Both the Leader and the Chief Executive have clearly defined and distinctive leadership roles, who provide a check and balance for each other responsibility and have established an effective relationship to maintain effective communication. • The Council, where possible, collaborates with other authorities to share information and best practice and third parties, e.g., Hampshire & Isle of Wight Chief Executive group and subsequent groups. • CMT actively carries out reviews of their services and plans during the year. • The Council regularly makes use of 'benchmarking' exercises and other research to support corporate priorities and work. • The Council's constitution defines the statutory and distinctive roles of the Leader and other Councillors and sets out to whom decision making powers are delegated. • The Member Development Group maintains a programme for Member training and development and the Council has secured the Charter for Member Development.
F. Managing risks and performance through robust internal control and strong financial management	• Cabinet and the Audit and Risk Committee considered the 2020/21 financial statements and the Council's corporate objectives, performance indicators and Corporate Risk Register • The Council has a Risk Management Strategy that has enabled the monitoring of risk within projects, Service Plans, performance management, financial planning, policy setting and decision making. The Council has a balanced risk appetite that allows new ideas to be explored and encourages innovation. The Risk Management Framework enables risks to be escalated to an appropriate authority in the organisation to be managed. The Risk Management Strategy is reviewed annually by Audit and Risk Management Committee. The Council has a Risk Management Group who are responsible for highlighting, assessing risks and applying a Red, Amber, Green (RAG) status to risks for consideration by the Corporate Management Team and ultimately by the Audit and Risk Management Committee, which is done three times a year. • The Council has a Port Marine Safety Code to manage potential major risks related to Marine Services. It is linked to the Council's Business Continuity Plan as referenced above and is also regularly updated. A Port Management Group is responsible for monitoring and managing safety issues and a Duty Holder and Designated Person is appointed to review the safety management system and associated risks. • The Councils Overview and Scrutiny Committee received performance reports on Housing Enforcement Policy, Creativity & Culture Strategy, Commercial Investment Strategy and Investment Board, Customer Complaints (3c's) process, Business Plan, Budget Report, Fees & Charges and Corporate Priorities of Communities, Planning and Transformation & Communications. They also welcomed partnership updates from Public Health, Clarion Housing, Wisbech Rail update and CPCA Growth Service & Impact on Economic Development in Fenland.

	• Internal Audit provides a risk-based audit plan and reports on the effectiveness of risk management to the Audit and Risk Management Committee. Internal Audit also provides an annual opinion on the effectiveness of the Council's governance, risk management and internal control environment. This assurance is obtained from involvement with relevant governance, risk management and internal review groups and outcomes from audit reviews carried out within the year. • The Audit and Risk Management Committee adopted new terms of reference in 2020/21 and produce an annual report demonstrating compliance with best practice guidance. • IT Disaster Recovery and business continuity plans have been reviewed, updated and documented in the Service Plans. • IT follows End User Device (EUD) guidance issued by National Cyber Security Centre (NCSC) when implementing security solutions and endpoint operating systems. Council IT infrastructure is audited annually, and results passed to NCSC for review and further guidance on actions to take to maintain compliance (including annual PSN assessment). • Effective arrangements are in place for the safe collection, storage, use and sharing of data with other bodies, including processes to safeguard personal data in line with GDPR requirements. The Council has a Data Protection Officer with resilience provided via a s.113 Agreement with Peterborough City Council.
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	• The Council received an unqualified opinion on the Statement of Accounts for 2021/22, which were approved in September 2023. • Agendas and minutes of Committee meetings are publicly available on the Council's website and Committee meetings, where possible, are open to the public for contribution and attendance. • An Overview and Scrutiny Committee is in place to monitor and review performance, review and/or scrutinise decisions proposed to be made, review policy and strategy with a view to securing continuous improvement. • The Council is mostly compliant with the Local Government Transparency Code. The Council has commenced a programme to ensure compliance with all the mandatory publication requirements of the code. The Corporate Management Team own the elements of the code which are specific to their services while the Corporate Governance group have oversight. • On the Council's website there is a Freedom of Information Act page to enable members of the public to have access to all recorded information held by the Council. • Decisions are recorded and published on the Council's website. • As part of the Councils transformation programme, more forms have become available on the website and an increase in use has demonstrated the success of this project. • The Annual report has been refreshed and is now more readable and understandable to our stakeholders. This report includes information on performance, value for money and the stewardship of resources.

	• The Annual Governance Statement is discussed and owned by the Council's Management Team and is discussed with both officers and members periodically throughout the year. • The Council has an effective Internal Audit function that provides assurance and makes recommendations to improve performance. The function conforms with the CIPFA statement on the Role of the Head of Internal Audit and the Public Sector Internal Audit Standards. • The Council has approved the Public Sector Audit Appointments Ltd to appoint external auditors on our behalf for 2023/24 onwards.

Further Improvements from the AGS 2021-22:

Governance Issue	Action	Lead Officer	Target Date
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and **respecting the rule of the law**	The Council must be prepared to address any impacts that may arise because of changes in regulation, legislative powers, and national policy such as: • Reforms to New Homes Bonus • Business Rates and the Fairer Funding Review. • Comprehensive Spending Review. • Department for Environment, Food and Rural Affairs' consultation on Household and Business Recycling collections *Update: None of these reviews happened in 2022-23 and are not anticipated to take place before the next General Election.*	Amy Brown, Assistant Director of Legal & Governance	31 March 2023 *Closed*
Principle A: **Behaving with integrity**, demonstrating strong commitment to ethical values, and respecting the rule of the law	The Overview and Scrutiny Panel established a Task and Finish group to undertake a comprehensive review of the Council's key performance indicators with reference to the strategic priorities set out in the Business Plan. Update: This piece of work has now concluded with the recommendations of the Task and Finish Group having been incorporated into the Draft Business Plan which was approved by Full Council on 26th February 2024.	Amy Brown, Assistant Director of Legal & Governance	31 March 2023 Closed
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.	The Chief Finance Officer, with the Chief Executive, will review the impact of financial change upon the Council in conjunction with the Leader and Finance Portfolio Holder and the Cabinet. *Update: This action is continuous and can be closed for 2022-23*	Peter Catchpole, Corporate Director & Chief Finance Officer	31 March 2023 *Closed*

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.	The Council's Transformation programme has placed the Council in a good position financially however, we will continue to look for more ways to become efficient and effective through looking at different service delivery models. *Update: This action is continuous and can be closed for 2022-23*	Peter Catchpole, Corporate Director & Chief Finance Officer	31 March 2023 *Closed*
Principle F: Managing risks and performance through robust internal control and **strong financial management**.	The Council has a Code of Procurement and Procurement Strategy which reflects current national practice. This is kept under regular review with significant changes expected in 2023 when a fuller and more detailed review will be performed before reporting the outcome formally to members for approval. Update: New legislation will be implemented in 2024. The Procurement Manager is keeping track of the legislative changes and will be working with officers and members to produce a revised Procurement Strategy and Code for approval by Full Council on 30th September 2024. Updates will be provided via What's Breaking and training will be provided on any new requirements in readiness for the new legislation coming into force in October 2024	Amy Brown, Assistant Director of Legal & Governance	31 March 2023 *30 September 2024*

Further Improvements from the AGS 2022-23:

Governance Issue	Action	Lead Officer	Target Date
Principle A: Behaving with integrity, **demonstrating strong commitment to ethical values**, and respecting the rule of the law	The Council is undertaking a full review of internal policies to develop a Corporate Policy Register. All documents will be displayed on either the Intranet or Website. Decision to be made by CMT. Update: A Corporate Policy Register was developed from	David Wright, Head of Policy & Communications	31 March 2024

	the 2023-24 Team Service Plans which includes policy name, service, date implemented, review date, sign-off process, and where the policy is published. A new webpage was developed to include all current external facing policies: Policies and Strategies - Fenland District Council. We are currently working on centralising all internal facing policies on the intranet.		Closed *Completed*
Principle F: Managing risks and performance through **robust internal control** and strong financial management	ICT is arranging for a compliance review of NCSC Cyber Essentials Plus to be conducted by an accredited third-party provider. Results will be fed into a Cyber Treatment Plan, which will be reviewed by CMT. Update: Completed in October 2023	Stephen Beacher, Head of ICT, Digital & Resilience	31 December 2023 Closed

5. Conclusion

Having completed the processes set out above to review the effectiveness of the Council's governance framework, we are satisfied that we have sufficient assurance regarding the effectiveness of the framework in place and the governance issues identified are as set out above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

6. Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit and Risk Committee. Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Fenland District Council to ensure effective internal control is maintained. We are also satisfied that there are no significant governance issues during 2022/23.

Signed: …………………………………………………………

Peter Catchpole
Corporate Director and Chief Finance Officer

Signed: …………………………………………………………

Paul Medd
Chief Executive

Signed: …………………………………………………………

Councillor Chris Boden
Leader, Fenland District Council

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Agenda Item 7

Agenda Item No:	7	Fenland CAMBRIDGESHIRE
Committee:	Audit and Risk Management Committee	
Date:	4 December 2024	
Report Title:	Letter of Representation	

Cover sheet:

1 Purpose / Summary

To agree the format and content of the Letter of Representation provided to the independent external auditor (EY) at the conclusion of the audit of the 2022/23 Statement of Accounts.

2 Key issues

- Written representation provides an acknowledgement of our responsibilities in relation to the Statement of Accounts.
- The letter required by the independent external auditor is attached.
- The letter requires signing by the Chairman of this Committee and the Council's Chief Finance Officer and will be dated on the proposed audit opinion date (date to be advised by EY).

3 Recommendations

- It is recommended that members approve the content and form of the Letter of Representation to be signed by the Chairman of this Committee and the Council's Chief Finance Officer.

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

Mark Hodgson
EY LLP
One Cambridge Square
Cambridge
CB4 0EA

Peter Catchpole
Tel 01354 622201
e-mail: pcatchpole@fenland.gov.uk

04 December 2024

Dear Mark,

Fenland District Council – 2022/23 Financial Year
Letter of Representation

This letter of representations is provided in connection with your audit of the financial statements of Fenland District Council for the year ended 31 March 2023.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council's financial position of Fenland District Council as of 31 March 2023and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).[1]

[1] ISA (UK) 580.10

2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error. [2]

5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud. [3]

3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

   - involving financial improprieties;

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

   - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;

   - involving management, or employees who have significant roles in internal controls, or others; or

   - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.[4]

[2] ISA (UK) 210.6(b)(ii)
[3] ISA (UK) 240.39(a)
[4] ISA (UK) 240.39(c),(d), and ISA (UK) 250A.16

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

   - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

   - Additional information that you have requested from us for the purpose of the audit; and

   - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.[5]

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.[6]

3. We have made available to you all minutes of the meetings of the Council and committees, Audit and Risk Management Committee, Cabinet and Council held through 2022/23 year to the most recent meeting on the following date 30 October 2024.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the March 2024 end. These transactions have been appropriately accounted for and disclosed in the financial statements.[7]

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).[8]

6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial

[5] ISA (UK) 580.11(a), ISA (UK) 210.6(b)(iii)
[6] ISA (UK) 580.11(b)
[7] ISA (UK) 550.26
[8] ISA (UK) 540.37 (Revised)

statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.[9]

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral to the financial statements. All assets to which the Council has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

F. Use of the Work of a Specialist

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

G. Estimates

1. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the depreciation charge .

H. Retirement benefits10

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

I. Reserves

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

J. Contingent Liabilities

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

[9] ISA (UK) 501.12

K. Going Concern[11]

1. Note 37 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Climate-related matters

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

Yours faithfully,

____

Peter Catchpole

Corporate Director and Chief Finance Officer

____

Councillor Kim French

Chairman of the Audit & Risk Management Committee

[11] ISA (UK) 570.12-2 (Revised)

Agenda Item No:	8	
Committee:	Audit and Risk Management Committee	
Date:	4 December 2024	
Report Title:	Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review 2024/25	

Cover sheet:

1 Purpose / Summary

The purpose of this report is to review the Council's Treasury Management activity for the first six months of 2024/25 and to provide members with an update on matters pertinent to future updates to the Council's Treasury Management Strategy.

2 Key issues

- The Council has operated within its Treasury Management Strategy Statement (TMSS), Annual Investment Strategy, treasury limits and prudential indicators set by Council for the first six months of 2024/25.
- The next reduction in Bank Rate is forecast in Q1 2025 and then a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank of England's Quarterly Monetary Policy Reports.
- Forward projections for PWLB certainty rates are that over the short and medium part of the curve, rates will remain elevated over the course of the next year. Rates in the longer part of the curve will depend on Bank Rate loosening, inflation and geo/political concerns.
- Prudential indicators have been updated to reflect the latest capital programme and borrowing projections.
- No new external borrowing has been taken out to date in 2024/25. The current Medium Term Financial Strategy assumes that some external borrowing will be required over the three-and-a-half-year period to 31 March 2027.
- Investment income received from temporary investments (call accounts and fixed term deposits) for the first six months of 2024/25 was £307k. Projected investment income for 2024/25 is £480k against an original budget of £445k.
- Projected income from property funds for 2024/25 is forecast at £130k against an original budget of £150k.
- Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

3 Recommendations

It is recommended that Members note the report.

