



## Cambridge City Council Civic Affairs and Audit Committee

**Date:** Monday, 23 February 2026

**Time:** 5.30 pm

**Venue:** Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ [access the building via Peashill entrance]

**Contact:** [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk), tel:01223 457000

### Agenda

- |   |                                     |                   |
|---|-------------------------------------|-------------------|
| 1 | Apologies                           |                   |
| 2 | Declarations of Interest            |                   |
| 3 | Minutes                             | (Pages 3 - 8)     |
| 4 | Public Questions                    |                   |
| 5 | Annual Governance Statement 2024/25 | (Pages 9 - 62)    |
| 6 | Statement of Accounts 2024/25       | (Pages 63 - 208)  |
| 7 | Civic Protocols and Updates         | (Pages 209 - 246) |
| 8 | Work Programme                      | (Pages 247 - 254) |

**Civic Affairs and Audit Committee Members:** McPherson (Chair), Gawthrope Wood (Vice-Chair), Bennett, Bick, Dalzell, Robertson and Sheil

**Alternates:** Clough, Davey and Young

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Those wishing to address the meeting will be able to do so virtually via Microsoft Teams, or by attending to speak in person. You must contact Democratic Services [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk) by 12 noon two working days before the meeting.

**The full text of any public question must be submitted in writing by noon two working days before the date of the meeting or it will not be accepted. All questions submitted by the deadline will be published on the meeting webpage before the meeting is held.**

Further information on public speaking will be supplied once registration and the written question / statement has been received.

## CIVIC AFFAIRS AND AUDIT COMMITTEE

17 November 2025

5.30 - 6.50 pm

**Present:** Councillors McPherson (Chair), Gawthrope Wood (Vice-Chair), Bennett, Bick, Dalzell, Robertson and Sheil

### Officers:

Chief Financial Officer: Jody Etherington

Chief Operating Officer: Jane Wilson

Chief Audit Executive: Jonathan Tully

Data Protection Officer and Information Governance Manager: Adam Brown

Deputy Democratic Services Manager: Claire Tunnicliffe

Committee Manager: Sarah Michael

## FOR THE INFORMATION OF THE COUNCIL

### 25/8/Civ Apologies

There were no apologies from Councillors.

### 25/9/Civ Declarations of Interest

There were no declarations of interest.

### 25/10/Civ Minutes

Cllr Bennett disputed minute 25/5/Civ and requested a correction as follows (deleted text ~~struck through~~, inserted text underlined):

- i. Councillor Bennett:
  - a. ~~Suggested a Green Councillor could sit on the Independent Remuneration Panel (IRP).~~
  - b. ~~Queried if all~~ Suggested it was good practice to ensure all relevant information had been given to the IRP to make recommendations and then to accept the panel's recommendations.
  - c. ~~Circumstances had changed since the IRP did their work — should they revise the recommendation~~ Suggested the recommendations should only be disputed if members felt the circumstances had changed since the panel made their recommendations.

The minutes of the meeting held on 30 June 2025 were then approved as a correct record and signed by the Chair.

## **25/11/Civ Public Questions**

There were no public questions.

## **25/12/Civ Internal Audit Update**

The Committee received a report from the Chief Audit Executive.

The Chief Audit Executive said the following in response to Members' questions:

- i. Cyber security was one of the top risks facing Councils. The continuous pace of change of the threats made it difficult to provide full assurance.
- ii. Counter-fraud training was not mandatory but could be considered.
- iii. The Council's Generative AI policy was available to all staff and had been in place for some time. The policy included disclosures, confidentiality and general use of AI. The Chief Operating Officer confirmed that the policy was in place across all 3C Shared Services and agreed to send the policy to all committee members.
- iv. It would not be easy to come up with like-for-like comparisons with other authorities, but would investigate whether there were any best practice areas that the council could adopt to make comparisons.
- v. Global Internal Audit Standards in the UK public sector took effect on 1 April but there was no expectation for organisations to be fully compliant at this date, only to be working towards full compliance. The team completes a continuous internal assessment to the standards, and this will be followed by validation from a suitably qualified and independent assessor. The team had completed a readiness assessment to identify actions to be compliant with the new standards, and the Council was in a strong position.
- vi. The team was made up of five people, plus two vacant apprenticeship posts would be advertised in future when the new scheme is launched.
- vii. Current use of AI in internal audits and for automation of routine tasks, such as planning and research, was used with publicly available data.
- viii. Risk management was an important control to manage any gaps in reporting, along with using education as prevention rather than recovery.
- ix. Confirmed the use of Tascomi software system for licensing and environmental health functions.

- x. The Data Protection Officer and Information Governance Manager added that the last business continuity exercise took place in June 2025, with disaster recovery principles tested regularly.

**Unanimously resolved** to note the report.

## **25/13/Civ Information Governance Annual Report**

The Committee received a report from the Data Protection Officer and Information Governance Manager.

The Officer clarified that the higher incident rate was down to better reporting and better staff awareness.

A typographical error was noted on page 35 of the agenda pack – point 4.6 should read ‘decrease’ and not ‘increase’.

The Data Protection Officer and Information Governance Manager said the following in response to Members’ questions:

- i. A tiered approach would be taken for staff who have been involved in the simulated phishing exercises, utilising training within specified timeframes. Where individuals were repeatedly being caught out, then the root cause would be investigated.
- ii. The number of reported phishing attempts was increasing, which demonstrated an improved level of staff awareness.
- iii. With regard to Freedom of Information (FOI) data, the delays were evenly spread. Officers did not capture the cause of delays but they would like to build that into the system to work on the causes in future. When a request was not responded to in time, it would be passed to the Information Commissioner’s Office (ICO) and a decision notice issued. Failure to respond would lead to the ICO compelling the release of the data.
- iv. Services would notice if they were repeatedly being asked for the same set of data and a picture could be obtained of areas of public interest.
- v. It would not be possible to compare the Council’s number of FOI and data rights requests with authorities other than those with whom the service is shared.
- vi. Acknowledged that further breakdown and analysis of FOI requests and trends would be useful.

**Unanimously resolved** to note the contents of the report.

**25/14/Civ Performance Management Framework**

The Committee received a report from the Chief Operating Officer.

The Chief Operating Officer said the following in response to Members' questions:

- i. Recognised the challenge of compiling the quarterly performance report in a short timeframe and explained that it would use data that would make it relevant, meaningful and understandable before publication.
- ii. Planned to discuss content with Members and would consider suggestions for changes or additions but was confident that the anticipated timeframes could be met.
- iii. Officers were looking at a suite of performance indicators to provide an overview of the seven strategic risk areas, with a level of granularity that would explain the areas in more detail.
- iv. Benchmarking information could be included where it was easy to obtain.

**Unanimously resolved to:**

- i. Note the development of the new quarterly performance report for Cabinet and its role in supporting the Council on its Local Code of Governance.
- ii. Note the updated financial thresholds in the Risk Management Framework.

**25/15/Civ Civic Affairs & Audit Committee Rolling Work Programme**

The Committee reviewed the workplan and made the following suggestions:

- i. Could an update be provided on the external audit.
- ii. That the Civic Protocols and updates report includes the Council's flag policy.
- iii. That the review of the Council Constitution addresses protocols for one committee inviting another committee to attend and speak at meetings.
- iv. The committee should consider Local Government Reorganisation in relation to civic matters such as the mayoralty.

The meeting ended at 6.50 pm

**CHAIR**

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## **REPORT TITLE: Annual Governance Statement and Local Code of Governance**

**To:**

Civic Affairs Committee and Audit Committee

**Report by:**

Jonathan Tully, Chief Audit Executive

Email: jonathan.tully@cambridge.gov.uk

**Wards affected:**

All

### **1. Recommendations**

- 1.1 1. Members of the Committee should approve the Annual Governance Statement (AGS) attached at Appendix A in advance of the Statement of Accounts. To help complete this, members should note:
  - the arrangements for compiling, reporting on and approving the AGS; and
  - the review of effectiveness
2. Members of the Committee should note the amendments to the updated Local Code of Corporate Governance attached at Appendix B;

### **2. Purpose and reason for the report**

- 2.1 This report presents the Annual Governance Statement (AGS) for 2024/2025, and the Local Code of Corporate Governance, for consideration by the Civic Affairs and Audit Committee.

The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an AGS to accompany the Statement of Accounts. The AGS is the annual review of our Code of Governance. We also include an updated Code of Governance to keep the Committee informed of progress and develop

The legislation requires that the AGS must be approved in advance of the Statement of Accounts by the Civic Affairs and Audit Committee.

### **3. Alternative options considered**

- 3.1 Members of the Committee can consider suggesting amendments to the contents of the Annual Governance Statement, prior to approval.

## **4. Background and key issues**

### **4.1 Scope of the AGS**

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner. We capture this in our Local Code of Governance. Our evaluation of the scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:

- the Council's policies are implemented in practice;
- high quality services are delivered efficiently and effectively;
- the Council's values and ethical standards are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and other published information are accurate and reliable; and
- human, financial and other resources are managed efficiently and effectively.

### **4.2 Arrangements for compiling the AGS**

The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an AGS to accompany the Statement of Accounts.

Completing the AGS enables the Council to document what has happened in the financial year, through the Review of Effectiveness, and conclude how we have complied with our [Code of Governance](#).

The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance "Delivering Good Governance in Local Government Framework 2016" is used as a guide in compiling the AGS. We also take into account continuous best practice issued throughout the year that supplements the framework guidance.

Arrangements for compiling the AGS have been coordinated through Internal Audit, with input from stakeholders and colleagues.

In 2025 CIPFA issued new guidance on preparing an AGS. It applies from the 2025/2026 financial year, although they are encouraging Councils to start applying it for this 2024/2025 year. We have started to adopt the guidance in this version.

### **4.3 Arrangements for reporting and approving the AGS**

The Accounts and Audit regulations require the Committee to approve the AGS in advance of the Statement of Accounts.

The draft AGS is issued to the External Auditors to review as part of the draft Statement of Accounts and was published on our [website](#) in June 2025.

It is good practice to keep the document updated, and minor updates have been made since the initial draft publication. Examples include external assurance reports which relate to the 2024/2025 financial year, which are published after the draft AGS. These updates included in the document as tracked changes for ease of reference.

As the AGS and Committee report is published prior to the external auditor's work being concluded, we may need to reflect any updates requested between the publication date and the meeting, although these would be expected to be minor.

Members of the Committee should approve the AGS in advance of the Statement of Accounts, and we have included a separate agenda item to reflect this.

In October 2023 the [Public Sector Audit Appointments](#) highlighted a cumulative backlog of 918 delayed audit opinions in the Local Government sector. Legislation was set to enable backstop dates to conclude the backlog of accounts.

In February 2024 CIPFA published [Bulletin 16 Local audit delays and the publication of the annual governance statement](#). This provided clarity on reporting significant governance matters within the context of the delays, complementing our existing approach.

The previous 2023/2024 AGS was approved by the Civic Affairs Committee in [May 2025](#).

The final, and formatted, clean version of the AGS will also be included with the approved and published Statement of Accounts.

#### 4.4 Significant Events

The "Roles and Responsibilities" section of the AGS represents the governance arrangements for the 2024/2025 financial year. The new structure, which is in place from the beginning of the 2025/2026 municipal year, will be reflected in the next 2025/2026 AGS. This AGS recognises the development of the new governance arrangements in the "Significant Events" section and also signposts readers to our website: [How the Council Works](#) which has current information.

The Housing Rents was included in the previous 2023/2024 AGS as good practice and is included in the 2024/2025 AGS for continuity.

The Local Government Reorganisation has also been included as a significant event, recognising the future challenge of balancing our statutory obligations with the operational demands of supporting a smooth transition to a new unitary council.

#### 4.5 Local Code of Corporate Governance

The preparation of the AGS and the [Local Code of Governance](#) is undertaken in accordance with the guidance published by CIPFA.

The framework is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders.

Guidance suggests each local authority should develop and maintain a Code of Corporate Governance based on seven core principles, supported by sub-principles that should underpin the governance structure for the whole Council.

The Code stands as the overall statement of the Councils corporate governance principles and commitments and is published on our website.

The Council first adopted a Local Code of Governance on 25 April 2002. The Code is continually reviewed as good practice. The Committee previously reviewed this at the May 2025 meeting. The subsequent governance changes at the start of the municipal year, and the implementation of “Our Cambridge”, have generated minor name changes for some of the records. We have attached the current version of the code, and it includes tracked changes to highlight the updates. A final “clean” version will be published on [our website](#).

The Code also includes the Seven Principles of Public Life, as it applies to anyone who works for local government and supports good governance.

## **5. Corporate plan**

- 5.1 The Councils [Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council](#) is a component of our [Local Code of Governance](#) and is reflected in our Annual Governance Statement.

## **6. Consultation, engagement and communication**

- 6.1 The AGS is coordinated through Internal Audit, with input from the Senior Officers of the Council. The draft AGS is published on our website and reviewed by our externally appointed auditors.

## **7. Anticipated outcomes, benefits or impact**

- 7.1 Continued review of our Code of Governance through the AGS helps provide assurance that the Council is maintaining good governance.

## **8. Implications**

- 8.1 **Relevant risks**

This is a statutory requirement and there are no significant risks from approving the AGS.

Should a significantly material governance issue from the 2024/2025 financial year be identified at a later date, it could be recognised in the AGS being prepared at that time.

### **Financial Implications**

- 8.2 There are no financial implications. The AGS is compiled using existing resources.

### **Legal Implications**

- 8.3 There are no legal implications as completing the AGS is a statutory requirement.

### **Equalities and socio-economic Implications**

- 8.4 The AGS is a statutory report. We have used Microsoft tools to check for accessibility of the document.

### **Net Zero Carbon, Climate Change and Environmental implications**

- 8.5 The AGS is a statutory report. There are no relevant implications.

### **Procurement Implications**

- 8.6 The AGS is a statutory report. There are no relevant implications.

### **Community Safety Implications**

- 8.7 The AGS is a statutory report. There are no relevant implications.

## **9. Background documents**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1
- Delivering Good Governance in Local Government (CIPFA 2016)
  - Accounts and Audit (England) Regulations 2015 and subsequent Amendment Regulations
  - CIPFA good practice guidance on AGS presentation
  - CIPFA Bulletin 16

- CIPFA Bulletin 18

## **10. Appendices**

- 10.1 a) Annual Governance Statement
- b) Local Code of Governance

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Chief Audit Executive, email:

[jonathan.tully@cambridge.gov.uk](mailto:jonathan.tully@cambridge.gov.uk).

# Covering Note

This is a covering introduction for the **Annual Governance Statement 2024/2025 (AGS)**, recognising the revised timetable for concluding the accompanying Statement of Accountants.

The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance “Delivering Good Governance in Local Government Framework 2016” is used as a guide in compiling the AGS. Arrangements for compiling the AGS and evaluating governance arrangements were coordinated through the Internal Audit team, with content and input from key stakeholders and management across the Council.

The current status of this document is draft. The draft AGS has been published as required by relevant legislation: <http://www.legislation.gov.uk/ukxi/2015/234/regulation/15/made>. It has been prepared in accordance with regulation 6(1)(b).

As a draft document the statement has not yet been approved in accordance with regulation 6(2)(b), and the final version will be approved by the Civic Affairs Committee in advance of the Statement of Accounts.

As per the CIPFA guidance the AGS reflects relevant governance matters from the 2024/2025 financial year, plus up to the date when the Accounts are approved by Committee.

The document and action plan will continue to be developed during this period.





## Introduction and purpose

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The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that it also provides value for money. It has to effectively manage its risks and put in place proper arrangements for the governance of its affairs.

### Definition of Corporate Governance

Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

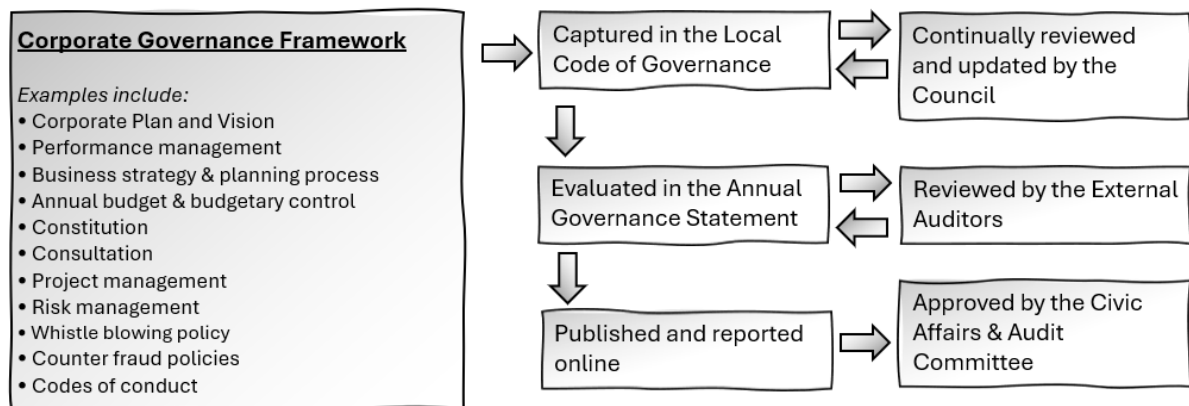
Good governance in the public sector means: "*achieving the intended outcomes while acting in the public interest at all times*"



## The Governance Framework

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

The Council has a robust process for reviewing and updating the governance framework.



The Council has set out aims and objectives which are published on [our website](#).

The Council has a clear vision to "*lead a united city, 'One Cambridge - Fair for All', in which economic dynamism and prosperity are combined with social and environmental justice and equality*". The vision has three main aims, captured in the annual statement:

- to make Cambridge fair for all,
- to make it a great place to live, learn and work, and
- caring for the planet.

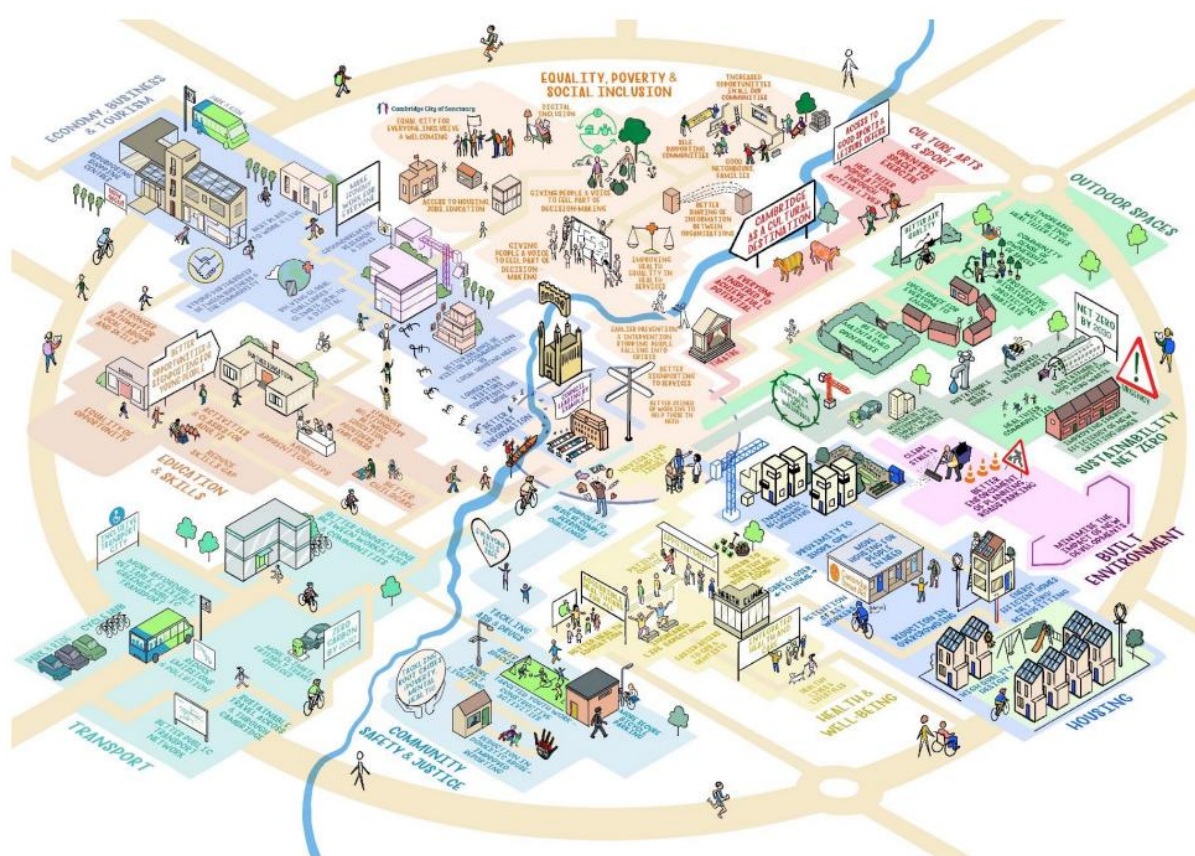


The Council produces a [Corporate Plan](#), which included four key priorities for 2024/2025:

- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

Performance highlights from each of the priorities are included in the Narrative Report section of our Statement of Accounts. The Council prepares an Annual Report illustrating progress against the plan each year, and this is published on the website.