Wards Affected	All
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder, Finance
Report Originator(s)	Peter Catchpole, Chief Finance Officer and Corporate Director Mark Saunders, Chief Accountant
Contact Officer(s)	Peter Catchpole, Chief Finance Officer and Corporate Director Mark Saunders, Chief Accountant
Background Paper (s)	Link Asset Services template Council Report - 26 February 2024 - General Fund Budget 2024/25 and Capital Programme 2024-27

Report:

1 Context

1.2 The Council's responsibilities in relation to Treasury Management are defined as part of the Local Government Act 2003 ('the Act'). The Act requires the Council to have regard to the Treasury Management Code published by the Chartered Institute of Public Finance and Accountancy, (CIPFA).

1.3 Additionally, there is a statutory requirement for the Council to comply with the Prudential Code. There is a close interaction between the Treasury Management Code and the Prudential Code. The Prudential Code establishes a framework for the Council to self-regulate the affordability, prudence and sustainability of its capital expenditure and borrowing plans whilst the Treasury Management Code is concerned with how the Council uses its Treasury Management function to progress the future plans developed with reference to the Prudential Code.

1.4 In December 2021, CIPFA issued revised Prudential and Treasury Management Codes. These require local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments.

1.5 The Council's Capital Strategy for 2024/25 was approved by Full Council on the 26 February 2024.

Treasury Management

1.6 Treasury management is defined as "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks."

1.7 The Council complies with the requirements of CIPFA's Code of Practice on Treasury Management (revised 2021).

1.8 The primary requirements of the Code applicable to the 2024/25 financial year are as follows:

- Creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices, which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by Full Council of an annual Treasury Management Strategy Statement, including the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report and an Annual Report covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies (including Mid-year Review Report) to a specific named body. For this Council the delegated body is the Audit and Risk Management Committee.

1.9 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management and covers the following:

- an economic update for the first six months of 2024/25 taking account of expert analysis provided by the Council's Treasury Management Advisors, Link Asset Services;
- a review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- the Council's capital plans;
- a review of the Council's investment portfolio for 2024/25;
- a report of the Council's borrowing strategy for 2024/25;
- a report of debt rescheduling during 2024/25;
- a review of compliance with Treasury and Prudential Limits for 2024/25.

2 Economic Update

2.1 Following the 30 October Budget and the outcome of the US Presidential election on 6 November, at its latest monetary policy meeting on 7 November 2024, the Bank of England cut interest rates by 25bps to 4.75%.

2.2 The Office for Budgetary Responsibility and the Bank of England's view following the budget, is that inflation (measured by CPI) will increase in the short term, staying sticky until at least 2026 before dropping back below 2% in 2027. Policy decisions following the US President election could prove inflationary too.

2.3 The anticipated major investment in the public sector, according to the Bank of England, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

3 Interest Rate Forecast

3.1 The Council's treasury advisor, Link Group, provided the following forecasts on 11th November 2024. The PWLB rate forecasts are based on the Certainty Rate (the standard rate minus 20bps)

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

3.2 Link's latest forecast is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. The next reduction in Bank Rate is forecast to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank of England's Quarterly Monetary Policy Reports. Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025.

3.3 PWLB Forecast - The short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

4 Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1 The Treasury Management Strategy Statement (TMSS) for 2024/25 was approved by Council on 26 February 2024. There are no policy changes to the TMSS.

4.2 Changes are required to some of the prudential indicators as a result of the forecast 2024/25 capital outturn. The following table compares the previous prudential indicators (agreed on 26th February) against the latest revised indicators.

Prudential Indicators	**2024/25 Previous £000**	**2024/25 Revised £000**
Capital Programme	9,425	16,452
Capital Financing Requirement	18,345	20,795
Gross Debt	19,080	15,575
Operational Boundary	20,080	16,575
Authorised Limit For External Debt	25,080	21,575

5 The Council's Capital Position

5.1 This part of the report is structured to update:

- the Council’s capital expenditure plans;
- how these plans are being financed;
- the impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- compliance with limits in place for borrowing activity.

5.2 An updated capital programme and the financing of that programme for 2024/25 is to be presented to Cabinet for approval on 16 December 2024. This revised estimate will address amendments to the programme since February, including re-profiling schemes from 2023/24 and the allocation of further capital funds for the acquisition of Meadow Court, Elm, an additional refuse vehicle and a re-assessment of resources available in the period 2024-27. The tables in this report reflect this updated programme.

5.3 The table below compares the revised estimates with the original capital programme which was incorporated into the 2024/25 Treasury Management Strategy Statement (TMSS).

Capital Programme	2024/25 Original Estimate £000	2024/25 Revised Estimate £000
Current Forecast Expenditure	**9,425**	**16,452**
Financed by:		
Capital Grants	2,754	7,518
Section 106's & Contributions	45	120
Capital Receipts	250	250
Capital Reserves	730	789
Total Financing (before borrowing)	**3,779**	**8,677**
Borrowing Requirement	**5,646**	**7,775**

5.4 The capital expenditure plans set out above provide a summary of future level of spend. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity and the Council's capital strategy.

5.5 The Council's projections for borrowings in 2024/25 are summarised below. The following table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement – CFR). The revised estimated CFR is higher than the original budget forecast (see paragraphs 5.2 and 5.3 above).

External Debt Projections	2024/25 Original Estimate £000	2024/25 Revised Estimate £000
External Debt at 1 April	13,430	7,800
Prudential Borrowing	5,650	7,775
Gross Debt at 31 March	**19,080**	**15,575**
Capital Financing Requirement at 31 March 2025	**18,354**	**20,795**
Borrowing Less CFR – 31 March 2025	**726**	**(5,220)**

5.6 The Council has made provision to repay all 'borrowing' liabilities through increased Minimum Revenue Provision (MRP) in the General Fund revenue budget.

5.7 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need. The policy permits borrowing in advance of need where it is prudent to do so.

Members should note that the current limits and estimates set out below have been determined with reference to the existing capital programme.

5.8 The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt.

Operational Boundary	**2024/25 Original Estimate £000**	**2024/25 Revised Estimate £000**
Debt	16,080	13,575
Plus Other Long Term Liabilities Finance Leases	1,000	1,000
Commercial Activities/ Non Financial Investments	3,000	2,000
Operational Boundary for Year	**20,080**	**16,575**

5.9 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit, which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level for borrowing which, while not desired could be afforded in the short term but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised Limit For External Debt	**2024/25 Original Estimate £000**	**2024/25 Revised Estimate £000**
Debt	21,080	18,575
Plus Other Long Term Liabilities Finance Leases	1,000	1,000
Commercial Activities/ Non Financial Investments	3,000	2,000
Total Borrowing	**25,080**	**21,575**

5.10 The Corporate Director & Chief Finance Officer reports that no difficulties are envisaged for the current year in complying with the above prudential indicators.

6 Investment Portfolio

6.1 In accordance with the Treasury Management Code, it is the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which is consistent with the Council's risk appetite.

6.2 The current forecasts for bank rate are shown in paragraph 3.1 above.

6.3 The Council held £15.087m of investments, including property funds at 30th September 2024 (14.911m at 31st March 2024). The investment portfolio yield from temporary investments (call and fixed term deposits) for the first 6 months of the year was 5.12%, the same rate as the 7 day backward looking average Sonia Rate for the same period.

6.4 The Council has achieved investment income of £307k on its temporary investment portfolio to 30th September 2024. The projected income for 2024/25 is £480k compared with an original budget of £445k.

6.5 £4m of the Council's investments are held in externally managed pooled property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income (from quarterly cash distribution payments) and long-term price stability. The Council views these as a long-term investment that it has entered into for a minimum of five years as this manages the risk of fluctuations in the value of the investment which was £3.238m at 30 September 2024. Since mid-2022 commercial property market has had a difficult time in general as property prices fell sharply in response to high inflation, rising interest rates and increased debt costs which accounts for the fall in value. The distributions payable for the first quarter was £34,420 (second quarter returns are expected in November), which is a 4% revenue income distribution return.

6.6 The 2024/25 projected outturn for property fund income is £130k against a budget of £150k.

6.7 The Corporate Director and Chief Finance Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2024/25.

7 Borrowing Strategy

7.1 The Council's estimated CFR for 2024/25 is £20.795m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

7.2 No new external borrowing has been undertaken during 2024/25 to date. The Council has utilised surplus cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if gilt yield remain elevated, particularly at the longer-end of the yield curve (25 to 50 years).

7.3 The current Medium Term Financial Strategy assumes that some external borrowing will be required over the three-and-a-half-year period to 31 March 2027. Assumptions about the level of external interest payable are included within the budget. Responsibility for deciding when to borrow externally, together with details of the amount to borrow and the term and type of any loan, rests with the Chief Finance Officer. The Chief Finance Officer's decision will be informed by advice from the Council's treasury management advisors and information regarding the progress of schemes set out in the capital programme. Any borrowing decisions will be reported to Cabinet through the annual treasury management report.

8 Debt Rescheduling

8.1 Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

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Agenda Item No:	**9**	
Committee:	**Audit and Risk Management**	
Date:	**4 December 2024**	
Report Title:	**Internal Audit Plan 2024-25 Progress Report Q1 & Q2**	

Purpose / Summary

- To report progress against the Internal Audit Plan 2024/25 for the first and second quarters (1 April to 30 September 2024) and the resulting level of assurance from the planned work undertaken.
- To provide an update to members on the resourcing situation within the Internal Audit team.

Key issues

- The Council's Internal Audit Plan is produced on an annual basis. It is an estimate of the work planned for the financial year. Potential areas of the Council for audit are prioritised based on a risk assessment, enabling the use of Internal Audit resources to be targeted at areas of emerging corporate importance and risk.

- The format of the plan reflects the Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2016 and applicable from April 2017. It also incorporates the governance and strategic management arrangements of Internal Audit resources. The new Global Internal Audit Standards launched in January 2024 are, together with a new Application Note for the UK public sector, effective from 1 April 2025.

- Performance Standards of the PSIAS and the new Global IA Standards require the Chief Audit Executive to report to the Committee on the Internal Audit activity and performance relative to the Plan.

- Audit and Risk Management Committee approved the Internal Audit Plan 2024/25 on 25 March 2024.

- Proactive quarterly monitoring of the Internal Audit plan will enable the Committee to understand the Internal Audit activity which has successfully taken place and the associated assurance level.

- The Standards require that progress tracking and confirmation is carried out and status reports prepared on the implementation of audit recommendations/ agreed actions.

Recommendations

For Members of Audit and Risk Management Committee to consider and note the activity and performance of the Internal Audit function.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Councillor Chris Boden – Leader and Finance Portfolio Holder
Report Originator(s)	Deborah Moss – Head of Internal Audit
Contact Officer(s)	Peter Catchpole - Corporate Director & s151 Officer pcatchpole@fenland.gov.uk 01354 622201 Deborah Moss – Head of Internal Audit
Background Paper(s)	Annual Risk-Based Internal Audit Plan 2024/25 Internal Audit Outturn 2023/24 Internal Audit Reports Internal Audit's Agreed Actions Spreadsheet

1 Background / Introduction

1.1 This report includes details of the Internal Audit activity undertaken in the first and second quarters of 1 April to 30 September 2024 plus additional update to the end of October.

1.2 The annual Internal Audit Plan is formulated in advance, following an assessment of risks inherent to services and systems of the Council based on Internal Audit and Management knowledge at that time. During the period that follows, changes in the control environment may occur due to, for example:

- introduction of new legislation/regulations
- new risk or issue identified
- changes of staff
- changes in software
- changes in procedures and processes
- changes in service demand

1.3 In respect of Internal Audit resources, the current situation is that there are three staff in the Internal Audit Team. Posts previously filled by contractors via agencies have now been filled by permanent employees: the Head of Internal Audit (with Manager and local authority experience) commenced in May 2024, and a full-time Auditor (with no local authority experience) in July 2024. The other Auditor position is held by a part-time (term-time only) FTE, who has been with the Council since 2001 and in Internal Audit since 2008. Professional qualification is held only by the Head of Internal Audit.

1.4 The team is now fully resourced, but productivity will be impacted by training needs and review of working procedures.

2 Monitoring

2.1 On completion of each audit a formal report is issued to the relevant Service Manager and Corporate Director. A copy is also sent to the Corporate Director/S.151 Officer. Each report contains a management action plan, with target implementation dates, that has been agreed with Service Managers to address any observations and recommendations raised by the Internal Auditor. Progress on these actions is monitored on a regular basis.

2.2 **Audits completed** (Appendix A)**:** The following audits have been completed in 2024/25. Significant time has been spent carrying out or completing the remaining 2023/24 audits in the current 2024/25 year.

- Planning follow-up
- Debtors & Collection Agency 23/24
- Port Berthing (Special Audit) 23/24
- Trading Operations – Estates 23/24
- ICT Cyber Security 23/24
- Corporate Assurance – Information & Data Management 23/24
- Emergency Planning & Business Continuity Planning 23/24
- Insurance

- Port Berthings follow-up
- Housing Options follow-up
- Debtors & Collections Agency follow-up
- Economic Development – Grants
- Disabled Facilities Grants (annual return)
- Legal Services

2.3 **Audits in Progress:** The following audits are in progress and will be reported to the committee in future progress reports:

- Taxi Licensing – draft report
- Recycling Facilities – in progress
- Contract management – Leisure – draft report
- Performance Management – in progress

2.4 **Audit Plan changes:** It is suggested the following changes be made to the Audit Plan:

- Contract Management – Highways Contract – removed as the contract for Street Lighting is too close to inception for a review. This will be considered for inclusion in the 2025/26 Audit Plan.

- It is anticipated that further audits may need to be removed from this year's Plan or carried forward to next year.