For more information about the Council please visit our [State of the City](#) web page which provides helpful information about the Cambridge area.



## Our Values

In 2024 we worked together to create new Values and Behaviours that represent what is important to us as an organisation.

Our values provide us with a set of guiding principles, purpose and direction; to guide colleagues in what we stand for, our culture, what's important to us and how we do things

Our behaviours help us to describe in actionable terms how we do our jobs; they are relevant, actionable, achievable for all job roles within the council.

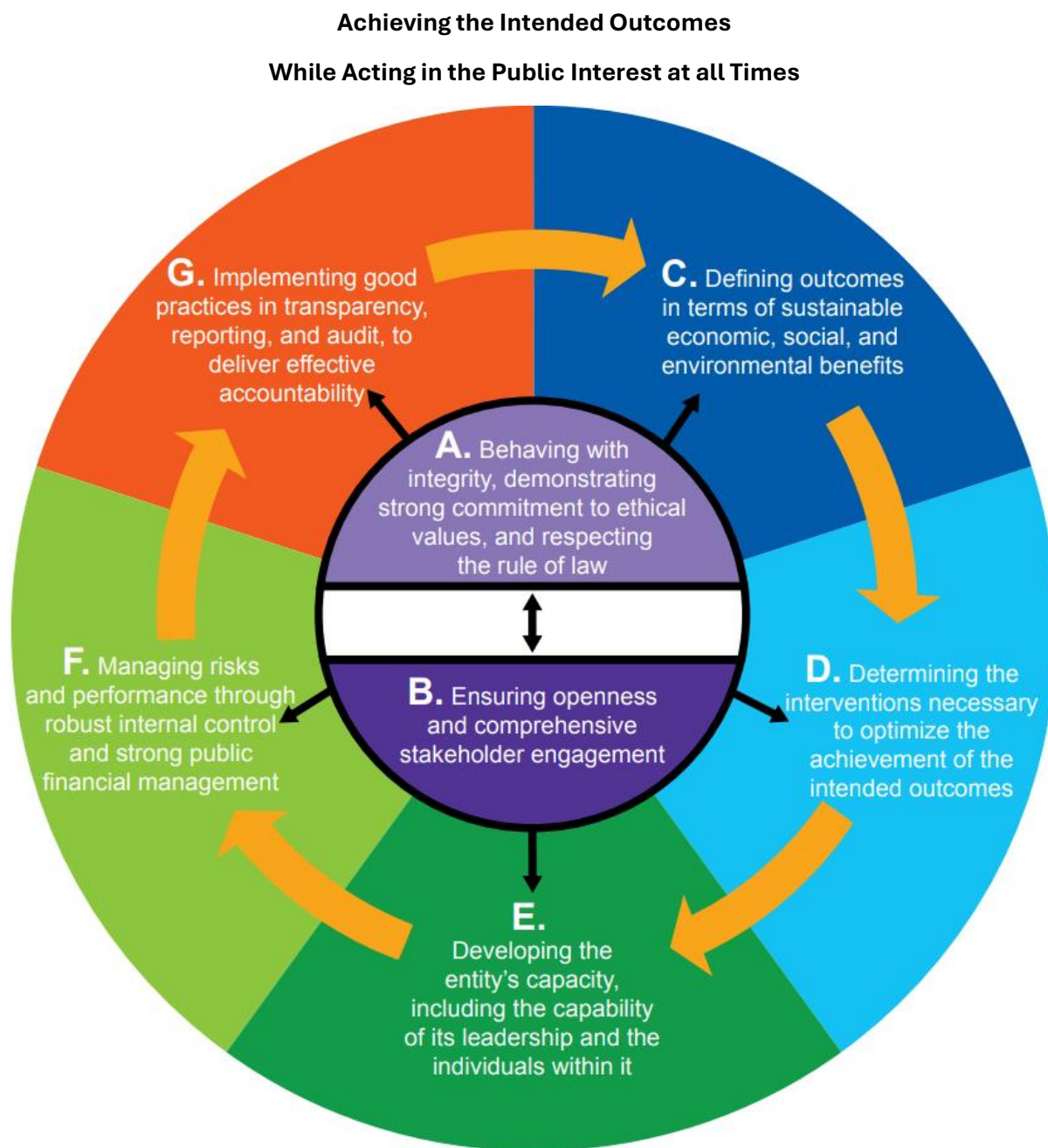
Our values and behaviours align with and support the transformational [Our Cambridge](#) programme which aims to modernise our council



## Local Code of Governance

We are responsible for ensuring that there is a sound system of governance which incorporates the system of internal control.

The Governance Framework has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the statement of accounts. It is recorded in our [Local Code of Governance](#), which is underpinned by the 7 principles of good governance as set out in the CIPFA / SOLACE publication 'Delivering Good Governance in Local Government Framework 2016'. The principles are illustrated in this diagram:





## Role and responsibilities

All of the Council is responsible for developing and complying with its Local Code of Governance. We have a variety of governance structures, and some of the key roles include:

Governance structures	Roles and responsibilities
Council	Council agrees the budget and policy framework, such as the Corporate Plan, Medium Term Financial Strategy. Further details are published on our <a href="#">website</a> .
The Executive	<p>The <a href="#">Executive</a> includes the Leader of the council and Executive Councillors. They make decisions on major service areas.</p> <p>They can make decisions individually, usually at a meeting of a scrutiny committee relevant to their executive area. They also meet collectively to determine the council's budget and medium-term financial strategy.</p>
Scrutiny and Overview Committees	<p>To balance the Executive's powers, scrutiny committees are responsible for advising and reviewing decisions. They hold the Executive to account to make sure the best decisions are taken for the council and local residents. Further details are published on our website:</p> <ul style="list-style-type: none"><li>• <a href="#">Environment and Community Scrutiny Committee</a></li><li>• <a href="#">Housing Scrutiny Committee</a></li><li>• <a href="#">Planning and Transport Scrutiny Committee</a></li><li>• <a href="#">Strategy and Resources Scrutiny Committee</a></li></ul>
Leadership Team	Our management structure includes a <a href="#">Leadership Team</a> that is collectively responsible for managing and leading over 800 staff to deliver high-quality services and improve social, economic and environmental outcomes for Cambridge residents and businesses.
Civic Affairs Committee	<p>The Civic Affairs Committee plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done. It provides an assurance role to the Council and is responsible for corporate governance issues including:</p> <ul style="list-style-type: none"><li>• Electoral issues</li><li>• Audit and regulatory financial matters</li><li>• Civic and democratic process management issues</li><li>• Miscellaneous regulatory responsibilities</li></ul> <p>It works closely with both Internal Audit and senior management to continually improve the governance, risk and control environment. Meetings details and minutes are <a href="#">published on the website</a>. The Committee has also appointed an independent person which is regarded as best practice.</p>

This is the governance arrangements for the 2024/2025 financial year, and a new structure is in place from the beginning of the 2025/2026 municipal year. You can visit our website for more information about "[How the Council Works](#)".

## Purpose of the Annual Governance Statement

The Council conducts a review of its system of internal control, prepares and publishes an Annual Governance Statement in each financial year. This enables us to demonstrate whether, and to what extent, the Council complied with its Local Code of Governance.

The Local Code of Governance is updated regularly. Our reviews take into account guidance published by professional organisations such as CIPFA, SOLACE, the Local Government Association, and the Centre for Governance and Scrutiny. This process records our good practice and also helps us to plan further action which can improve our governance arrangements.

## Statutory compliance

Producing the Annual Governance Statement helps the Council meet the requirements of Regulation 6(1)b of the Accounts and Audit (England) Regulations 2015. It is reviewed by the Civic Affairs and Audit Committee and approved in advance of the Statement of Accounts.

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. Central Government provides supplementary guidance on [achieving Best Value](#).

The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

## Other review and assurance mechanisms

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Management activities contribute to the continuous review of the Local Code of Governance, and also inform the Annual Governance Statement. In addition, assurance 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 and effectiveness of the Council's governance, risk and control framework and the extent to which the Council can rely on it. This has been considered in the development of the Annual Governance Statement.

Regular updates are presented to the Civic Affairs Committee throughout the year which outline the key findings of the internal audit work undertaken during 2024/2025, including any areas of significant weakness in the internal control environment.

The audit reviews undertaken did not identify any unmanaged risks that, if materialised, would have a major impact on the organisation as a whole. If the reviews identified the control environment was not strong enough, or not complied with sufficiently to prevent risks, Internal Audit issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and reported to Civic Affairs Committee.

It is the opinion of the Head of Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2024/2025, and this remains at a similar level to the previous year.

### External reviews

The Trade Waste function of our [Greater Cambridge Shared Waste Services](#) maintained their accreditation with the ISO9001 (Quality Management) and ISO14001 (Environmental Management) standards following external inspections.

The Development Management Team within our [Greater Cambridge Shared Planning](#) maintained their accreditation with the ISO9001 (Quality Management) for the systems within our Development Management and Compliance teams.

The [Local Government and Social Care Ombudsman](#) (LGSCO) resolve complaints in the public sector and provides annual statistic on performance. In 2024-2025 the LGSCO received 15 complaints ~~about our services relating to Cambridge City Council~~. Of these ~~15 complaints~~, ~~6 were outside of the ombudsman's jurisdiction~~, and 9 were "assessed and closed"; and consequently no referrals were investigated. Information is included in our Annual [Customer Feedback](#) Report. No public interest reports were published.

## Partnership assurance

The Council has services which are delivered in partnership with other Councils. Where other Councils are the lead authority, they will provide assurance back to Cambridge City Council that controls are effective, and where there is opportunity for improvement. This includes Waste Services, Planning and Development, plus Information and Communications Technology.



The Council set up an Investment Partnership with Hill Investment Partnerships in 2017. Updates on all the Cambridge Investment Partnerships current projects are provided quarterly to the Housing Scrutiny Committee, and information is available on their [website](#). Cambridge City Housing Company Ltd was established in 2016 as a wholly owned company. The Council's published annual statement of accounts includes details of the Housing Company, and reports on the Council's relationship with the Housing Company, financial performance and loan arrangements. The Council receives information on the Housing Company through its Strategy & Resources Scrutiny Committee. The Committee reviews the Housing Company's business plan, and the Council's published Corporate Plan sets out the objectives, activities and people involved in management and decisions.

Greater Cambridge Partnership (GCP) is the local delivery body for a £1 billion, 15-year City Deal, comprising Cambridge City Council and other partners. In June 2025, Ministry of Housing, Communities & Local Government (MHCLG) confirmed that GCP successfully passed its second Gateway Review, unlocking the next tranche of funding.

## External Audit

EY are the appointed external auditor, and their results report (ISA260) is presented to the Civic Affairs and Audit Committee once the work is concluded.

In March 2024, the Public Sector Audit Appointments (PSAA) highlighted a total of 646 audit opinions are delayed for financial years 2015-16 to 2022-23 in the Local Government sector. The Department for Levelling Up, Housing & Communities proposed a backstop deadline, and legislation was approved to allow accounts to be signed without a full external audit. Issuing a "Disclaimed Opinion" within the backstop is aimed to clear the national backlog and return to timely reporting in future years. When publishing its decision, the Government specified that: "Local bodies should not be unfairly judged based on disclaimed or modified opinions, caused by the introduction of backstop dates that are largely beyond their control". In acknowledgement that this is a sector-wide issue affecting hundreds of Authorities across the Country, MHCLG issued a [policy paper](#) setting out further details.

In December 2024 EY provided a “disclaimed” audit opinion in their [audit results report for 2022/2023](#). In May 2025 EY provided a “disclaimed” audit opinion in their [audit completion report for 2023/2024](#).

The Council has continued to make progress at the closure of our own accounts, and published information about the progress of the external audits on [our website](#) with the draft statements.

## Public Services Network

The Council completed the Cabinet Office compliance verification process for the Public Services Network Code of Connection (PSN), and a certificate was issued. This demonstrated that the information technology infrastructure was sufficiently secure to connect to the PSN.

## The Financial Management Code

Strong financial management is vital to ensuring the long-term sustainability of public sector finances. To support this objective, CIPFA introduced the Financial Management Code, which aims to strengthen financial resilience across organisations by embedding enhanced standards of financial management. It is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances of a local authority
- manage financial resilience to meet unforeseen demands on services
- manage unexpected shocks in their financial circumstances.

The Code is consistent with other established CIPFA codes and statements in being based on principles rather than prescription. It consolidates existing local government requirements, offering a comprehensive framework for financial management within councils. Compliance with the Code is mandatory, and we should evaluate how we are meeting its expectations.

An Internal Audit review confirmed our compliance at the time of the Code’s launch. Since then, our ongoing internal evaluations have continued to provide assurance that we are meeting the Code’s requirements.



# Challenges to Local Authority Governance

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*Significant events have the potential to affect our governance, risk and control environment. Immediate impacts could include the Council's decision-making processes, risk management, and the overall capacity and capability of the Council. In the longer term it can also impact our strategic outcomes, financial and organisational resilience, stakeholder engagement and accountability.*

## Significant events

The financial year 2024/2025 was another year of change and turbulence for many people and organisations in Cambridge, in the face of a complex and intertwined set of circumstances. Global issues, such as the war in Ukraine, continue. The Cost-of-Living crisis has continued with many of our residents deeply affected by the impact of inflation, high mortgage costs and other related issues.

Council services have continued to adapt, seeking new ways of working, including with communities and partners, to deliver the services that are important to our residents and stakeholders.

The continued pressures illustrate how important 'good governance' has been to enable and sustain a whole system response. It has highlighted the systemic risks beyond the Councils control that can have a significant impact on achieving intended outcomes for the residents of Cambridge. This includes, for example, our ability to sustain partnerships, joined up delivery of services and multi-agency co-ordination mechanisms with police, fire, NHS, and other local authorities, where they are under significant strain, or under-resourced, or take a different approach to managing risk, accountability and transparency.

Our response has positively contributed to many of the principals from our Local Code of Governance, such as engaging with stakeholders, determining interventions to achieve outcomes, managing risk, and adapting our internal controls.

## **Governance of the Council**

Our Chief Executive commissioned, with the support of Group Leaders, a review by the Centre for Governance and Scrutiny in the 2022/2023 financial year.

The independent review made wide-ranging recommendations, covering political management arrangements, member training and development, as well as specific recommendations relating to the budget process and timetable. Their report highlighted the risk that the Council's current arrangements could lead to a lack of collective democratic accountability, was resource heavy, opaque, did not result in improved outcomes for the Council and was not as inclusive as it could be for residents to engage with.

We established a Governance Reference Group (GRG) to review the Council's current mode of Governance. The Civic Affairs Committee agreed the Terms of Reference of the GRG and noted their work programme and high-level timeline. They considered the Centre for Governance and Scrutiny and Independent Remuneration Panel (IRP) findings and developed proposals for the Civic Affairs Committee that could be put to full Council. In December 2023 they came up with four principles for good governance:

- Decision making is timely / prompt, focussed and efficient
- Decision making is accountable
- Our governance system and decision-making processes are transparent
- Encourages collaboration

Our written constitution already incorporated the Leader and Executive/Cabinet form of governance. The constitution provided for collective Executive decision making at public meetings (e.g. Cabinet), and an Overview and Scrutiny Committee. However, in practice the Council operates what has been termed a 'hybrid-hybrid' system because it blended elements of the two distinct forms of governance available to local authorities - the Committee and Leader-Cabinet systems.

The GRG also commissioned officers to provide some hypothetical options for the Leader and Executive/Cabinet model based on current best practice; and that these options should consider members' desire for new arrangement to provide for strong scrutiny and enable non-executive members to have a role in the decision-making process.

In May 2024 our Civic Affairs Committee noted work from the Governance Review Group and resolved to recommend to Council that the Council design and implement a revised 'Leader and Cabinet' model of decision making and authorised the Chief Executive to enable changes to be implemented from the [Annual Council Meeting in May 2025](#) and to establish a member-officer design group with external technical support to develop a revised 'Leader and Cabinet' model with final proposals including an updated constitution being presented to the Civic Affairs Committee and then to full Council for adoption.

## Housing rents

In late 2023, the Council identified an error in how some of its tenants' rents have been calculated in the past, in relation to some service charges, meaning that affected tenants' rents would need to be corrected going forward, and that some tenants will need to be refunded. We worked urgently to correct tenants' rents so that rents charged for the financial year starting in April 2024 were correct.

The Housing Scrutiny Committee noted the decision to recombine all gas maintenance and electrical or mechanical maintenance charges into rent. This will reduce some tenants' rents, where they are more than Formula Rent for the property. Our 2024/2025 [HRA Budget-Setting Report](#) set out our assumptions for the HRA Business Plan and Medium-Term Financial Strategy, and this highlighted the impact on financial forecasts and our proposed remedial actions. A separate rent-setting issue was identified as part of the same internal process that brought this service charging issue to light. This issue related to a small number of tenants who have 'Affordable Rent' tenancies.

We are examining individual rent accounts to determine which have been overcharged in previous years and are in regular contact with the DWP. The Housing Scrutiny Committee approved the [Rent Regulation Error Refund / Remediation Policy](#) specific to this issue to ensure that there is clarity and consistency in respect of considering and making these refunds.

We proactively took legal advice and proactively engaged with the Regulator for Social Housing when we identified that these issues had historically been set and displayed incorrectly. The Regulator has issued a [judgement](#) and noted our improvement plan, and we are in regular contact to update them on our progress.

The [council's Rent Corrections webpage](#) has information for tenants concerned about the impact of any refund on benefits, more detail about why these errors occurred, and more.

## Local Government Reorganisation

Local Government Reorganisation<sup>1</sup> remains a significant strategic challenge for our sector, with the government's policy direction towards unitary authorities creating considerable uncertainty and operational complexity across the public sector landscape.

The ongoing transition to unitary structures, while intended to streamline service delivery, improve efficiency, and deliver savings, presents substantial risks around service continuity, staff retention, and financial stability during implementation phases.

For the Council, this reorganisation environment requires heightened attention to partnership arrangements and the need to maintain robust governance frameworks whilst navigating shifting administrative boundaries and accountability structures.

The scale and pace of these changes demand careful resource planning and risk management, particularly as we balance our statutory obligations with the operational demands of supporting a smooth transition to a new unitary council.

Council leaders across Cambridgeshire and Peterborough sent a [letter to the Minister of State for Local Government and English Devolution](#) setting out progress on plans to move towards a new system of local government [in March 2025](#). In June 2025 residents, businesses and other

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<sup>1</sup> [English Devolution White Paper - GOV.UK](#)

stakeholders across Cambridgeshire and Peterborough ~~were are being~~ asked for their views on the future of local government.

Four options for local government reorganisation in Cambridgeshire were submitted by the seven local councils in November 2025. The government is consulting on these four options in February to March 2026. The government will make the final decision on which option is selected, and it is expected they will announce the outcome in summer 2026. New councils are expected to operate in a shadow capacity from May 2027, before full implementation in April 2028, known as 'vesting day'.

Further information about the Local Government Reorganisation is available on our website.

## **Impact on our governance arrangements**

We have proactively taken action to meet these challenges. This has positively contributed to many of the principals from our Local Code of Governance, such as engaging with stakeholders, determining interventions to achieve outcomes, managing risk, and adapting our internal controls.

## Review of effectiveness

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The Council has a number of policies and procedures which are recorded in its [Local Code of Governance](#). These are mapped to the seven principles of good governance. We have a positive risk appetite, and the governance framework is designed to manage risk to an acceptable level. It provides a reasonable level of assurance, as it is not possible to eliminate all risks which may impact the achievement of its vision, policies, aims and objectives.

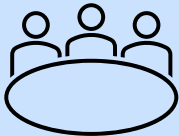
The effectiveness of the key elements of the governance framework is reviewed throughout the year. This activity is informed by the work of senior officers who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and from comments received from external auditors and other review agencies and inspectorates.

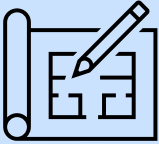

The [Corporate Plan page on our website](#) sets out details of how the examples below have contributed to the delivery of quality services and the Council's Corporate Priorities.