2.5 **Other work:** In the first two quarters of the year other work that Internal Audit has been involved to assist with and to provide additional assurance are detailed below:

- Risk Management Group
- Corporate Governance Group
- Debt Management Policy working group
- Following up outstanding recommendations
- Employee Car Loans procedure
- Working with Transformation Team on various subjects and issues

2.6 **Outstanding Audit Issues/Recommendations**

Appendix B shows the number of outstanding Audit issues from 2021/22 to 2023/24 to date. Internal Audit is working with Service Managers to ensure that recommendations are implemented by the agreed target dates or, if not, that requested date extensions can be justified. Status and progress updates have been included from the action owner where relevant and inform committee what action has been taken to date.

Audit Area and Audit Objective	Overall Audit Opinion	High	Medium	Low	Issue Summary & Action or Status
Debtors & Collection Agency 23/24 *To gain assurance that there are appropriate levels of internal controls for the administration of debtors and collection and that it is monitored and managed efficient and effectively.*	Limited	3	5	1	The high risks relate to an out-of-date Debt Policy. *A working group has been set up and a draft policy prepared and will be presented to ARMC in early 2025.* Decision needed on how the sundry debtors service will be provided and resourced. Service Departments to be provided with debts relating to their service provision for their intervention and assistance in recovering debts The medium issues relate to issues that are being progressed: • A £200k bad debt with a lien on property, where recovery action has been exhausted and other legal options are being explored. • Leaver's process reviewed on expectations when an employee gives notice to terminate their employment and are a debtor to the Council. • 120 credit amounts to be actioned/removed. • Amounts and longevity of outstanding debts reviewed, with a view to writing-off debts fitting write off guidelines.
Port Berthings 23/24 *To gain assurance that the Port of Wisbech,*	Limited	3	5	0	The high level risks related to: - Inconsistent raising of invoices and debt recovery.

Cross Keys Marina and other vessel berthing locations in Fenland have robust policies and procedure in place for the administration and management of the berthing of vessels. This includes the appropriate management of income collection and record keeping.					- Inconsistent recording and invoicing of staff-owned vessels - Use of the workshop to ensure only repair vessels are stored there. Medium risk issues/actions related to: - The prompt and accurate raising of berthing invoices in accordance with agreed terms and conditions. - Terms and Conditions enforced where a 'lien' has been placed on a vessel - Port's finances oversight at Port Management Group - Cost benefit analysis performed to verify weekend arrivals/visitors. - Cash payments in exceptional circumstances only. Update is provided at the follow-up audit detailed further below.
Trading Operations – Estates 23/24 *To gain assurance that the key business objectives for the service provide the basis for ensuring that the strategy, management and admin of Council property is efficient & effective.*	Adequate	1	4	0	The high risk related to the out-of-date Asset Management Plan which had inaccuracies and incomplete actions. Asset management is currently fragmented within services and is to be centralised and managed corporately by the Estates team. Inefficiency with the management and administration of Estates, which uses unsecure and potentially inaccurate spreadsheets currently. *Procurement of a suitable dedicated system is being considered with the assistance of Transformation.* The portfolio spreadsheets review and update with accurate cell data and formulae. Staff guidance notes for processing of application is required.

ICT Cyber Security 23/24 *to gain assurance that there are appropriate levels of internal controls for cyber security across the Council.*	Adequate	1	5		Mandatory training had not been completed by all staff nor a phishing exercise carried out. *This has now been done and a new updated and enhanced training module also rolled out to all staff for completion. An unexpected phishing exercise has also been completed.* The current Cyber Security Plan was not detailed sufficiently to specify the position of the Council in relation to planning against cyber-attacks. *One is now being developed.* A need to ensure that all new staff (and members) do not have access to Council systems until relevant induction training has taken place. Developing a suitable suite of reports for CMT that covers, for example, the number of cyber-attack attempts. • Validation by ICT of any key issues raised by third-party penetration testers, cross-referencing of the raised issues to previously raised issues and documenting a plan of resolution for all issues. Review the Active Directory to reduce the length of time email accounts are left open after departure of the staff member. *Completed.*
Development – Planning - Follow-up Audit *to gain assurance that the governance, risk and financial elements of the Planning Strategy and Process are efficient and effective.*	Adequate	0	3	0	Additional resources to recruit permanent staff onto the team to bring the S.106 process up to date. *A s.106 Monitoring Officer has been recruited.* A review of service risks that may need to be incorporated into the Corporate Risk Register. *Risk assessments have been completed and will be added to the corporate risk register.* A review of how our Planning Policy, S.106 and Ecology would be provided following the loss of support from a neighbouring

					council. *Implemented - Planning Policy Officer and a Manager appointed, and use being made of an existing service level agreement whilst consideration is made of the other areas.*
Corporate Assurance – Information & Data Management 23/24 *To gain assurance that the Council has a robust framework in place for the Council's information and data management, demonstrating compliance with the General Data Protection Regulations and the Data Protection Act 2018, and to assess the effectiveness of the governance, risk management and internal control (GRC) framework for information and data management.*	Adequate	0	4	1	Data and media containing data are not labelled to indicate sensitivity level; data classification labels to be used to mitigate risk of data breach. *The council is considering whether data classification options and whether it wants to adopt.* Information Asset Register is out of date and will be regularly reviewed to reflect current arrangements. Staff not aware of requirement to complete Data Protection e-learning training on a regular basis. An updated training program is being devised serving as refresher training to all staff and learning module for new staff. *Implemented - mandatory training introduced.* Data protection impact assessments to be carried out before any data processing that results in high risk. *Implemented - now used for all new projects.* The secure handling of physical customer original documentation requires a clear procedure note. *Implemented.*
Emergency Planning & Business Continuity Planning 23/24 *to gain assurance that the key business objectives for EP and BCP, as covered by the audit scope, were met appropriately.*	Adequate	0	7	1	A corporate BCP exercise has not been conducted since the Covid19 pandemic enforced one. The BC Plan will be exercised more extensively including discussions with services for plan completion, tabletop exercises and finally a full exercise.
Contract Register 23/24	Adequate	0	4	1	Control improvement will be made by way of:

					- Contracts signed before work starts, or by exception, a letter of intent as commitment between the parties - Contracts securely retained and indexed in central repository - Greater forward planning for future contracts - A Contract Management Policy and associated standards and guidance toolkit, available to all contract managers - Use of standard terms and conditions.
Port Berthings follow-up	Reasonable				Improved invoice raising and tighter debt recovery process. *Historic debt has been invoiced and aged debts reports produced for monitoring and recovery purposes.* There was an inconsistent approach to recording and invoicing of staff vessels and others. *Historic invoices have been raised and My Fenland Advisors for Marine Services are raising the invoices and monitoring the debt.* Enforcement of terms and conditions at the Yacht harbour and action taken where a lien is secured on a vessel. *Legal action to be taken is still under consideration.* Port finances are now to be included in the formal Port Management Group meetings to ensure that adequate governance is in place. The Group's terms of reference is recommended to include finance accountabilities. Other improvements included looking at ways to ensure temporary weekend berthing's are identified and income recovered in a practical way, and cash payments only being accepted in exceptional circumstances. *The Transformation team used these Audit findings and actions to progress improvement.*

Housing Options follow-up	Reasonabl e	0	4	0	A non-compliance with the Code of Procurement and procurement regulations, meant that value for money could not be relied upon. *A successful tender exercise has meant the Council now has list of bidders that are used to allocate homeless applicants while ensuring value for money for the Council. Quotes are now obtained for removal and storage suppliers. A new procedure and process is in place for preferred contractor(s).* Closer monitoring of the number of households in longer term B&B accommodation was required to ensure The Council did not excess the statutory 6 weeks. *Tender exercises were needed for accommodation, storage and cleaning to ensure compliance with procurement regulations and ensure 'value for money'.* The audit also recommended updates with new legislation and guidance: the Homeless Strategy and the guidance are up to date, reviewed in accordance with legislation, and develop a Temporary Accommodation Procurement Strategy.
Debtors & Collections Agency follow-up	Limited	3	5	1	The high risk related to the need for a review and update of the Corporate Debt Policy.
Disabled Facilities Grants (annual return)					The annual review provides assurance from a sample of DFGs reviewed that awards are made within the terms and conditions of the grant funding. An appropriate declaration was able to be made to the County Council who report back to government.
Economic Development – Grants	Reasonabl	1	0	0	The Economic Growth Folder needs to be segmented into a logical hierarchy of folders and sub-folders. *The CRM will be*

	e				*the central repository of business information including grants applications and the associated supporting documentation.* Acknowledging that the recently introduced "Evolutive" CRM system for the tracking of applications will provide consistency in recording appropriate documentation and only allowing applications to proceed on receipt of the information. *However, it was agreed that the Grant Claims since 2022 will be verified as having all appropriate supporting documentation.*
Insurance	Reasonabl e	1	5	1	No formal succession planning for the Insurance Service. No guidance notes of the range of essential elements to provide the council, its assets, employees and customers with assurance by way of appropriate insurance. Not been possible to obtain any assurance to verify that all our Street Pride Groups are compliant with the 78 policy conditions to make the insurance valid, or null and void. Insurance elements of the Finance Service Plan and Business Risk Assessment need to be updated. Recording, tracking and reporting claims need to be formalised. Consideration is to be given to investing in in-cab cameras All insurance claims made against the council need to be cross-referenced with services who may have current dealings with the claimant.
Legal Services					Internal Audit made recommendations, but these were agreed to

to gain assurance that there are appropriate levels of governance, risk management and internal controls for the administration and provision of the legal service and advice, it is relevant and appropriate and provides a cost efficient and effective service to the Council, in accordance with the Council's policies and any relevant legislation. *The scope did not cover the appropriateness of the contract or consider other operating model options for Legal provision for FDC.*					be left in abeyance until such time as a decision is made on the future provision of a legal service for FDC.

An assurance rating is applied, when a system or process is reviewed, which reflects the effectiveness of the control environment.

The text below is an indication of the different assurance ratings used:

Assurance *	Definition *
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance *(previously called Adequate)*	There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

In applying the most appropriate level of opinion the internal auditor will use their professional judgement, based on the results of the audit, consideration of risk and consequences of areas of weakness for the organisation.

** The above definitions are based on an analysis of existing practice and common definitions, taking into account the PSIAS definition of internal audit, standard definitions for internal audit assurance over an engagement.*

Appendix B – Recommendation Status 2021/22 to 2024/25

Total Recommendations 2021/22				
	High	Medium	Low	Total
Total Recommendations	6	31	40	77
Implemented/Complete	5	26	39	70
Not Yet Due	0	0	0	0
Overdue	1	5	1	7

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

Although there are seven overdue actions, they are all being progressed and are almost at completion point. Reports on overdue actions are now taken to Management Team to support Services to implement and to allow CMT opportunity to challenge progress and provide additional support where needed.

The outstanding high-risk issue relates to Trading Operations – Port Commercial & Marine where there was no formal agreement with Lincolnshire CC for Cross Keys Marina. The lease and operating agreement are now agreed and a sub-tenant amendment request is awaiting their approval and is being chased.

The outstanding medium-risk issues relate to Safeguarding (training on the updated policy which is to be implemented via the new HR Training platform once it is completed) and to Procurement (code of procurement & procurement strategy – awaiting new legislation later in 2024) - these have been reviewed and noted that the actions will be aligned to the new legislation date of Feb 2025.

Total Recommendations 2022/23				
	High	Medium	Low	Total
Total Recommendations	3	11	9	23
Implemented/Complete	3	11	9	23
Not Yet Due	0	0	0	0
Overdue	0	0	0	0

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

All recommended actions for the year 2022/23 have been implemented and closed.

Total Recommendations 2023/24				
	High	Medium	Low	Total
Total Recommendations	9	54	5	68
Implemented/Complete	4	24	2	30
Not Yet Due	0	14	1	15
Overdue	5	16	2	23

Appendix B – Recommendation Status 2021/22 to 2024/25

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

The high-risk actions relates to the need for an Asset Management Plan. The Head of Service has informed that this will be completed this financial year; completion of a cyber action which is to be reperformed again for monitoring in Jan25; and Debtors actions all of which are in progress.

The remainder of the overdue and open actions are being monitored for completion by Audit.

2024/25

Audit actions from 2024/25 remain Open/In Progress and will be monitored and reported at the next Progress Report to Committee.

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Agenda Item No:	**10**	
Committee:	**Audit & Risk Management Committee**	
Date:	**4th December 2024**	
Report Title:	**Appointment of an Independent Member to the Audit & Risk Management Committee**	

Cover sheet:

1 Purpose / Summary

The purpose of this report is to seek Committee's view on the appointment of an Independent Member to the Audit & Risk Management Committee (ARMC).

2 Key issues

- FDC's Audit & Risk Management Committee, which discharges responsibility as the Council's audit committee, does not have an independent member. Following review and criticism of local audit and governance, Government reports and CIPFA position statements now recommend the appointment of at least one independent member, suitably qualified, to an audit committee (two members in the case of CIPFA's recommendation).
- The government has further stated that it will be making it a mandatory requirement for audit committees to have at least one independent member, once parliamentary time allows. Many councils have already appointed an independent member ahead of such mandatory requirement in the interest of good governance and transparency.
- Members are requested to consider the options for appointing an independent Member to the Audit & Risk Management Committee and, should members support the proposal to co-opt an Independent Member(s) to Committee, to note that this may necessitate changes to the Constitution, depending on the outcome, refer any recommendations to Full Council.

3 Recommendations

(a) to note the additional guidance provided on the appointment of an Independent Member(s) to Audit Committees

(b) to consider and endorse any recommendation to Council:

- Whether such an appointment should be made as set out in para 4.6 of this report; and
- The period of the appointment. In this respect, it is recommended that the initial period is for a term of 3 years when it will then need to be revisited unless members are minded to agree that permanent provision for an Independent Member should be made with the appointment of a specific individual occurring on a 3 yearly basis. In the latter instance, the Constitution to be amended accordingly.

(c) to endorse a variation to the Council's Constitution as outlined in paragraph 4.6 to the report to make any required changes, including updating the terms of reference and the

Scheme of Allowances. The changes to be taken forward under the guidance of the Monitoring Officer and presented to Full Council for approval where required.

Wards Affected	All wards
Forward Plan Reference	n/a
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder for Finance
Report Originator(s)	Deborah Moss, Head of Internal Audit
Contact Officer(s)	Deborah Moss, Head of Internal Audit Email : dmoss@fenland.gov.uk Peter Catchpole, Corporate Director and S151 Officer Amy Brown, Assistant Director, Legal and Governance
Background Paper(s)	CIPFA Position Statement on Audit Committees in Local Government 2022 Sir Tony Redmond's report on Oversight of Local Audit and the Transparency of Local Authority Financial Reporting Fenland District Council's Constitution

Report:

1 Background / introduction

1.1 The CIPFA guidance for Audit Committees in Local Government states: “Authorities and police audit committees should adopt a model that establishes the committee as independent and effective. The committee should:

- act as the principal non-executive, advisory function supporting those charged with governance
- in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation
- have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups”

1.2 The CIPFA self-assessment checklist states: “consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)”.

2 National Context

2.1 There have been recent governance failures identified in statutory and non-statutory reviews and public interest reports across local government. The common theme running through each failure is a “significant weakness in governance”.

2.2 In September 2020, Sir Tony Redmond completed an independent review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting which recommended, amongst many other recommendations to improve local audit governance, “consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee”.

2.3 In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC), issued their formal response to the Redmond Review and issued a series of measures to be implemented. Within Measure 2, relating to local bodies and quality of accounting preparation, DLUHC made the following commitments:

- DLUHC to provide funding of £45 million over the course of the next Spending Review periods to support local bodies with the cost of strengthening their financial reporting, new burdens related to appointment of independent members and other Redmond recommendation and increased auding requirements.
- CIPFA to publish strengthened guidance on audit committees by April 2022. The guidance will emphasise the role that audit committees should have in ensuring accounts are prepared to a high standard, alongside broader changes including appointment of independent members. Following consultation, consider making the guidance, committees and the independent member statutory.
- DLUHC to provide Local Government Association sector grant for a number of targeted training events for audit committee chairs.

2.4 As a result of the measures introduced by DLUHC above, CIPFA released an updated version of its Position Statement on Audit Committees in Local Government in June 2022. The new Position Statement sets out the ‘purpose, core functions and membership of the audit committee’. It states: The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

2.5 More recent developments have been published as part of the Government's response to local audit reforms stating: “In September 2020, Tony Redmond’s review into local government audit found that only 40% of audit committees interviewed had independent committee members, hindering transparent reporting. Responding to a consultation on Redmond review proposals, the government said the lack of independent members on council audit committees made them “anomalies” in the public sector. Fundamentally, it is important that councils, as with other public bodies, have appropriate measures in place: the government considers it proportionate to establish a simple principle that local authorities should have an audit committee, with at least one independent member. Mandating for audit committees would ensure widespread take-up, along with improved public accountability Consequently, based on the consultation feedback, we will be making audit committees, with at least one independent member, a mandatory requirement, once parliamentary time allows”.

3 Analysis

3.1 A Council’s Audit Committee should be independent of executive decision making and be able to provide objective oversight. It should have sufficient importance that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance. The Audit & Risk Management Committee is designated as the Council’s “Audit Committee".

3.2 To strengthen the ARMC’s standing further, it is proposed to co-opt at least one suitably qualified and experienced independent person who has specialist knowledge and insight, which, when partnered with elected Members’ knowledge of working practices and procedures, will add to the deliberations of and the overall effectiveness of the Committee. The injection of an external view can often bring a new approach to committee discussion.

3.3 The recruitment of independent co-opted Member(s) is supported by the Section 151 Officer. The benefits of appointing an independent Member include:

- Bringing a new approach to committee discussion through the injection of a fresh perspective and challenge
- Bringing additional knowledge and expertise to the committee
- The Council accepting that strong and robust independent challenge to its internal control framework and wider governance processes, including financial reporting, risk management and the work of internal audit, will increase its effectiveness
- Reinforcing the transparency and political neutrality of the committee
- Maintaining continuity and corporate memory for the committee where its membership is affected by the electoral cycle. Independent appointments also send a powerful message to the electorate about both the openness of the Council and the independence of the committee.

3.4 There are several potential pitfalls in the appointment of an independent member that should be considered:

- potential over-reliance on the independent member by other audit committee members which can lead to a lack of engagement across the full committee

- independent member lacking organisational knowledge or ‘context’ when considering reports or risk registers
- effort that will be required from both the independent member and officers/staff to establish effective working relationship and establish appropriate protocols for briefings and access to information
- finding that despite undertaking a rigorous appointment process, the person(s) appointed are not suited to the role, requiring the selection process to be repeated
- insufficient suitable applicants for the role.

3.5 Any Independent Member would be a co-opted member of the Audit & Risk Management Committee and have no voting rights.

4. Considerations

4.1 The Council's Constitution currently includes provision for the Committee to appoint up to 3 people at any one time as non-voting co-optees. The Constitution refers to a less than permanent arrangement and if Committee agrees to have a permanent independent member appointment, as opposed to one for a period of 3 years followed by another reconsideration, then the wording of the Constitution will require a change endorsed by Council to allow that Committee will appoint at least one co-opted member and retain the ability for them to appoint more for specific meetings or periods up to the maximum of 3.

4.2 CIPFA does acknowledge these limitations recommending that Local Authorities should have regard to section 13 of the Local Government Housing Act 1989 which relates to the voting rights on non-elected Committee Members.

4.3 However, where an Audit Committee is operating as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, then all members (including any co-opted members) should be able to vote on those recommendations.

4.4 At present there is no statutory requirement that determines local authorities must appoint Independent co-opted members – such appointments are a requirement for Police audit committees, English combined authorities and for local authorities in Wales, and it is usual practice for non-executive to be committee members in health and central government audit committees.

4.5 A suitable skills analysis of current committee members may want to be considered by Committee to establish any ‘gaps’ in current knowledge of the committee, to determine a suitable job description or applicant. A matrix could also then be used in an effectiveness review of committee.

4.6 Should Members of the Audit & Risk Management Committee be supportive of seeking an Independent Member for the Committee, it is proposed that this be progressed as follows:

- An amendment be recommended for approval by Council to the Constitution to provide for a non-voting Independent Member to be appointed on a term not exceeding 3 years. Committee to consider whether this is a permanent role with the postholder holding for 3 years followed by another recruitment, or whether the decision is to be reconsidered after 3 years.
- The Independent Remuneration Panel be invited to advise the Authority of an appropriate rate of remuneration for the role.

- An Appointment Panel be established comprising the Chair and Vice-Chair of the Committee, Corporate Director and Head of Internal Audit to undertake the search and selection process advised by the Monitoring Officer.

4.7 Whilst CIPFA proposes two independent members, this report proposes to recruit one member now with future consideration for a second. If the terms of two Members are overlapped this will allow for cross over of current committee members' terms and allow for continuity and committee knowledge/memory to continue.

5. Appointment Process

5.1 To avoid any delay in the appointment process if a decision to appoint an independent member is made then it is recommended that the Committee requests Council at its February meeting to delegate arrangements for the appointment of an Independent Member to the Audit & Risk Management Committee, with the selection process delegated to the Monitoring Officer, in consultation with the Appointment Panel as referred to above. This would include convening a selection panel to interview applicants.

5.2 Recruitment would be on a competitive basis, including an open advertisement and interviews. A draft person specification for the role will be prepared and agreed with the Chair of ARMC if committee decides to proceed with recommendation to Council for an independent member.

5.3 The independent member would be reimbursed reasonable travelling and subsistence expenses. A decision needs to be made as to whether or not an annual allowance should also be paid. To meet the proposed timetable, any allowance would need to be agreed at the same Council meeting.

5.4 An allowance is paid to the statutory Localism Act Independent Person appointees. This is seen as a goodwill gesture to those who are community minded and willing to support the Council in its work. To attract people of the right calibre and with the necessary skills, it is suggested that the independent member receives the same value allowance.

5.5 The appointment of an Independent Member shall be for a term of three years, commencing xx/xx/2025, without the need for further ratification in each year by the Council at its Annual Meeting.

6. Effect on corporate objectives

6.1 Local Authorities are accountable to their communities for the money they spend. They are required under law to ensure they provide value for money and to achieve this they require a governance framework that supports a culture of transparent decision making and accountability.

6.2 The appointment of an Independent Member(s) would enhance and support the independent and transparent assurances provided by the Audit & Risk Management Committee

6.3 The Audit & Risk Management Committee is a key component of the Council's corporate governance framework and so helps to deliver the Corporate Plan Priority of delivering a quality organisation.

7. Community impact

7.1 It is in the public interest to have transparency and independent challenge within the Council's audit committee.

8 Conclusions

8.1 At present there is no statutory requirement to determine that local authorities must appoint independent co-opted members.

8.2 There are both positive and cautionary reasons for such an appointment and decisions of this nature need to take account of each local authority's own circumstances.

8.3 The national landscape and direction of the government would indicate that greater accountability for public audit to support of audit committees, through co-opting independent members, will become a mandatory requirement.

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Agenda Item No:	**11**	Fenland CAMBRIDGESHIRE
Committee:	**Audit and Risk Management Committee**	
Date:	**4th December 2024**	
Report Title:	**Corporate Risk Register Review**	

1 Purpose / Summary

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

2 Key Issues

2.1 The Council's Risk Management Strategy ensures the effective maintenance of a risk management framework by:-

- embedding risk management across core management functions;
- providing tools to identify and respond to internal and external risk;
- linking risks to objectives within services and regularly reviewing these.

2.2 The Audit and Risk Management Committee has asked that the Council's Corporate Risk Register is reviewed and presented to it quarterly.

2.3 The latest Corporate Risk Register (**Appendix A**) is attached to this report.

3 Recommendations

The latest Corporate Risk Register is agreed as attached at Appendix A to this report.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden – Leader and Portfolio Holder for Corporate Governance
Report Originator(s)	Stephen Beacher – Head of ICT, Digital & Resilience
Contact Officer(s)	Paul Medd – Chief Executive Peter Catchpole –Corporate Director & Chief Finance Officer Stephen Beacher – Head of ICT, Digital & Resilience
Background Paper(s)	Previous reviews of the Corporate Risk Register: minutes of Audit and Risk Management Committee

1 Background / Introduction

1.1 This is the latest quarterly update in respect of the Corporate Risk register.

2 Considerations

2.1 The Council has seven considerations when considering risk:-

- Performance – can we still achieve our objectives?
- Service delivery – will this be disrupted and how do we ensure it continues?
- Injury – how do we avoid injuries and harm?
- Reputation - how is the Council's reputation protected?
- Environment – how do we avoid and minimise damage to it?
- Financial – how do we avoid losing money?
- Legal – how do we reduce the risk of litigation?

2.2 Members and Officers share responsibility for managing risk:-

- Members - have regard for risk in making decisions
- Audit and Risk Management Committee – oversee management of risk
- Corporate Management Team – maintain strategic risk management framework
- Risk Management Group – Lead Officers across the Council promote risk management and a consistent approach to it
- Managers – identify and mitigate new risks, ensure teams manage risk
- All staff – manage risk in their jobs and work safely.

2.3 Risk is scored by impact and likelihood. Each have a score of 1-5 reflecting severity. The overall score then generates a risk score if no action is taken, together with a residual risk score after mitigating action is taken to reduce risk to an acceptable level.

2.4 The level of risk the Council deems acceptable is the "risk appetite". The Council accepts a "medium risk appetite" in that it accepts some risks are inevitable and acceptable whereas others may not be acceptable.

2.5 Managers consider risks as part of the annual service planning process. Each service has a risk register with the highest risks being reported at a strategic level, forming the Corporate Risk Register. The Corporate Management Team, supported by the Risk Management Group, ensures that the highest risks are regularly reviewed and mitigating action undertaken.

2.6 The Corporate Risk Register is very much a "living document"; the Audit and Risk Management Committee reviews it quarterly.

2.7 Where exceptional new risks present themselves, they can be referred to Audit and Risk Management Committee urgently as appropriate.

2.8 Risk appetite has been considered. The Council takes a medium risk appetite, accepting that the current climate in Local Government is subject to great change and that some risks are necessary in order for the Council to move forward and continue to deliver high quality, cost-effective services.

As a result of this, in some instances it is not possible to significantly reduce residual risk. Having said this, some decisions may need to be made in a timely manner and this could increase risk appetite accordingly. The Council's overall risk appetite should be reviewed regularly.

2.9 Risk awareness is embedded across the Council and it is important that risk awareness and management is integral to the Council's culture. To achieve this, risk awareness and training are important.

2.10 It is important that Members have regard for risk when considering matters and making decisions at Council, Cabinet and Committees. In addition, Audit and Risk Management Committee must take a strategic overview of risk and consider the highest risks to the Council as set out in the Corporate Risk Register.