The Council is involved in partnership working and has group relationships with other entities. The Cambridge City Housing Company Ltd, [Cambridge Investment Partnership LLP](#), and the Cambridge Live Group are incorporated into Group Financial Statements in our Statement of Accounts. Activities of the groups are also reflected in our review of effectiveness where these have a significant impact on our governance arrangements.

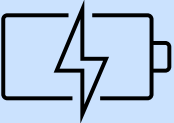
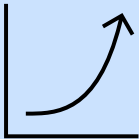
The review concludes that the Council has complied with its Code. Additional examples of good practice, emerging controls, and governance issues from the last twelve months, considered when completing the review are recorded below, and will be incorporated into the next revision of the Code where appropriate:

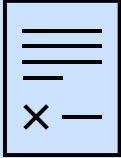
Principle	Review of effectiveness
<p data-bbox="203 292 584 387">A Behave: integrity, ethical values, respect rule of law</p> 	<ul style="list-style-type: none"> <li>Greater Cambridge Shared Waste Service is responsible for collecting domestic waste from 131,000 households and Commercial waste from more than 2,000 businesses. Reduction, reuse, and recycling are the top priority choices in UK government policy for waste. The Environment Act 2021 required all councils to align their household waste and recycling services with new nationwide requirements known as ‘Simpler Recycling’ by 31 March 2026. Our Greater Cambridge Shared Waste (GCSWS) already met many of the requirements, but the most pressing task was to introduce a weekly collection for food waste, for domestic households by 1 April 2026. Environment and Community Scrutiny Committee approved the proposals and associated budget so that a start can be made on planning for the introduction of food waste weekly collections. Also, with effect from 1 April 2025, certain types of businesses were mandated by law to separate out their food waste and dry recyclable materials for collection. Our Commercial Waste Service provided customers with advance notice of the requirements and the steps that they could take to ensure compliance.</li> <li>Solid fuel burning is the largest source of PM2.5 emissions in Cambridge, accounting for 40% of emissions. The Clean Air Act 1993 and Smoke Control Areas (SCAs) regulate these emissions. We commissioned a report to assess the impact of expanding the SCA to cover the entire city, including permanent moored vessels. The report concluded that expanding the SCA would provide significant health and environmental benefits, outweighing the costs. The Environment &amp; Scrutiny Committee approved a public consultation on this expansion.</li> <li>We self-referred to the Regulator of Social Housing due to compliance breaches and have proactively been working with them. We have demonstrated significant improvements in our compliance work in housing since our initial referral, which they have noted. We have been updating our Housing Scrutiny Committee with our continued positive progress with compliance and performance.</li> <li>We have been proactively undertaking significant preparation to enable compliance with the new Procurement Act, with regular engagement and communications amongst our management to understand the changes.</li> </ul>

Principle	Review of effectiveness
<p data-bbox="203 288 584 352">B Openness &amp; stakeholder engagement</p> 	<ul style="list-style-type: none"> <li>• Grant funding to community groups is a key part of the council's community wealth building strategy, with around £2m available annually. The Environment &amp; Scrutiny Committee approved implementation of a digital grant management platform to minimise risks, increase efficiency, and improve the applicant experience.</li> <li>• Our Environment and Scrutiny Committee agreed to continue to complete an automatic Hackney Carriage fare review in line with the Consumer Price Index (CPI) for main tariffs, subsequent distance and waiting time, and review this process and extra charges every 3 years following consultation.</li> <li>• Following engagement with our traders the Environment and Community Scrutiny Committee reviewed and approved changes to Cambridge General Market Terms and Conditions. This brings them in line with current industry standards - as recommended by the National Association of British Market Authorities and enables the Council to continue to operate clean, safe, attractive, and vibrant markets meeting its corporate objectives and the needs of customers.</li> <li>• We engaged New Local to speak to representatives from the Council and to see what other authorities had done to engage with their communities. Civic Affairs recommended to Council that Area Committees be paused for the remainder of the municipal year, 2024/2025, while pilot work on alternatives continue and while more detailed proposals are developed for implementation from the start of the municipal year 2025/2026.</li> </ul>

Principle	Review of effectiveness
<p data-bbox="203 292 517 387">C Defining outcomes - economic, social, environmental</p> 	<ul style="list-style-type: none"> <li>Strategy &amp; Resources received reports on the developments with Central Governments project for the growth of Cambridge. <a href="#">The Cambridge Growth Company</a> project is a government sponsored programme and does not directly relate to delivery of the City Councils corporate plan. As they become more defined, the growth proposals (and means of implementation) of the Cambridge Growth Company nevertheless have the potential to support, complement or otherwise impact the delivery of the four Council priorities. The development of a growth strategy has the potential to impact on the Joint Local Plan being prepared with South Cambridgeshire District Council and articulating the growth strategy for the Greater Cambridge area over the next decade. Clarity on how the two projects will interact is expected through 2025 as the programme for the Cambridge Growth Company emerges.</li> <li>We developed our <a href="#">Social Value Framework</a> to support Procurement Act changes and deliver best value through contractors for the benefit of Voluntary, Community, and Social Enterprise (VCSE). The framework helps to target social value activity to identified need in the city. It contributes to long-lasting benefits for the economic, social and environmental wellbeing of <a href="#">local communities</a>.</li> </ul>
<p data-bbox="203 810 568 874">D Determine interventions to achieve outcomes</p> 	<ul style="list-style-type: none"> <li>In May 2024 Civic Affairs Committee noted work from the Governance Review Group and resolved to recommend to Council that the Council design and implement a revised 'Leader and Cabinet' model of decision making. Our Chief Executive was authorised to enable changes to be implemented from the Annual Council Meeting in May 2025 and to establish a member-officer design group with external technical support to develop a revised 'Leader and Cabinet' model with final proposals including an updated constitution being presented to the Civic Affairs Committee and then to full Council for adoption.</li> <li>The Environment and Scrutiny Committee held a special meeting to discuss the fallow year of the Cambridge Folk Festival, the basis and timings of the decision and outline plans for 2025. This noted that the Folk Festival and the similar festivals were encountering financial pressures as costs increased and ticket sales declined. This led to the need to review the sustainability of the Cambridge Folk Festival. Fallow years were common for Folk Festivals and a review was required to develop a sustainability plan for a return in 2026.</li> </ul>



Principle	Review of effectiveness
<p>E Develop capacity and capability of entity</p> 	<ul style="list-style-type: none"> <li>Following the completion of the “<a href="#">Our Cambridge</a>” transformation programme, the Council continues to develop its capacity and capability to deliver its ambitious agenda. Led by the new People and Change Assistant Director within the Corporate Hub, work includes the implementation of the Culture and Skills strategy, and the embedding of a permanent performance and change team. We also consulted on Group Design Program, which included reviews of delivery models and structures, and issued Implementation papers in February 2025. Our Strategy &amp; Resources Committee approved our new People and Culture strategy which sets out how we will align our workforce to achieve these ambitions.</li> <li>The Strategy &amp; Resources Committee approved a redesigned 3C ICT and Digital service agreement (the shared ICT service that serves Huntingdonshire District Council, Cambridge City Council and South Cambridgeshire District Council) to make sure the delivery of ICT services to each Council is meeting strategic and operational needs.</li> <li>In July 2024, our Strategy &amp; Resources Committee approved the Digital, Data and Technology (DDaT) Strategy 2024-2029, outlining the Council's vision for managing digital, data, and technology over the next five years. The Strategy prioritizes customers, focusing on enhancing user experience and accessibility. The Strategy aims achieve the following outcomes: more agile response to community needs; improved digital accessibility; increased operational efficiency, better decision-making capabilities, an adaptable and resilient IT estate, and provide staff with improved digital and data skills.</li> </ul>
<p>F Manage risk &amp; performance, internal control, finance</p> 	<ul style="list-style-type: none"> <li>The Strategy and Resources Committee approved the <a href="#">Performance Management Framework Principles and Approach</a> that sets out the approach to how performance is managed and measured across the organisation, from vision to delivery linking up finance, risk and performance.</li> <li>We established a Housing Leadership Board, placing performance, risk, and finance at the core of its agenda. This initiative is enhancing our governance arrangements, improving risk management, and supporting our improvement with compliance and performance.</li> <li>We have consistently enhanced our Risk Management system and data through targeted zero-based reviews. We are currently exploring ways to improve data relationships across the system to gain better insights, management, and mitigation.</li> </ul>

Principle	Review of effectiveness
<p data-bbox="203 292 577 355">G Transparency, reporting, audit, accountability</p> 	<ul style="list-style-type: none"> <li data-bbox="656 292 2036 683">In July 2023 our Civic Affairs Committee noted that <a href="#">external audits of 2022/2023 Accounts</a> would not begin until after the publication deadline of 30<sup>th</sup> September 2023. Our external auditors (EY) advised there was no timetable for commencing the Council's Audit as the focus was on historical audits nationally (of which there were over 1,000 to be concluded). This delay had a further impact on the following years Statement of Accounts. The Department for Levelling Up, Housing &amp; Communities proposed a backstop deadline for external audits as a first step towards clearing the backlog, which was subsequently delayed due to the general election. This new legislation allows accounts to be signed off without a full external audit, as a "disclaimed" opinion. Civic Affairs Committee approved the Annual Governance Statement and the Statement of Accounts for the 2022/2023 financial year in December 2024, and the 2023/2024 accounts were approved in May 2025. We have continued to make progress at delivering our own accounts; and have been publishing these to <a href="#">our website</a> with notices to explain the delay.</li> <li data-bbox="656 707 2036 914">Strategy &amp; Resources approved our <a href="#">annual Complaints Self-Assessment</a> for publication. The new statutory self-assessment process ensures the Council's complaints process complies with the Codes of Practice for the Local Government and Social Care Ombudsman and the Housing Ombudsman. The assessment must be presented and published on the Council website, focusing on the process rather than actual complaints. In the future, this self-assessment will be reviewed alongside the Annual Customer Feedback Report to present information on both the process and complaints received simultaneously.</li> <li data-bbox="656 938 2036 1075">The new 2023/2024 Tenant Satisfaction Measures (TSMs) and the Complaints Code of Conduct: Self-Assessment Form formed part of the submission requirements for social housing landlords following the new Consumer Standards published in April 2024, and the implementation of the Social Housing Regulation Act which received Royal Assent in July 2023. We submitted these within the deadline.</li> </ul>

## Action plan

The governance arrangements continue to be regarded as fit for purpose in accordance with our framework and this is recognised in our conclusion below.

The review process helps us to identify opportunities to improve the governance arrangements over the next twelve months.

Some of these may feature in previous statements where the work is continuous and ongoing. They consider both historic governance issues that have arisen during the 2024/2025 financial year and up to the date the Statement of Accounts are approved, and we also look ahead for potential issues for 2024/2025 from our risk management process, corporate plans and strategies. Our actions focus on the following themes, which are developed into detailed action plans for improvement across our governance framework:

Theme	Details
Develop capacity and capability of entity: Local Government Reorganisation	<del>CAs</del> councils across Cambridgeshire & Peterborough developed <u>ed and submitted</u> proposals to <del>submit to</del> government in November 2025, <u>and government is now consulting on these options.</u> <del>We</del> will need to ensure that the right level of information is presented to councillors at the appropriate times to enable them to support the decision-making processes across Cambridgeshire & Peterborough, and ensure that we select and present the best possible option for the future of unitary government in Cambridgeshire & Peterborough for our residents and businesses. <u>Information is published on our website to keep stakeholders informed.</u>
Transparency, reporting, audit, accountability: Legislative change	In late 2023, the Council identified an error in how some of its tenants' rents have been calculated in the past. We worked urgently to correct tenants' rents so that rents charged for the financial year starting in April 2024 were correct.  We will examine individual rent accounts to determine which have been overcharged in previous years and have established a refund policy. The council's Rent Corrections webpage has information for tenants concerned about the impact of any refund on benefits, more detail about why these errors occurred, and more. <u>Information is published on our website to keep our stakeholders informed.</u>

Theme	Details
<p>Transparency, reporting, audit, accountability:</p> <p>Financial reporting and audit</p>	<p>The Council completes Statement of Accounts, to report the financial position of the Council, and since 2021/2022 they have not been approved by the deadline. Various factors, such as an earlier timetable for completion, external audit resource challenges, the pandemic and the existing backlog have impacted upon conclusion of the accounts. This is a national challenge for Local Authorities and updates have been regularly communicated to Council via the Civic Affairs Committee. Both the Council and the externally appointed auditors have worked together to conclude these as promptly as possible <u>with new backstop arrangements in place</u>. We have published information about the progress of our accounts <u>on our website</u>. We will continue to work with our current external auditors to conclude our Statement of Accounts as quickly as possible.</p>
<p>Behave, integrity, ethical values, respect rule of law:</p> <p>New Legislation</p>	<p>The Economic Crime and Corporate Transparency Act 2023 introduces a new “failure to prevent” offence from September 2025. We have <del>started to</del> prepared for the new legislation, <del>and</del> have engaged with both Officers and Members to promote awareness, <u>and will continue to embed good practice</u>.</p>
<p>Develop capacity and capability of entity: New standards</p>	<p>New Global Internal Audit Standards were issued in 2024, and UK Public Sector Application note applies from the 2025/2026 financial year. We <u>have commenced</u> <del>will work to</del> implementation of the new standards and will keep our Civic Affairs and Audit Committee updated on our progress.</p>

## Conclusion and opinion

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The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. No significant governance issues were identified from our review of effectiveness. Where we have identified opportunities for improvement, and these are included in our Action Plan above.

We are satisfied that the planned actions will improve our governance arrangements, identified from our review of effectiveness. We will monitor their implementation and operation throughout the year and report their progress as part of our next annual review.

Councillor Cameron Holloway

Leader of the Council



Signature:

Date:

Robert Pollock

Chief Executive

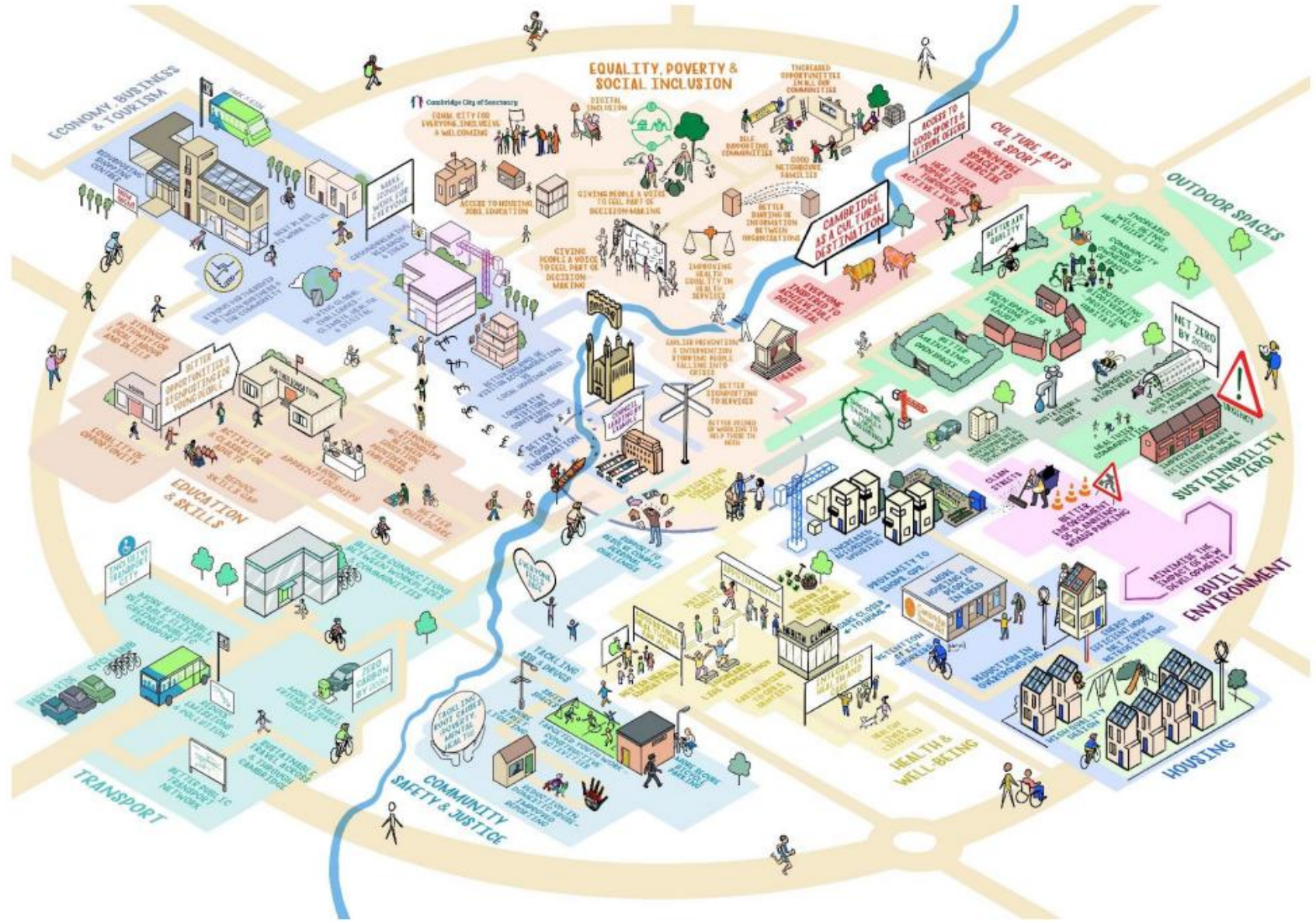


Signature:

Date:

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# Local Code of Governance



# Local Code of Corporate Governance

## Good governance

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

A Council's Code of Corporate Governance is:

*"The system by which local authorities direct and control their functions and relate to their communities"*

## Our commitment

Cambridge City Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. It enables the Council to monitor the achievement of its [strategic objectives](#) and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

This local code of governance has been developed in accordance with and is consistent with the Delivering Good Governance in Local Government framework, which builds on the seven Principles for the Conduct of Individuals in Public Life.

## Core principles of good governance

The core governance principles of the council are:-

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



**Applying the core principles of good governance**

This document describes how the Council achieves the seven principles of good governance and describes how the Council’s corporate governance arrangements will be monitored and reviewed.



This Code takes each of the principles of good governance in turn and sets out the systems, processes and principles the Council has put in place to ensure good corporate governance.

The Code will be reviewed annually through the Annual Governance Statement process, which will identify the actions to be taken to enhance the code or address any limitations with in it.

## Principle A – Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principles: <ul style="list-style-type: none"> <li>• Behaving with integrity</li> <li>• Demonstrating strong commitment to ethical values</li> <li>• Respecting the rule of law</li> </ul>		
	How does the Council achieve this?	Supporting examples
1	<p>The Council expects the authority's leadership – both Members and Officers - to create a climate of openness, support and respect and to uphold the Council's values.</p> <p>The Council operates within the legal framework for local councils complying with its statutory duties and making the most of its powers to meet the needs of the District and its residents.</p> <p>Standards of conduct and personal behaviour are set out in the Employee Code of Conduct, the Member Code of Conduct and in the Member/ Officer protocol.</p>	<p>Constitution</p> <p>Employee Code of Conduct</p> <p>Member Code of Conduct</p> <p>Member/Officer Protocol</p>
3	An up-to-date register of Member and Officer Senior Officer Interests is maintained. The underlying principles which underpin the Codes of Conduct build upon the Seven Principles of Public Life (the Nolan Principles).	Register of Interests
4	The Council has put in place procedures for considering complaints so that members of the public can express dissatisfaction with Council services and their concerns can be monitored and addressed. The Council has appointed an “independent person” to support this, in accordance with the requirements of the Localism Act, 2011.	Complaints Procedure and website
5	We publish an Annual Complaints report analysing trends in complaints against the Council and what has been done to address them.	Complaints – Annual Report
6	The Local Government and Social Care Ombudsman provides an annual summary of statistics on their decisions and provides feedback to help Councils help improve service delivery.	Local Government Ombudsman Letter