3 Changes to the Corporate Risk Register

3.1 The Risk Register has been reviewed by the Corporate Risk Management Group and Corporate Management Team.

3.1 Mitigating actions and progress have been updated.

3.2 Commentary regarding all risks and action being taken to ensure current risks are minimised has been updated in the Risk Register.

3.4 All updates are highlighted in green.

3.5 The register also includes some narrative around the Risk Management Process (at section 2); the Monitoring and Escalation Framework (at section 4); the Risk Appetite and tolerance levels; and a heat map showing all the residual risks at page 28.

3.6 In the December 2024 update, the 'Actions being taken to manage risk' column has been combined with the 'Mitigation' column. The Corporate Risk Management Group felt these held very similar information and would make the document easier to read and understand.

3.9 There are no changes to residual risk scores this quarter.

4 Next Steps

4.1 Officers will continue to bring a reviewed and updated Corporate Risk Register to Audit and Risk Management Committee on a regular basis.

5 Conclusions

5.1 The risk management process provides assurance for the Annual Governance Statement, which is substantiated by reports from the Council's External Auditors in their issuance of an unqualified audit opinion.

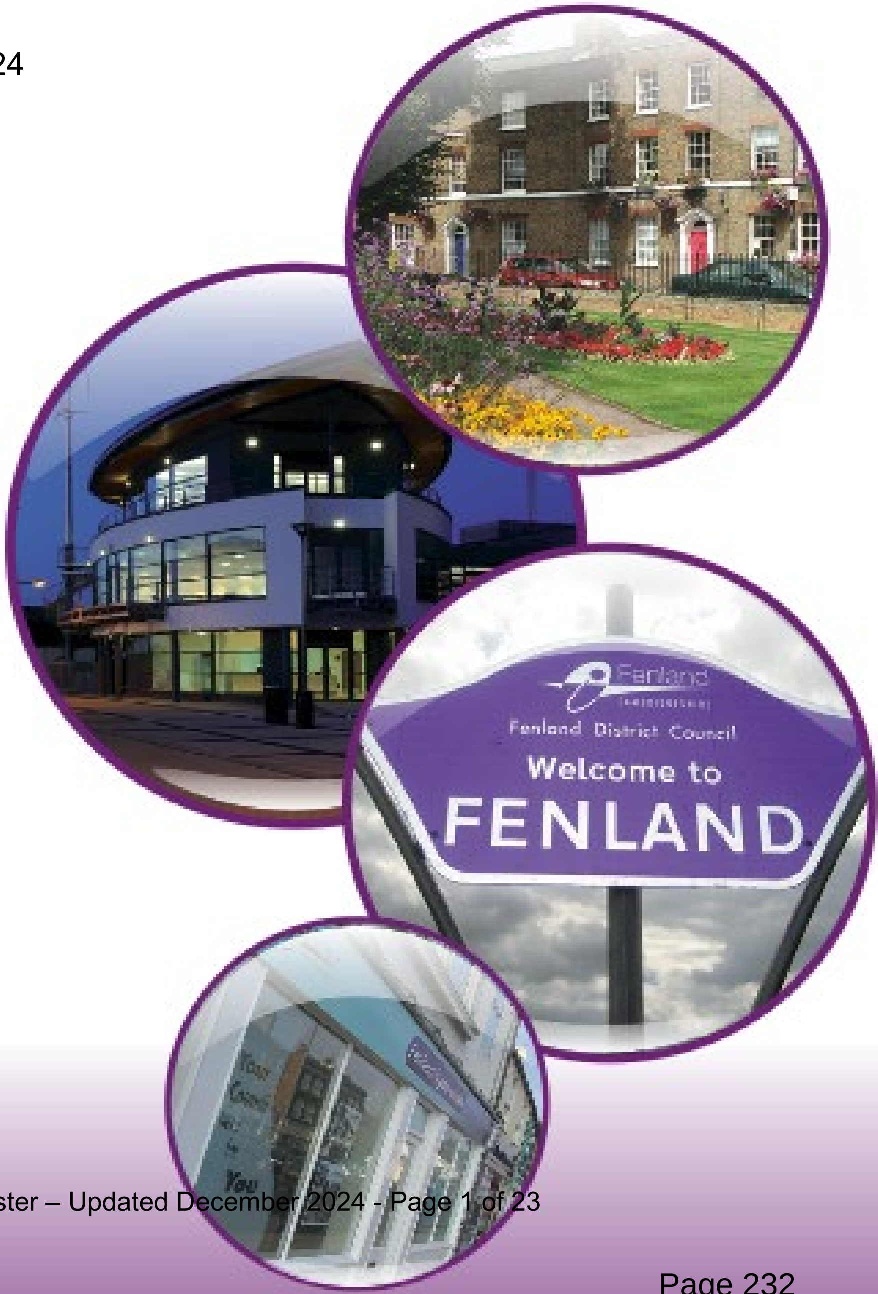
5.2 Regular review (and updating as appropriate) of the Risk Management Strategy and Corporate Risk Register will further build the assurance required above.

Fenland
CAMBRIDGESHIRE
Fenland District Council

100% people driven

Corporate Risk Register

Reviewed and updated December 2024



CUSTOMER SERVICE EXCELLENCE
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1 Introduction

1.1 This is the latest Corporate Risk Register. Please refer to the Council's Corporate Risk Strategy for further information about how the Council approaches risk management. Actions and comments for each risk have been revised and other changes are highlighted in green.

2 Risk Management Process

2.1 Risk Management is designed to identify what could affect the achievement of objectives, and to plan a proportionate response.

2.2 The Council's approach to Risk Management is documented within the Risk Management Framework. It aims to ensure that risks are identified for both strategic and operational activity. This includes:

- corporate and service priorities;
- project management;
- decision-making and policy setting; and
- financial and performance monitoring and planning.

2.3 The Risk Management Framework provides tools to manage risks for the different types of system and control environment, such as the Corporate Risk Register to capture and summarise significant and strategic risks; team risk registers which help inform service planning and actions; risk and hazard identification documents are shared with management as appropriate during audit reviews; and health and safety risk assessments which are updated annually by teams.

2.4 The frequency and mechanism for monitoring risks reflects the type of monitoring system, and the pace of changing circumstances, for example:

- Project risks will be recorded in project risk registers and are reviewed frequently throughout the project's life.
- Operational risks are identified through audit and inspection work and are assigned dates and ownership.
- Operational risks are identified through service planning and are linked to the service plan actions. These are typically monitored monthly through team meetings as part of the Councils Performance Management framework.

2.5 The Annual Governance Statement records governance actions, which are reviewed biannually as good practice. The Corporate Risk Register comprises strategic and significant risks. The register can both inform and reflect risks recorded in other risk management systems. It may refer to more detailed analysis of risks, presented to committees, such as the Medium-Term Financial Strategy. Appropriately, mitigation may be linked to specific actions recorded and monitored through service plans, or committee forward plans.

2.6 Risks are categorised and scored according to their impact and likelihood. This activity allows managers, to prioritise resources to mitigate them. Strategic and significant risks are defined by the Councils risk appetite.

2.7 The outcomes of this process are reported to the Audit and Risk Management Committee at least twice each year in the form of the attached Corporate Risk Register.

2.8 The review of the Risk Management Framework, Policy and Strategy, will be reported to the Audit and Risk Management Committee at least annually. The Risk Management process, and register, will provide assurance for the Annual Governance Statement.

3. How Risks Are Scored

3.1 The Council has adopted a consistent scoring mechanism for all risk identification, as it enables risks identified from other systems to be escalated to the Corporate Risk Register.

3.2 The probability - “likelihood”, and effect - “impact”, of each risk must be identified in order to help assess the significance of the risk and the subsequent effort put into managing it.

3.3 The risk score is calculated by multiplying the impact score by the likelihood score:

IMPACT	
Score	Classification
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Catastrophic

LIKELIHOOD	
Score	Classification
1	Highly unlikely
2	Unlikely
3	Possible
4	Probable
5	Very likely

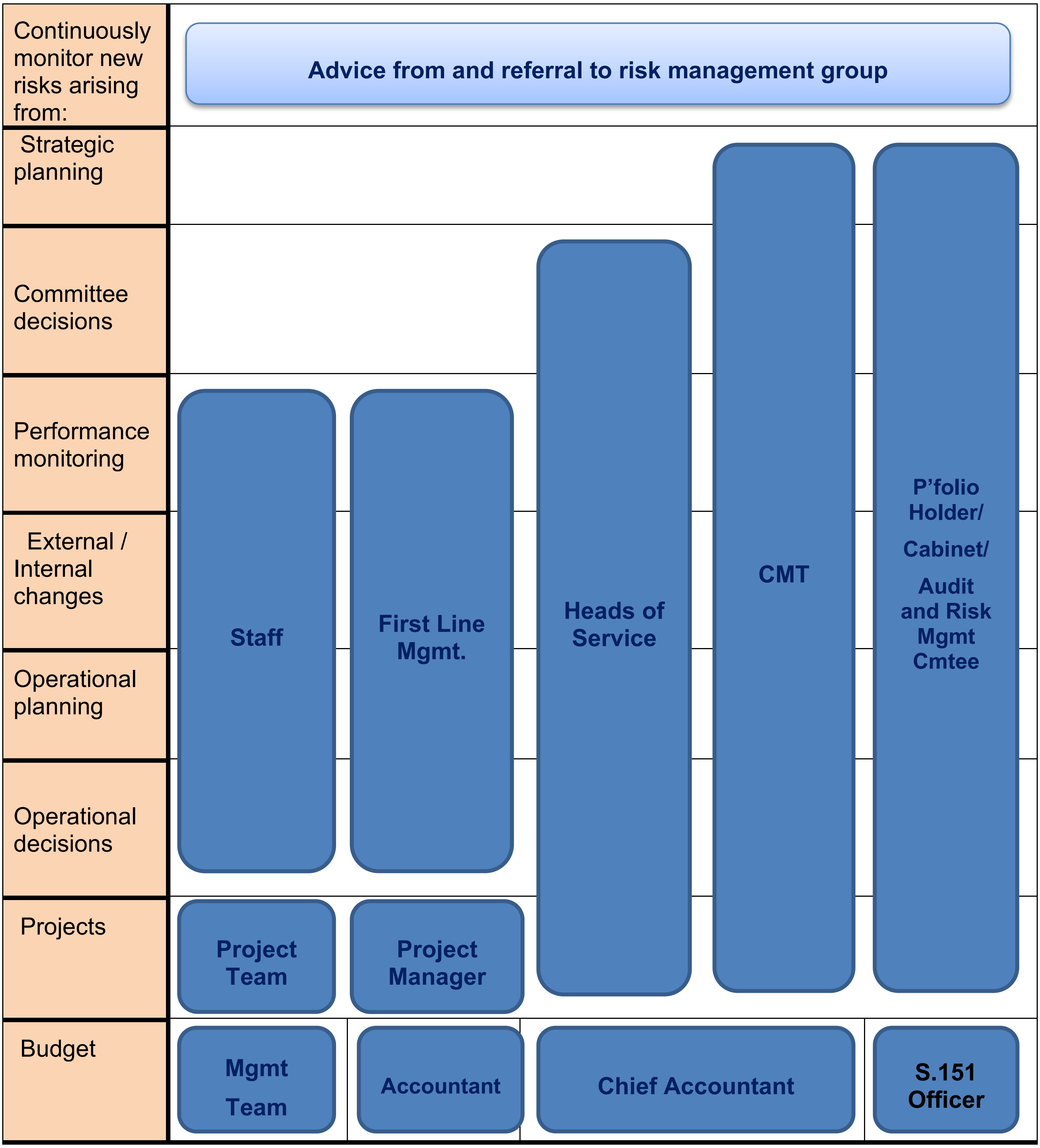
IMPACT x LIKELIHOOD = RISK SCORE

3.4 The impact and likelihood of risks is scored with regards the below levels:-

Score	1	2	3	4	5
Criteria	Insignificant impact	Minor impact	Moderate Impact	Major Impact	Catastrophic Impact
Performance	Objectives still achieved with minimum extra cost or inconvenience	Partial achievement of objectives with compensating action taken or reallocation of resources.	Additional costs required and or time delays to achieve objectives – adverse impact on PIs and targets.	Unable to achieve corporate objectives or statutory obligations resulting in significant visible impact on service provision such as closure of facilities.	Unable to achieve corporate objectives and/or corporate obligations.
Service Delivery	Insignificant disruption on internal business – no loss of customer service.	Some disruption on internal business only – no loss of customer service.	Noticeable disruption affecting customers. Loss of service up to 48 hours.	Major disruption affecting customers. Loss of service for more than 48 hours.	Loss of service delivery for more than seven days.
Physical	No injury/claims.	Minor injury/claims (first aid treatment).	Violence or threat or serious injury/claims (medical treatment required).	Extensive multiple injuries/claims.	Loss of life.
Reputation	No reputational damage.	Minimal coverage in local media.	Sustained coverage in local media.	Coverage in national media.	Extensive coverage in National Media.
Environmental	Insignificant environmental damage.	Minor damage to local environmental.	Moderate local environmental damage.	Major damage to local environment.	Significant environmental damage attracting national and or international concern.
Financial	Financial loss < £200,000	Financial loss >£200,000 <£600,000	Financial loss >£600,000 <£1,000,000	Financial loss >£1,000,000 <£4,000,000	Financial loss >£4,000,000
Legal	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges

4. Monitoring and Escalation Framework

4.1 The following diagram illustrates the key stakeholders for different classification of risk management:



5.0 Risk Appetite and Tolerance Levels

5.1 Risk appetite and tolerance is the amount of risk an organisation is prepared to accept, or be exposed to at any point in time. It can indicate where action is required to reduce risk to an acceptable level, plus opportunities for positive outcomes which can be monitored.

5.2 The Council has adopted the approach and definitions used by CIPFA and the Institute of Risk Management:

Risk Appetite

"The amount of risk an organisation is willing to seek or accept in the pursuit of its long-term objectives".

An example may be consideration of the funds or resources that an organisation is prepared to invest in a venture where success is not guaranteed but that would yield benefits.

Risk Tolerance

"The boundaries of risk taking outside which the organisation is not prepared to venture in the pursuit of its long-term objectives".

An example may be a Treasury Management Strategy that rules out certain types of investment options.

5.3 Typically an individual's perception of an acceptable risk is the same irrespective of which definition is used. Differences may occur where risks cannot be controlled or completely eliminated. For example, political and legislative change is an external driver which cannot be fully mitigated. In this instance the risk tolerance, and ability to manage the risk, may be greater than risk appetite.

5.4 It is recognised that the tolerance or appetite is subjective, and may change according to the environment, internal and external drivers. Consequently, it is important, regardless of the terms used, that everyone has a consistent approach to risk taking to prioritise resources effectively.

5.5 The Councils risk appetite is set by the Corporate Management Team (CMT) and is reviewed periodically. This provides guidance to everyone on acceptable levels of risk taking, to encourage a consistent approach to risk management.

5.6 Different risk appetites can be illustrated on a five-by-five matrix as three levels: high, medium and low. The Council is risk aware and the current level is determined by CMT as medium. This provides guidance that any inherent risk scored at 15 or greater is to be considered for the Corporate Risk Register.

5.7 Once controls are in operation the risks can be scored again to illustrate the residual risk.

6. The Corporate Risk Register at a Glance

6.1 Please see below for a summary of current risks and their scores. More detail follows in section 7 of this document, in which the individual risks are ordered by severity of current risk, in descending order.

Ref	Risk	Risk if no action			Change	Current risk			Change	Page in register
		Impact	Likelihood	Score		Impact	Likelihood	Score		
25	Financial Impact due to External Factors (Funding changes which make the Council unsustainable / failure of external investment institutions)	5	5	25	⬄	4	5	20	⬄	9
3	Procurement & Contract Management (Failure of contractors/suppliers working on the Council's behalf)	4	4	16	⬄	4	4	16	⬄	10
27	Natural Disaster / Pandemic (The Council's ability to cope with a natural disaster / pandemic)	5	5	25	⬄	4	4	16	⬄	11
26	Financial Management (Failure to achieve savings targets / capital funding strategy / the Council's commercialisation and investment strategy)	5	5	25	⬄	4	4	16	⬄	12
6	Cyber Resilience (Loss of ICT provision)	5	5	25	⬄	4	3	12	⬄	13
24	Change in Government Priorities or Legislation (New or amended legislation / change of priorities)	5	5	25	⬄	3	4	12	⬄	14
23	Business Continuity / Disaster Recovery (Response to a localised operational issue)	5	5	25	⬄	4	3	12	⬄	15

22	Resourcing (Service provision affected by organisational change / insufficient staff)	4	5	20	↔	3	4	12	↔	16
10	Health & Safety (Major health and safety incident)	4	4	16	↔	3	3	9	↔	17
11	Fraud (Fraud and error committed against the Council)	5	4	20	↔	3	3	9	↔	18
13	Partnership Working (Failure of Governance in major partners, or in the Council, as a result of partnership working)	4	5	20	↔	3	3	9	↔	19
19	Communication & Engagement (Poor communications with stakeholders)	4	5	20	↔	3	3	9	↔	20
20	Commercial & Investment Strategy (Failure of the Council's commercialisation and investment strategy)	5	4	20	↔	3	3	9	↔	21
15	Project Management (Over-run of major Council projects in time or cost)	4	5	20	↔	3	2	6	↔	22

7 Corporate Risk Register

Number – Owner	Risk and Effects	Inherent Scores: Impact	Inherent Scores: Likelihood	Inherent Scores: Total	Mitigation	Residual Scores: Impact	Residual Scores: Likelihood	Residual Scores: Total	Comments / Actions since Last Review
25 – Peter Catchpole (MS/SW)	**Financial Impact due to External Factors** (Funding changes which make the Council unsustainable / Failure of External Investment Institutions) **Risks:** • Funding changes make Council unsustainable. • Failure of external investment institutions. • The current impact of inflation and how this may present additional pressures to the Council's overall finances. **Effects:** • Economic changes, imposed savings requirements, changes to local government funding systems. • Financial management of NNDR, CTS leads to change in income /spending making Council unsustainable. • Failure of external investment institutions affecting availability of funds or return on investment reducing cash flow and resource availability.	5	5	25	Financial Regulations & Standing Orders; Appropriately trained staff; Professional economic forecasts; Community consultation on service priorities; Council for the Future programme; Political decisions linked to budget strategies; Executive steer of service /capital priorities; Review fees & changes; Reserves; Budget monitoring; Policy for maximum investment / borrowing levels limits liability; Credit ratings; Financial management; Insurance; Medium Term Financial Strategy; Treasury Management Strategy; Using intelligence to model and plan for future changes and risks and move away from reliance on Govt funding to balance our budget; Regular monitoring of current position and reporting to Members; Inclusion in national working groups, modelling and lobbying for funding system; Sharing Council's Efficiency Plan with the Government allows guaranteed multi-year grant settlement raising funding certainty; Partnership working; Pursuing opportunities for external funding; Commercial and Investment Strategy; Robust auditing of processes and policies. We closely monitor information received from government and relevant interest groups and sector representatives regarding anticipated changes in the financing of local government. Our Medium-Term Financial Plan articulates the key risks to the Council arising from potential changes in the current arrangements. The MTFP forecasts the gap between the cost of delivering Council services and the resources available, including any planned use of Council reserves. The Council has an agreed Commercialisation and Investment Strategy which will enable the Council to generate additional income. This provides a framework to determine which investment opportunities can be taken forward. Some income-generating investments have been made. However, the challenging economic outlook, particularly in respect of inflation and rising financing costs, is likely to reduce, at least in the short-term, the commercial viability of some planned investments. Each service is required to review and identify any opportunities for transformation, commercialisation and efficiency. The Council has now delivered Phase 2 of the 'Modernising Council Services' programme which is on target to deliver significant savings over the Council's current MTFP period. We have now started delivering the next phase of this transformation programme. It is unclear to what extent government will be able and willing to provide any level of financial support in response to the current economic challenges. To mitigate against significant rises in IDB levies additional funding has been received for 2024-25. The Treasury Management Strategy is subject to review by the Audit and Risk Management Committee prior to being considered and approved by Cabinet and Full Council in February each year. An annual report and a mid-year report are produced during the year for members' consideration in accordance with reporting requirements set out by CIPFA and the Council's treasury management position is regularly reviewed. The Council complies with relevant sector best practice.	4	5	20	Defra has yet to set the levels of agreed revenue support for either Food Waste Transitional Funding or Extended Producer Responsibilities (EPR) making budget setting and resource management difficult. Capital funding for food waste implementation in 2026 has been received but raises concerns that it will be sufficient for the transition to weekly food waste collections.

		Inherent Scores				Residual Scores			
Number – Owner	Risk and Effects	Impact	Likelihood	Total	Mitigation	Impact	Likelihood	Total	Comments / Actions since Last Review
3 – CMT (All Managers)	**Procurement & Contract Management** **Risk:** Failure of contractors / suppliers working on the Council's behalf. **Effect:** Failure of contractor or partners to deliver services or meet agreed performance objectives leads to additional costs or failed objectives.	4	4	16	Procurement processes, including financial aspects, contract standing orders, and equality standards; Creation of robust contracts; Accountability and risk ownership; Service Level Agreements; Contract monitoring; Trained / skilled staff; Project management; Relationship Management; Business Continuity plans; Ensuring contracts have risk registers and mitigation in event of contract failure; Ensuring all contractors have reviewed their business continuity plans; Individual Council services share their own contingency to cover for contractor failure, which forms part of the Business Continuity Plan for each service area; Potential contractors and suppliers are always checked for financial stability and business continuity by the Accountancy / Procurement teams before contracts are let. FDC has arrangements in place to manage / monitor the performance of the Tivoli Grounds Maintenance contract and the Freedom Leisure contract. All other contracts have a full review and governance process in place to ensure ongoing delivery and performance standards. The cost of living and energy crises form a significant challenge to the leisure business. Freedom Leisure and FDC are monitoring the situation closely and are working together to mitigate impact on the services provided to the local community in Fenland.	4	4	16	The Code of Procurement has been revised and was approved by Full Council in September 2024. It will come into effect in February 2025 when the Act comes into force. Work has begun on the Procurement Strategy, and this will include some member engagement. Procurement refresher training is also in the process of being developed and will be rolled out before the Act comes into force. After an audit of our Contracts Register, there are 6 agreed actions for services to deliver. Most of these have an implementation date of January 2025. A Contract Management Policy and associated standards and guidance toolkit will be considered to ensure that all contracts are managed in a consistent and compliant manner. This should be available to all contract managers. The Materials Recovery Contract is in place with a competent contractor for the 10,000 tonnes of blue bin recycling materials. The bulking and transfer of this material is in place into 2025, and alternative options are being sought should notice be given on this contract.

Number – Owner	Risk and Effects	Inherent Scores: Impact	Inherent Scores: Likelihood	Inherent Scores: Total	Mitigation	Residual Scores: Impact	Residual Scores: Likelihood	Residual Scores: Total	Comments / Actions since Last Review
27 – CMT (SB)	**Natural Disaster / Pandemic** (The Council's ability to cope with a natural disaster / pandemic) **Risks:** • The Council's ability to cope with a natural disaster, or a pandemic / infectious disease situation. • Failure to maintain robust emergency planning procedures. **Effect:** Natural disaster: malicious or accidental incident affects support required by civilians or disrupts existing Council services.	5	5	25	Business Continuity and Emergency Planning procedures; Regular exercises and joint public sector workshops; Emergency Planning communications strategy; Review of approach with partner organisations as a result of lessons learned; Local Resilience Forum; Working with key partner agencies (Public Health, CPLRF, ARP etc.); Agile working, all relevant staff are enabled to work remotely; Ensure key emergency planning staff attend regular liaison meetings and training. Internal Audit carried out reviews of our Business Continuity and Emergency Planning processes during 2024. The Council retain the use of our four leisure centres for use as rest centre locations. The Council has a rota for 'on-call' senior officers at Gold (strategic), Silver (tactical) and Bronze (operational) levels to respond in the event of an incident. The Council's response to any such situation will complement, and support, that of the CPLRF.	4	4	16	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
26 – Peter Catchpole (MS/SW)	**Financial Management** (Failure to achieve saving targets / capital funding strategy / the Council's commercialisation and investment strategy) **Risks:** • Failure to achieve required saving targets. • Capital funding strategy failure. **Effects:** • Failure to achieve efficiency savings, or to maximise income. • Failure to achieve performance targets may result in greater than budgeted costs and potential risk of Council not being able to set a balanced budget. • Financial risks of capital funding shortfalls leading to increased burden to the Council. • Potential for marginal deficit in capital programme if future funding is not realised.	5	5	25	Heightened analysis of budgets; Implementing service transformation; Implementing procurement strategy; Corporate plan; Pursue action to increase income streams; Performance Management Framework; Robust workforce planning; Project management; Council for the Future programme; Corporate Asset Team; Monitoring of capital receipts and effect on capital programme; Additional funding opportunities identified and pursued; Project lead monitors site valuations; Marketing and identification of potential land purchases; Flexibility of planning guidance; Robust control of Corporate Transformation Plan; Regular progress reports and assurance to Members; Forward planning and horizon scanning; Asset Management Plan; Asset Disposal Strategy. Delivery of Council Efficiency targets continue including delivering planned savings in the Council's annual budget and medium-term financial strategy. The Council is now delivering the Transformation Agenda 2 (TA2) programme which is expected to deliver significant savings over the Council's current MTFP period and will be critical in enabling the Council to set a balanced budget over the medium-term. As part of the Transformation Programme, the Council has commenced an Accommodation Review which could contribute significantly to future savings requirements. Hybrid working is now commonplace across the Council resulting in reduced occupation of our main office accommodation which presents new possibilities for the Council. The Council has undertaken a condition survey for Fenland Hall which indicates a requirement for significant capital and revenue investment. The Council have undertaken the Accommodation Strategy Outline Business Case and have arrived at two options which have been considered by members. Whilst some costs will be unavoidable and will need to be built into updated financial forecasts, the timeframe and degree of priority will vary according to which option is taken forward. The current projected funding deficit will be met by borrowing and the relevant annual financing cost has been included in the Council's Medium Term Financial Plan. A significant number of projects are included which will need to be delivered in the short to medium term to address the Council's statutory responsibilities and/or deliver against agreed strategic objectives. A particular challenge exists where grant funding is received prior to going out to tender and then is insufficient to cover the full cost of planned works. The regular project meetings chaired by the Chief Executive ensure there is an ongoing discussion of project financing and consideration given to other funding options and re-scoping of projects. A further specific challenge relates to future costs concerning the Port infrastructure and backlog maintenance of the property portfolio. Members are aware that whilst the associated costs are not yet factored into the capital programme and medium-term financial plan the impact is likely to be significant. The options for cost-avoidance and reduction will depend on significant strategic decisions to be taken as part of the budget-setting process.	4	4	16	With the Council currently showing an In-Year deficit position we need to focus on all feasible interventions to bring this down considerably. These will include: limiting service budget expenditure to essential items only, withdrawing support for certain overtime and agency worker arrangements, suspending recruitment for certain unfilled roles on the establishment. The Council have a Savings Tracker which includes a list of deficit reduction issues for CMT/MT to consider and agree a way forward at each meeting. The Transformation Team will review their current work programme to focus on the priorities above whilst potentially decommissioning lower-level priority service review activity. Management Team will need to continue putting our efforts behind the following priority areas (not exhaustive): • Homelessness • Port • Planning • Transformation/Operating Model (Applications) • Staff costs • Environment Act Obligations • Capital Pressures • Debt The updating of the Financial Regulations will be reviewed, and any changes will have to go through Cabinet and Full Council for approval before publishing.