7	<p>The Council's Civic Affairs <u>and Audit</u> Committee fulfils the core functions of an Audit Committee. The Committee is responsible for constitutional issues and ensures that the constitution is monitored and updated when required.</p> <p>The terms of reference of the Civic Affairs <u>and Audit</u> Committee include responsibility for advising on the Council's ethical framework and the promotion of openness, accountability and probity to ensure the highest standards of conduct.</p>	Terms of Reference for Civic Affairs <u>and Audit</u> Committee
8	The Council maintains a Whistleblowing policy to enable confidential reporting of suspected breaches of the Employee Code of Conduct or unethical behaviour. We also maintain a Prevention of Fraud and Corruption Policy. Both policies are reviewed by the Civic Affairs <u>and Audit</u> Committee.	Whistleblowing Policy Prevention of Fraud & Corruption Policy
09	The Council's standing orders and financial regulations put in place processes designed to ensure that Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.	Financial Regulations
10	The Head of Legal Practice is the Council's Monitoring Officer, responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. Their role is set out in the Constitution.	Monitoring Officer Role Description
11	The Council ensures that Statutory Officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.	Professional Qualifications and training
12	The Council has a clear Procurement Strategy designed to meet the Council's wider objectives and Contract Procedures Rules designed to deliver robust and fair procurement processes.	Procurement Strategy

## Principle B - Ensuring openness and comprehensive stakeholder engagement

Supporting Principles		
<ul style="list-style-type: none"> <li>• Openness</li> <li>• Engaging comprehensively with Institutional stakeholders</li> <li>• Engaging stakeholders effectively, including citizens and service users</li> </ul>		
	How does the Council achieve this?	Supporting Examples
Page 44	<p>1 The Council holds its meetings, and those of its committees and working groups in public unless there are good reasons for confidentiality. The public are allowed to ask questions at all Council and committee meetings.</p> <p>The Council adopted legislation and best practice, and implemented software, to enable it to continue holding meetings remotely during the pandemic.</p>	<p>Committee Agendas</p> <p>Committee Forward Plan</p>
	<p>The Council records the <del>decisions of Council, Executive, Non-Executive (e.g. regulatory) functions and the review deliberation of by the two Overview and Scrutiny committees (Performance, Assets and Strategy; Services, Climate and Communities). And the reasons for Executive and Regulatory decisions and makes</del> agenda papers and minutes <u>are</u> available on the Council's website. The Council also records and publishes on the website written questions asked at Council meetings and their answers, and oral questions and answers where these are available.</p>	<p><del>Agendas and Minutes of</del> Committee <u>records</u> <del>s</del> Council Website</p>
	<p>3 Officers use standard report templates for committee and executive reports to help ensure that readers are provided with information that is accurate, complete and unbiased. Reports make clear the options available so that the implications of all decisions and strategic risks can be assessed before those decisions are made.</p>	<p>Standard Committee Report Templates</p>
	<p>5 The Council has <del>a</del> Joint Development <del>Management</del> <u>Control</u> Committees with South Cambridgeshire District Council for decisions affecting growth sites bordering the City and South Cambridgeshire.</p>	<p>Joint Development <del>Control</del> <u>Management</u> Committees Terms of Reference</p>
	<p>6 The Council seeks to encourage engagement in its work through a variety of means including public representatives on the Equalities Panel, Tenant Representatives on the Housing <u>Advisory Board</u> <del>Scrutiny Committee</del>. It also puts resources into outreach work through its community development services and support to tenant and leaseholder representatives.</p>	<p>Membership and Terms of Reference of these bodies</p>

7	The Council seeks to ensure all partnerships with which it is engaged have a set of values or criteria against which decision-making and actions can be judged. It works with those partnerships to promote open and accountable decision making and to ensure they have clear governance structures in place. It also ensures that there is clarity about the legal status of each partnership and that all representatives in the partnership have clarity about their powers to bind their own organisation to partnership decisions. The Council operates in accordance with principles of partnership working agreed with our key partner organisations.	Partnership Guidance Principles of Partnership Working
8	The Council ensures that the authority is open and accessible to the community, service users and its staff.	Customer Charter and Service Standards
9	The Council makes clear through its website and other Council publications the services that it is responsible for, how people can contact the Council and the service standards they can expect.	Council website – Our Services Council Tax Leaflet Annual Report Open Door Magazine Cambridge Matters
10	The Council promotes the role of Councillors and lets the public know who the Councillors are, what roles they have on the Council and how to contact them.	Council website - Members.
11	The Council's consultation programme ensures that the Council proactively seeks the views of a wide range of people and engages with all sections of the community effectively.  This is achieved through a mix of corporate consultation initiatives with more targeted consultation on service specific issues led by relevant departments.  The Council seeks to ensure all views are actively considered when making decisions, recognising that it is not always possible to reconcile conflicting viewpoints.  The Council ensures it makes feedback available to consultees on the outcomes of consultation, what has changed as a result and explaining why it has made the decisions it has.	Consultation pages on website Code of Best Practice on Consultation and Community Engagement
12	The Statement of Community Involvement sets out how South Cambridgeshire District Council and Cambridge City Council will involve communities on a wide range of planning matters throughout the planning process.	Statement of Community Involvement

13	<p>We are committed to challenging discrimination and promoting equality of opportunity in all aspects of our work. The Council undertakes Equality Impact Assessments of all major Council decisions and takes action to implement changes required, to ensure that council services and policies consider the diverse needs of its service users and citizens. It also uses research data, or other relevant data, to inform decisions about relative deprivation in the City.</p> <p>Our Comprehensive Equalities and Diversity Policy sets out the Council's commitment to promoting equality and diversity, including through its role as an employer and a provider of services to the public.</p> <p>Our Equality Value Statement sets out the responsibility of our staff.</p> <p>Our Single Equality Scheme sets out how the organisation will challenge discrimination and promote equal opportunities in all aspects of its work over the next 3 years</p> <p>We regularly monitor our progress and each year we publish an Annual Equalities Review, which sets out what we have achieved over the past twelve months to advance our equalities and diversity work.</p> <p>The Council's Equalities Panel (which has staff, member and public representatives) helps the Council evaluate its success in promoting diversity and meeting a broad range of needs.</p> <p>The Council enters into compacts with Tenants and the Voluntary Sector agreeing ways of working with these two stakeholder groups.</p>	<p>Equalities and Diversity Policy</p> <p>Equality Value Statement</p> <p>Single Equality Scheme</p> <p>Annual Equalities Review</p> <p>Equality in Employment - End of Year Workforce Report</p> <p>Equality in Employment Workforce Report</p>
15	<p>The Council sets out in its collective agreements, employment policies and procedures, and terms of reference for forums and meetings involving trade unions, and how it consults with staff and Trade Unions.</p> <p>The Council recognises two Trade Unions. Members meet with the Trade Unions in a Joint Staff/ Employer Forum. The Leadership Team have team meetings, town halls, and there are Joint Trade Unions Group meetings.</p>	<p>Joint Staff/Employer Forum</p> <p>Terms of Reference and Agendas/Joint Trade Unions Group Agendas and Minutes. employment policies and procedures.</p> <p>Trade Union Facilities Agreement</p>

## Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principles: <ul style="list-style-type: none"> <li>• Defining Outcomes</li> <li>• Sustainable economic, social and environmental benefits</li> </ul>		
	How does the Council achieve this?	Supporting Examples
1	The Council has a clear vision for the City and sets objectives to guide the Council's activities.	Vision
2	We review our objectives each year, through the Annual Statement agreed at the Annual Council meeting and the Corporate Plan.	Annual Statement
3	The Council actively considers the environmental impact of the Council's decisions. We are committed to reducing carbon emissions and climate change impacts, and promoting a high-quality, sustainable environment in the city. Our environment policy statement details a comprehensive range of actions that we will take to achieve these goals.	Environmental Policy Statement Environmental Assessment Tool for Council Policies Plans and Projects
Page 47	Our Climate Change Strategy shares our vision for Cambridge to be net-zero carbon by 2030. It includes six key objectives to address the causes and consequences of climate change.	Climate Change Strategy and Action Plan
	Our Climate Change Strategy Action Plan explains how we plan to achieve this vision. Our Carbon Management Plan explains how we plan to reduce our own emissions to net zero. Our objectives depend partly on the government, industry and regulators making necessary changes.	
	5 The Council proactively contributes to key strategic partnerships, reflecting partnership objectives within its Corporate Plan where appropriate e.g., Health and Well-being, Greater Cambridge Partnership, and the Business Board of the Cambridgeshire and Peterborough Combined Authority (formally LEP). Updates on the work of key partnerships are reported through Council.	Strategic Partnerships
6	The Council owns significant property assets of a wide-ranging nature. Our Asset Management Plan sets out how the council will manage these properties efficiently and effectively so that they are fit for the purpose for which they are held, meeting requirements in terms of function, size, environmental performance, cost, financial return and location now and in the future.	Asset Management Plan General Fund 2023/24 to 2033/34

## Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting Principles: <ul style="list-style-type: none"> <li>Determining Interventions</li> <li>Planning Interventions</li> <li>Optimising achievement of intended outcomes</li> </ul>		
	How does the Council achieve this?	Supporting Examples
1	The Council has a Medium-Term Financial Strategy to resource its aspirations and to assess and plan for any financial risks. The strategy is reviewed annually for both the General Fund and the Housing Revenue Account.	Medium Term Financial Strategy
2	<p>The Council puts service to the public first. The annual business planning process is used to agree the priorities for the Council. The Corporate Plan expresses the strategic objectives for the Council for over the current financial year and beyond.</p> <p>Alongside each of the objectives are detailed the outcomes to be achieved and performance measures that provide evidence that the outcomes are being delivered. This information enables members and the services contributing to the delivery of the plan to be clear about the priorities for the Council and assists in decisions about where resources should be focussed.</p>	Corporate Plan
3	Directors <sub>1</sub> and their Corporate Managers, prepare annual Strategic Delivery Plans indicating how they will meet objectives set in the Corporate Plan and setting out their priorities and work programmes for the year ahead.	Strategic Delivery Plans
4	<p>The Council's overall spending plans are set out in an annual Budget Setting report for both revenue and capital expenditure.</p> <p>There are arrangements in place for regular budget monitoring and the reporting of significant variances to senior management.</p>	Budget Setting and Variance Reports <sub>2</sub>



5	<p>The Council works to maximise its resources by delivering services as efficiently as possible, working in partnership with others and using other providers where these are the best options. We have a Transformation Programme 'Our Cambridge', which is committed to building a better, more efficient and sustainable council. We need to be an organisation that is fit for the future and operates within our budget. All councils across England face challenging financial situations and this programme aims to identify and help achieve the savings and income generation required to balance the Council's budget. This work includes introducing new ways of working and working more closely with local partners and other public sector organisations.</p>	Transformation Programme
6	<p>The Council has a duty and a power (both statutory and discretionary) to take action to enforce a wide range of statutes relating to: public health and safety, quality of life, anti-social behaviour, preservation of public and residential amenity, maintenance of the environment and protection of public funds. The Council maintains and publishes a Corporate Enforcement Policy. This is used as a guide when the Council acknowledges the need for firm action against those who flout the law and put consumers and others at risk.</p>	Corporate Enforcement Policy
	<p>The Council has <del>established</del> a <del>Corporate</del> Programme <del>Management</del> Office with a Project Management Toolkit <del>and Framework which</del>to sets out practical guidance for project managers and provide standardised templates for consistency across the Council.</p>	Project Management Framework
8	<p>Our Planning Enforcement Policy outlines the Councils performance standards and approach to the deployment of its statutory planning enforcement capabilities under the town and Country Planning Acts.</p>	Planning Enforcement Policy