		Inherent Scores				Residual Scores			
Number – Owner	Risk and Effects	Impact	Likelihood	Total	Mitigation	Impact	Likelihood	Total	Comments / Actions since Last Review
6 – Peter Catchpole (SB/AB)	**Cyber Resilience** (Loss of ICT provision) **Risk:** Breach of ICT security, ICT failure, or cyber-attack, causing loss of service. **Effects:** • Major ICT hardware / software failure, or attack (such as viruses, hacking, or malware) causes disruption to services, or a breach of security. • Financial penalties due to data loss. • Reputational damage.	5	5	25	Anti-virus software; Firewalls; Geographically distributed servers; Exercised Disaster Recovery plan; Data backed-up and stored off-site; Redundant power supplies; Clustered / virtual servers; Revised security policies; Service business continuity plans; All staff undertake cyber-security training annually; Effective auditing of systems; Regular penetration testing; Network monitoring. The Council subscribes to the National Cyber Security Centre's (NCSC) Web Check service that helps public sector organisations identify website threats. This service scans public sector websites to check if they are secure. Council ICT systems and website are as secure as possible with current anti-malware software and processes up to date. When vulnerabilities are made known by software vendors, software is promptly updated to reduce the risk of malicious attack. Our ICT infrastructure and processes are accredited against the PSN Code of Connection, PCI DSS, and Cyber Essentials Plus certification. Independent internal and external penetration testing is carried out annually to demonstrate our processes and security stance are adequate. An internal audit of our preparedness to protect our systems and data was carried out in 2024 and recommendations from this are being implemented.	3	4	12	

		Inherent Scores				Residual Scores			
Number – Owner	Risk and Effects	Impact	Likelihood	Total	Mitigation	Impact	Likelihood	Total	Comments / Actions since Last Review
24 – CMT (PM/AB)	**Change in Government Priorities or Legislation** (New or amended legislation / change of priorities) **Risks:** • Change in legislation. • Change in government priorities. • Significant legal challenge. • Risk of GDPR breach and ICO sanction / fine. • Risk of administrative, or other challenge in relation to the Council's overall governance / acts / omissions. **Effect:** Changes in national political priorities may result in immediate changes that require additional resource to achieve and fail to reflect priorities determined by consultation.	5	5	25	Monitoring Officer; Horizon scanning by Legal / CMT / Management Team; Financial & workforce planning; Membership of professional / Local Govt. bodies aids horizon scanning; Management of change approach to mitigate significant impact to the organisation; Detailed project plans to change implementation; Respond to consultations on new legislation; Insurance; Cabinet reports; Clear corporate planning and regular performance monitoring; Effective service/ financial planning; Respond to national consultation on key policy change; Membership of LGA as a Council Outside Body; Use intelligence to identify impending changes and their effects; Ensure staff trained and procedures changed; Use professional networking to identify best practice for responding to change; We respond to government consultations on changes to legislation / policy to influence its development; Operate in accordance with best practice; Seek specialist external legal advice, where required; Effective working with other local authorities; Understanding and acting on intelligence from LGA, CIPFA, and other local government sources; Resources identified, approved, and implemented without delay; Horizon scanning via professional bodies; Joint/collaborative working. The likelihood of legislative change remains high. We are keeping a watching brief as any changes are announced. We are monitoring expected legislative changes which may arise after the introduction of the Procurement Act which will replace the current EU law-based procurement regulations and lay down new rules and procedures for selecting suppliers and awarding contracts. The Council has in-house senior legal advice as well as through its links with external organisations, such as EM Lawshare and PCC Legal. Specialist external advice will be sought in relation to complex / technically challenging matters, as appropriate. The Elections Bill 2021 includes additional requirements relating to: Voter identification; Postal and Proxy voting measures; Clarification of undue influence; Accessibility of Polls; Overseas Electors; EU Voting and Candidacy Rights; The Electoral Commission; Notional Expenditure; Political Finance; Intimidation: New Electoral sanction; and Digital Imprints. The Environment Act included changes to waste collection and treatment for implementation from 2025-2027. This will involve changes in how we are funded and what is expected of us as a local authority colleting domestic and commercial waste and recycling.	3	4	12	The revised procurement code was approved for adoption by Full Council on 30th September 2024. It will come into effect in February 2025 when the Act comes into force. CMT, Management Team colleagues, group Leaders, and Council all had an opportunity to input / comment on this process. Defra have clarified Cambridgeshire's position for weekly food waste collections, and these will commence in 2026.

Number – Owner	Risk and Effects	Inherent Scores: Impact	Inherent Scores: Likelihood	Inherent Scores: Total	Mitigation	Residual Scores: Impact	Residual Scores: Likelihood	Residual Scores: Total	Comments / Actions since Last Review
23 – Peter Catchpole (SB/MG/AB)	**Business Continuity / Disaster Recovery** (Response to a localised operational issue) **Risks:** • Lack of access to Council premises preventing service delivery. • Failure of ICT systems. • Resources become unavailable. **Effects:** • Disruption of service provision. • The Council has undertaken a condition survey of Fenland Hall and significant repairs are needed. • Failure to secure and manage data leads to loss / corruption / inaccuracy of data, resulting in disruption to services and breaches of security.	5	5	25	Alarm and security systems; Fire drills; Business continuity plans; ICT disaster recovery plan; Geographically distributed sites; Remote working; Statutory building inspection and checks; Carrying out necessary works to rectify urgent issues; Effective auditing of systems and data held; Data backed-up securely off-site; Regular penetration testing; ICT Disaster Recovery procedures regularly tested; Additional ICT resource has been recruited; Provision of ‘drop down’ facilities for staff: Resilient internet feed to Fenland Hall; Resilience built into ICT infrastructure, where appropriate; Consideration given when a new system is procured or replaced as to whether it would be more appropriate to host this within the cloud in terms of resilience, capacity, performance, and cost; The Council has an Information Asset Register of all records it holds in both paper and electronic form. Worked with IT system suppliers and conducted a staff awareness campaign to ensure that staff understand and are compliant with GDPR; Majority of information held by the Council is held with a legal basis for holding (e.g. Elections and Council Tax records); All staff undergo GDPR training. The likelihood score reflects the global increase of cyber-crime; All Council employees undertake cyber security training; Improved ICT systems provide better/increased opportunities for remote/agile working; Where necessary, staff have the necessary equipment to be able to work away from the office with access to Council systems; All key / priority services have individual business continuity measures in place to maintain service delivery; The Council has implemented Pay Point, which has enabled our residents to pay their bills (by cash or card) in a much greater number locations across the district.	4	3	12	

Number – Owner	Risk and Effects	Inherent Scores: Impact	Inherent Scores: Likelihood	Inherent Scores: Total	Mitigation	Residual Scores: Impact	Residual Scores: Likelihood	Residual Scores: Total	Comments / Actions since Last Review
22 – CMT (SA/All Managers)	**Resourcing** (Service provision affected by organisational change / insufficient staff) **Risks:** • Service provision affected by organisational change, or insufficient staff, to provide Council services. • Increased competition from other employers within the same workforce pool. • Insufficient leadership and/or management capacity. **Effects:** • Constraints to effective workforce planning may lead to poor standards of service, or disruption to service. • Service transformation can help build resilience but could also lead to a loss of qualified and knowledgeable staff exposing the council to risk of service failure or legal challenge. • Service provision, or performance, affected by organisational change, industrial action, or staff sickness resulting in complaints, poor performance, or possible further costs.	4	5	20	Learning & development framework / training; Working environment / culture; Staff Committee; Flexible working; Established suite of people policies & procedures; Business continuity plans; Management training; 121s / Springboards / staff development; Service planning process; Access to interim staff; Effective sickness management; Effective governance structures; Audit & Risk Management Committee; Consultation with Management, Trade Union and Staff Partnership group (MTSP); Robust HR management procedures; Regular performance monitoring; Project management processes; Ensure all services have effective workforce plans, which ensure all work is prioritised; Effective succession planning; Effective use of project management approaches / principles when delivering priorities / strategies; Robust management of all organisational change; Culture of council remains effective; Comprehensive programme of health surveillance for groups of employees who work in certain service areas; Trained Mental Health First Aiders; Stress awareness / resilience training; Staff engagement and consultation processes. All services are required to publish service plans, learning requirements and workforce plans to ensure teams are staffed according to current establishment and to take account of priorities and longer-term trends. All service business continuity plans have been updated to ensure that key, priority and statutory services can be maintained in the event of a significant loss of staff through illness or absence. Where necessary, staff have the necessary equipment to be able to work away from the office with access to Council systems. Even with mitigation in place the challenges of attracting, recruiting and retaining staff is becoming increasingly difficult. As part of the Transformation programme, individual service reviews have commenced and will consider this issue as part of the process. All organisational changes must be supported by a full rationale and business cases and are considered by senior management; Proposed changes are subject to a consultation process, and then progressed by a wider project group to ensure all service provision issues are considered and managed. This project management approach is maintained for all such changes/programmes, and is supported by communication, engagement and training support for staff groups affected. The Council has a health and wellbeing programme in place which supports the existing suite of policies, codes of practices and processes, this includes a wide range of support to help promote and encourage their good health and wellbeing. Actions agreed from the most recent wellbeing survey include: • All managers will be invited to attend a two-day Mental Health First Aid course. • All employees will be invited to a half-day Mental Health Awareness course. • All new employees will be required to attend the training as part of their induction to the Council. Upskilling our managers to assist in the management of a remote workforce and support the wellbeing of their teams.	3	4	12	

		Inherent Scores				Residual Scores			
Number – Owner	Risk and Effects	Impact	Likelihood	Total	Mitigation	Impact	Likelihood	Total	Comments / Actions since Last Review
10 – CMT (SA)	**Health & Safety** (Major health and safety incident) **Risk:** Major health and safety incident. **Effect:** Major health and safety incident at leads to costs for inquiry, disruption to service, and possible prosecution.	4	4	16	Health and Safety Policy / Codes of Practice; Quarterly meetings of Council Health & Safety (H&S) Panel; H&S Management System based on HSG65 (Plan, Do, Check, Act); H&S audits in all services; Specialist H&S Advisor; Corporate wide H&S training; Insurance; Aligned Port health and safety arrangements; Port Management Group and annual independent audit; Robust sickness management processes; Health and safety standing item on relevant team meetings; All services represented on H&S Panel meetings; Ensure equipment inventory and inspections are up to date; Collation of all Service Risk Assessment Registers; All high-risk areas have increased systems of management in place, e.g. Port Safety Management Group; Statutory building / equipment inspection programmes in place. For all major contracts we ensure providers meet all statutory requirements. A thorough Health and Safety regime at the Council ensures that the residual risk remains carefully managed. Programme of targeted health and safety refresher training is in place as per service specification. Health and safety e-learning courses developed and rolled out on the Council e-learning platform. Health and Safety performance is monitored regularly. Flu jabs are being provided for employees and we also provide a Health Cash Plan scheme for staff (at no cost to the Council).	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores Impact	Inherent Scores Likelihood	Inherent Scores Total	Mitigation	Residual Scores Impact	Residual Scores Likelihood	Residual Scores Total	Comments / Actions since Last Review
11 – Peter Catchpole / Carol Pilson	**Fraud** (Fraud and error committed against the Council) **Risk:** Fraud and error committed against the Council. **Effects:** • Potential for fraud, corruption, malpractice, or error, by internal or external threats. • Immediate financial loss which could harm reputation, and lead to additional costs or penalties.	4	4	16	Anti-fraud & corruption policy / strategy; Financial regulations / Standing orders; Codes of conduct; Appropriately trained staff; Appropriate culture and risk awareness; Segregation of duties; Supported financial management system; Budget monitoring regime; Internal Audit review of systems and controls; Bribery & corruption / fraud risk assessments; Indemnity insurance; Whistle-blowing procedure; Annual Governance Statement; ARP fraud resource; National Fraud Initiative; Increased staff vigilance; Fraud awareness training for managers; Raised profile internally and externally for successful prosecutions. The Council works with the National Fraud Initiative (NFI) on assurance to achieve annual compliance. The Council has assisted with each annual NFI, cross-matching information with records held nationally. The Fraud team within the Anglia Revenues Partnership (ARP) continue to work on this subject. A fraud awareness training programme for all staff is being created and is planned to be delivered virtually. Financial regulations to be updated to ensure they are available to new and current staff.	3	3	9	The revised procurement code was approved for adoption by Full Council on 30th September 2024. It will come into effect in February 2025 when the Act comes into force. CMT, Management Team, Group Leaders, and Council all had an opportunity to input / comment on this process.

Number – Owner	Risk and Effects	Inherent Scores: Impact	Inherent Scores: Likelihood	Inherent Scores: Total	Mitigation	Residual Scores: Impact	Residual Scores: Likelihood	Residual Scores: Total	Comments / Actions since Last Review
13 – Carol Pilson / Peter Catchpole (All Managers)	**Partnership Working** (Failure of Governance in major partners, or in the Council, as a result of partnership working) **Risk:** Failure of governance in major partners, or in the Council, as a result of partnership working. **Effect:** Partnership governance not adopted or followed leading to unachieved priorities or poor performance by major partner agencies (Cambs. and Peterborough Combined Authority, Anglia Revenues Partnership, CNC Building Control, Shared Planning, CCTV).	4	5	20	Cabinet and Overview & Scrutiny; ARP Joint Committee and Operational Improvement Board; Joint risk registers and performance indicators; CNC Joint Members Board; Project plans / performance monitoring; Shared risk registers; PCCA Membership; Assurance that governance models correctly followed, and in the Council's interests; Support Members in governance of partnership bodies; Ensure that the Council's interests are protected as Members of the Combined Authority and as Officers working on joint projects; Ensure all partners have robust business continuity plans in place; GDPR compliance; Robust ICT governance processes; Data protection impact assessments. The Annual Governance Statement being reported to Audit & Risk Management Committee shows the Council is in a strong governance position. Scrutiny of key partners and contract monitoring takes place on an annual basis and Cabinet members sit on boards to ensure the effective delivery of partnership arrangements.	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores: Impact	Inherent Scores: Likelihood	Inherent Scores: Total	Mitigation	Residual Scores: Impact	Residual Scores: Likelihood	Residual Scores: Total	Comments / Actions since Last Review
19 – CMT (DW/SA)	**Communication & Engagement** (Poor communication with stakeholders) **Risk:** Poor communications with stakeholders. **Effects:** • Poor communication with stakeholders, or staff, leads to poorly informed direction of resources, or lack of support for change. • Reputational damage. • Staff turnover. • Increased sickness absence.	4	5	20	Regular internal and external publications; Staff and management meetings; Regular staff communication from the Chief Executive; Key stakeholder networks for consultation; Forums for perceived hard to reach groups; Co-ordinated press releases; Comments, Compliments and Complaints monitoring and reporting procedure; Customer Service Excellence accreditation; Consultation strategy; MTSP; Customer Service Excellence (CSE) Action Plan; Staff survey; Wellbeing survey; Public consultations on key issues; 3CS refresher training; “What’s Breaking” communication and Vlog updates from the Chief Executive to all staff; Use of social media; Fully updated website. The Council’s CSE performance is assessed each year by an external expert. The Council has a dedicated project team to ensure ongoing progress against CSE requirements/actions across all service areas to ensure consistent and effective communication to our customers. All change projects are supported by a robust project management approach, which includes a communication programme to ensure that stakeholders are fully informed. Regular Chief Executive’s vlog to provide staff with updates on Council projects, share information about the organisation and its day-to-day business, and to be used as an opportunity to answer questions.	3	3	9	

	Inherent Scores				Residual Scores			
Number – Owner	Risk and Effects	Impact	Likelihood	Total	Mitigation	Impact	Likelihood	Total	Comments / Actions since Last Review
20 – CMT (PC/MS/DH/AG)	**Commercial & Investment Strategy** (Failure of the Council's commercialisation and investment strategy) **Risk:** Commercial uncertainties associated with decisions taken as part of the Council's Commercial and Investment Strategy. **Effects:** • Reputational damage. • Financial loss. • Impact on services, staff, or community.	5	4	20	Robust oversight and governance arrangements; Expert professional advice; Robust budget management; Thorough project management and business cases process; All governance requirements have been put in place and are robustly reviewed; Fenland Future Ltd (FFL) has been constituted, with all appropriate governance requirements in place; Dedicated external expert resources are identified and procured to support where required; Annual audit on all governance arrangements. This risk is closely monitored to enable any new actions for mitigation to be identified and put in place. The Council's Commercial and Investment Strategy has a scoring matrix to inform all potential investment opportunities, which are considered fully by the Investment Board before they are ratified. Full business cases for all identified opportunities are taken to the Investment Board for consideration. This includes deciding on the delivery methodology. i.e. FDC or FFL and resource required to deliver each project. FFL's Business Plan is updated each year and approved by the Council's Investment Board in accordance with the articles of association. Project plans setting out the preferred delivery routes for each of FFL's major projects have been prepared and the two sites now have outline planning permission. Work has progressed on the delivery models needed to develop them.	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores: Impact	Inherent Scores: Likelihood	Inherent Scores: Total	Mitigation	Residual Scores: Impact	Residual Scores: Likelihood	Residual Scores: Total	Comments / Actions since Last Review
15 – CMT	**Project Management** (Over-run of major Council projects in time or cost) **Risk:** Over-run of major Council projects in terms of time or cost. **Effects:** • Failure to manage projects effectively leads to over-runs of time, or cost, or failure to achieve project aims. • Reputational damage.	4	5	20	Project Management methodology; Contract standing orders & financial regulations; Service plans; Budgetary control; Management, Cabinet and Portfolio Holder oversight; Forecasting; Horizon scanning; Amended ways of working; Robust project management; Effective risk registers for projects; All projects have a CMT sponsor with experienced management membership; Project management board oversight; Legal due diligence around grant agreements. Effective project management remains a Council priority. Major projects are closely monitored by CMT and Cabinet members and progress is reported to Council via Portfolio Holder briefings. The Council has now delivered Phase 2 of the Transformation programme which is on target to deliver significant savings over the Council's current MTFP period. We have now started delivering the next phase of this transformation programme. Governance arrangements around project management have been reviewed and rolled out. New project management software is being introduced to help manage major projects.	3	2	6	

Heat Map – Residual Risk

	1	2	3	4	5
5				25 - Financial Impact due to External Factors.	
4			24 - Change in Government Priorities or Legislation. 22 - Resourcing.	27 - Natural Disaster / Pandemic. 3 - Procurement & Contract Management. 6 - Cyber Resilience. 26 – Financial Management.	
3			13 - Partnership Working. 19 - Communications & Engagement. 20 - Commercial & Investment Strategy. 11 - Fraud. 10 - Health & Safety.	23 - Business Continuity / Disaster Recovery.	
2			15 - Project Management.		
1					

LIKELIHOOD SCORE

IMPACT SCORE

This heat map illustrates where the corporate risks reside within the organisations risk appetite

Risk Appetite

Risk Appetite

FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Meeting	Item	Frequency	Presented by	Description
22 July 2024	Interim Value for Money Report 2022/23	Annual	External Auditors - EY	To receive the external auditors report on the Value for Money Arrangements for 2022/23
	Verbal update on ‘reset and recover’ approach on Local Government audits	Annual	External Auditors - EY	To receive an update from our External Auditors on the approach to Local Government audits.
	Draft Annual Governance Statement 2023/24	Annual	David Thacker	To review and approve the draft annual AGS for publication. Regulation 6(1) of the Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of the Accounts and Audit Regulations
	Internal Audit Outturn and Quality Assurance Review	Annual	David Thacker	To provide the Audit and Risk Management Committee with an overview of the work undertaken by Internal Audit during 2023/24. To provide the Audit Manager’s annual opinion on the system of internal control. To consider the effectiveness of Internal Audit.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Audit and Risk Management Committee Annual Report 2023/24	Annual	David Thacker	To report to Full Council the commitment and effectiveness of the Audit and Risk Management Committee’s work from April 2023 to March 2024.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair / Peter Catchpole	Information Purposes
23 September 2024	This meeting was cancelled.			

FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

4 December 2024	Audit Completion Report 2022/23	Annual	External Audit	To receive the Audit Results Report on the 2022/23 external audit
	Final Statement of Accounts 2022/23	Annual	Mark Saunders	To approve the final Statement of Accounts for 2022/23
	Letter of Representation 2022/23	Annual	Peter Catchpole/Mark Saunders	To approve and sign the Letter of Representation for 2022/23
	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year review	6 monthly	Mark Saunders	To review the activity for first 6 months of the year and to provide members a update on matters pertinent to the Councils Treasury Management Strategy.
	Independent Member report	Progress report	Deborah Moss	To update ARMC members on the current situation regarding Independent Member(s) on Audit Committees
	Internal Audit Plan 2024/25 – Quarterly Update	Progress report	Deborah Moss	To consider and note the activity and performance of the Internal Audit function.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes
10 February 2025	Annual Audit Letter 2022/23	Annual	External Audit	To note the independent external auditors, Ernst &Young (EY), Annual Audit Letter.
	Audit Results Report 2023/24	Annual	External Audit	To receive the Audit Results Report on the 2023/24 external audit
	Final Statement of Accounts 2023/24	Annual	Mark Saunders	To approve the final Statement of Accounts for 2022/23
	Letter of Representation 2023/24	Annual	Peter Catchpole/Mark Saunders	To approve and sign the Letter of Representation for 2023/24
	Treasury Management Strategy Statement, Capital Strategy, Minimum	Annual	Mark Saunders	To endorse the strategy to be included in the final budget report

	Revenue Provision Policy Statement and Annual Investment Strategy 2025/26			
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Whistleblowing Policy	Annual	Sam Anthony	
	Internal Audit Plan 2024/25 Progress report Q3	Quarterly	Deborah Moss	To consider and note the activity and performance of the Internal Audit function
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes
17 March 2025	Risk-Based Internal Audit Plan 2024/25	Quarterly	Deborah Moss	To approve the internal audit plan and resources for the forthcoming year
	Annual Governance Statement Update 2023/24		Deborah Moss	To review and note the progress on the Annual Governance Statement action plan arising from 2023/24.
	Risk Management Policy & Strategy Review and Corporate Risk Register	Annual	Stephen Beacher	To provide an update to the Audit and Risk Management Committee on the latest Risk Management Policy and Strategy. To consider and note the annual review of risk management and corporate risk register.
	RIPA Annual Update			To review the Council's use of the Regulation of Investigatory Power Act 2000 (RIPA).
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes.

FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Future items *(when to be brought to the committee in 2024/25 to be determined)*

- Independent Member at ARMC December 2024
- Whistleblowing Policy February 2025 ?
- Risk Management Policy & Strategy Review March 2025

Cyclical Items (*not due this year unless policy or legislation changes require amendments prior to review date)*

- External Auditor Appointment Process Dec – Feb 2027
- Corporate Debt Policy (4 Years) February 2028
- Anti-Fraud & Corruption Policy and Strategy (4 Years) July 2027
- Anti-Money Laundering Policy (4 Years) November 2027
- Internal Audit Charter (3 years) July 2026

Annual Items

- RIPA Policy and Annual Update Annual
- Treasury Management Strategy Statement and Annual Investment Strategy Annual and Mid-year Review
- Internal Audit Annual Plan Annual
- Internal Audit Annual Report and Annual Opinion Annual
- ARMC Annual Report Annual
- Audit Results Report Annual
- Statement of Accounts Annual
- Letter of Representation Annual
- Annual Governance Statement Annual
- External Auditor's Report Annual
- Provisional External Audit Plan Annual
- Treasury Management Strategy,
  Minimum Revenue Provision Policy Statement
- and Annual Investment Strategy
- Annual Governance Statement Update Annual
- Treasury Management Annual Review Annual

FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Quarterly Items (each meeting)

- Internal Audit Progress Report — Quarterly
- Corporate Risk Register Update — Quarterly

Audit and Risk Management Committee Training sessions 2024

- Statement of Accounts – Mark Saunders — TBC
- Risk Register – Stephen Beacher — TBC

Audit and Risk Management Committee Action Plan

Title	Comments	Due by	RAG
Committee Training	Committee Members to discuss training requirements and provide officers with suggested training topics for future meetings.	Ongoing	
Report on Independent Member	A paper had previously been brought to committee but is now requested to be brought again for discussion and consideration of whether an independent member is desired and recommendation to Council.		
Cyber Resilience	Committee to be given more information on our cyber resilience – to take place by the Head of ICT in a closed session with Committee.		

Abbreviations Used in Audit & Risk Management Committee

AGS	Annual Governance Statement
ARG	Additional Restrictions Grant
ARP	Anglia Revenue Partnerships
BCP	Business Continuity Planning
BEIS	The Department for Business, Energy and Industrial Strategy
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CIS	Commercial Investment Strategy
CMT	Corporate Management Team
CNC	CNC Building Control
CPCA	Cambridgeshire & Peterborough Combined Authority
CPE	Civil Parking Enforcement/
CPLRF	Cambridgeshire & Peterborough Local Resilience Forum
CTS	Council Tax Support
DFG	Disabled Facilities Grants
DPA	Data Protection Act
CSR	Comprehensive Spending Review
FFL	Fenland Future Ltd
GDPR	General Data Protection Regulations
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
LGA	Local Government Association
LGSS	Local Government Shared Services
LRSG	Local Restrictions Support Grants
MHCLG	Ministry of Housing Communities and Local Government
MoU	Memorandum of Understanding
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan
MTSP	Management, Trade Union & Staff Partnership
NFI	National Fraud Initiative
NNDR	National Non-Domestic Rates
OIB	Operational Improvement Board (ARP)
OLTL	Other Long-Term Liabilities
PPA	Post Payment Assurance
PSAA	Public Sector Auditor Appointments
PSIAS	Public Sector Internal Audit Standards
PWLB	Public Works Loan Board
RIPA	Regulation of Investigative Powers