## Principle E - Developing the Council's capacity, including the capability of its leadership and the individuals within it

Supporting principles: <ul style="list-style-type: none"> <li>• Developing the Council's capacity</li> <li>• Developing the capability of the entity's leadership and other individuals</li> </ul>		
	How does the Council achieve this?	Supporting Examples
1	The Council sets out a clear statement of the roles and responsibilities of Executive Members, other Members and Council Officers in its Constitution. The scheme of delegation within the Constitution makes clear which matters are reserved for collective decision-making by Council.	Constitution: Scheme of delegation
2	A Member/Officer protocol is used to aid effective communication between Officers and Members and to clarify their respective roles and appropriate ways of working.	Member/Officer Protocol
Page 50	The Council's Chief Executive is its Head of Paid Service and is responsible and accountable to the authority for its operational management.	
	When representing the Council on Outside Bodies working in partnerships the Council ensures that Members are clear about their roles and responsibilities, both individually and collectively, in relation to the partnerships and to the Council and are documented through Terms of Reference.	Partnership Terms of Reference
4	<p>Our values provide us with a set of guiding principles, purpose and direction; to guide colleagues in what we stand for, our culture, what's important to us and how we do things</p> <p>Our behaviours help us to describe in actionable terms how we do our jobs; they are relevant, actionable, achievable for all job roles within the council.</p> <p>Our values and behaviours align with and support the transformational Our Cambridge programme which aims to modernise our council</p>	Values and Behaviours

5	<p>The behaviour expected of employees is set out in the Council's competency framework and this is used as the basis for our performance appraisals.</p> <p>The Council has up-to-date job descriptions. It sets and monitors clear objectives for Officers through the annual performance review process. It agrees appropriate remuneration for officers based on an agreed framework of national and local agreements which include job evaluation.</p> <p><u>Our all staff engagement survey, My Voice, allows everyone to give their feedback about working for Cambridge City Council. This is followed up with annual surveys to produce an overarching action plan, plus group action plans based on the survey feedback. These insights are vital to make sure the Council is a great place to work and to improve the way we support residents and the wider community of Cambridge. The Council undertakes regular staff surveys to check the wellbeing of colleagues.</u></p>	<p>Performance review Framework</p> <p><a href="#">My Voice Staff Engagement Survey</a> <del>Staff Survey</del></p>
6	<p>Employees joining the Council are offered an induction programme and their training and development needs are reviewed regularly through the Council's annual performance review process.</p>	<p>Officer Induction Programme</p>
7	<p>The Council offers all new Members an induction programme and the opportunity to develop, with a briefing and development programme to meet their needs. The Council also provides resources for training, attending conferences/seminars and briefings in-house for all elected Members. It keeps a register of the training received by Members and involves Members in reviewing training needs and the resources available during the year.</p> <p>The Council encourages and facilitates Members to have appropriate training or briefing before performing certain roles (e.g. dealing with staff recruitment or disciplinary issues, being a member of the Planning or Licensing Committees).</p>	<p>Member Induction Programme</p>
8	<p>The Council has developed Shared Services with their partners, and this helps to build resilience and expertise across partners.</p>	<p>Shared Services Business Cases, service plans and performance reports</p>

## Principle F - Managing risks and performance through robust internal control and strong public financial management

Supporting Principles: <ul style="list-style-type: none"> <li>Managing Risk</li> <li>Managing Performance</li> <li>Robust Internal Control</li> <li>Managing data</li> <li>Strong public financial management</li> </ul>		
	How does the Council achieve this?	Supporting Examples
Page 52	<p>1 The Council has a Risk Management Strategy, supplemented by procedures and guidance. The Strategy sets a risk appetite which considers both opportunity and risk management. It maintains strategic and operational risk registers which are reviewed regularly. The Council undertakes systematic risk assessments in all areas of Council activity, including those covered by Health and Safety legislation.</p> <p>The Council ensures that risk management is embedded into the culture of the authority; with managers at all levels recognising that risk management is part of their job. Risk assessment is incorporated into the Council's decision making and Members are advised of the Council's risk profile at key stages.</p> <p>The Council respects the personal data of its citizens, employees, suppliers and others the Council may communicate with. We have a Data Protection Policy in line with the principles of the Data Protection legislation.</p> <p>The Council has an Information Governance Board, shared across the 3C ICT Council network. It is chaired by the Senior Information Risk Officers, with support from the Data Protection Officer, to help manage Information Governance Risks and develop continuous improvement through an action plan.</p>	<p>Risk Management Strategy, Procedures and guidance</p> <p>Information Governance Policies and Website Privacy Notice</p>
	<p>3 The Council respects the privacy of members of the public if it has to carry out investigations under the Regulation of Investigatory Powers Act 2000 and ensures that privacy is only interfered with when the law permits and there is clear public interest justification.</p>	<p>Regulation of Investigatory Powers Act 2000 – Guidance</p>
	<p>4 The Council's Chief Financial Officer and S151 Officer is responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control. They maintain compliance with the CIPFA Role of the S151 Officer in Local Government. Delegated powers are set out in our Constitution - Article 12: Officers functions are responsibilities.</p>	<p>Compliance with the CIPFA Role of the S151 Officer</p>

5	The Council develops and maintains an effective Scrutiny process to encourage constructive challenge and enhance the Council's performance.	Terms of Reference of Scrutiny Committees
6	The Council has clear protocols about Members' access to information and officer advice to enable them to perform their roles.	Constitution: Access to Meetings and Information Procedure Rules
7	The Council has emergency and business continuity plans in place, including co-ordination and joint working arrangements with partners.	Corporate Business Continuity Plan Corporate Emergency Response Plan Team Service Continuity Plans
8	The Development Management team have developed a set of online reports that track performance in real time, accessed through an internal Wiki resource. This includes the Service ISO9001 compliant protocols and procedures for the Development Management (planning application) process along with staff guidance and "how to" guidance.	Online Performance Management Framework

## Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles: <ul style="list-style-type: none"> <li>• Implementing good practice in transparency</li> <li>• Implementing good practices in reporting</li> <li>• Assurance and effective accountability</li> </ul>		
	How does the Council achieve this?	Supporting Examples
Page 54	<p>1 The Council makes sure members of the public have access to information about the workings of the Council. It makes clear what information is routinely published through its Freedom of Information Publication scheme and responds promptly to requests for information.</p> <p>The Council publishes on its website all responses to Freedom of Information requests and has privacy notices and information-sharing agreements to ensure GDPR compliance.</p>	<p>Freedom Of Information, Open Data</p> <p>Publication Scheme</p> <p>Data Protection And Transparency: Annual Report</p> <p>Website Privacy Notice</p>
	<p>Each year the Council publishes an Annual Report and Statement of Accounts giving information on the authority's vision, strategy, performance, future plans and financial statements.</p>	<p>Annual Report and Statement of Accounts</p>
	<p>3 Shared services arrangements with other local authorities or partners document their governance arrangements, which are clear, open and accountable.</p>	<p>Shared Services Collaboration Agreements</p>
	<p>4 The Council maintains an independent Internal Audit function, with a risk-based audit plan, designed to test regularly that the Council's policies and processes operate in practice and that the Council complies with legislation and good practice. The Chief Audit Executive produces an opinion on the Council's internal control environment and the risk management framework to meet the requirements of the <a href="#">Global Public Sector Internal Audit Standards in the UK Public Sector</a>.</p>	<p>Risk based Internal Audit Plan and Head of Internal Audit Opinion</p>
	<p>5 The Chief Audit Executive opinion and the Councils assurance framework is used to inform an Annual Governance Statement.</p>	<p>Annual Governance Statement</p>

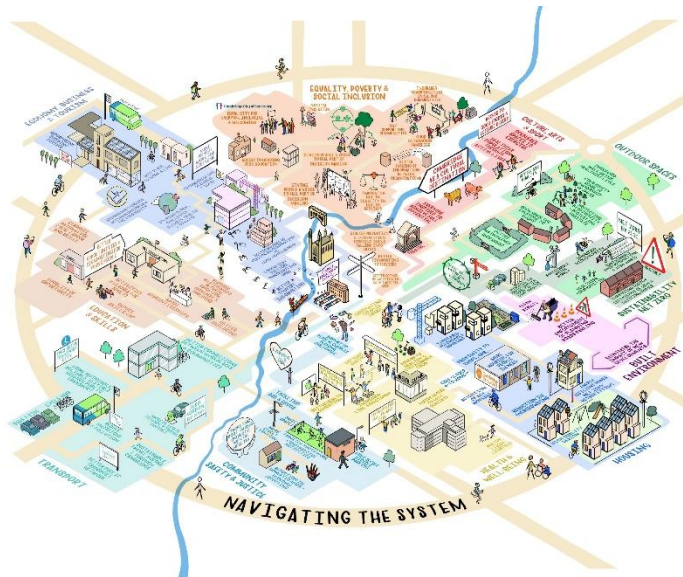
6	<p>The Council also agrees an annual work plan with its External Auditors to test the Council's response to major legislation and the soundness of its financial and governance processes.</p> <p>Recommendations arising from internal and external audit and inspection processes are used to inform future decision-making.</p>	External Audit Plan and Annual External Audit Letter
7	The Council uses an Independent Remuneration Panel to give advice on payments to Members and considers their advice when setting the Members' Allowance Scheme. The Panel's recommendations are set out in a public report to Council. The Scheme is available to view on the Council's website and is subject to regular review.	Members' Allowances Scheme and Independent Remuneration Panel reports.
8	Full Council approves the annual pay policy statement to report relevant information, such as salary and expenses, of chief officer posts and the ratio of lowest and highest paid employees.	Pay Policy Statement
9	The Development Management Team within our Greater Cambridge Shared Planning achieved accreditation with the ISO9001 (Quality Management) for the systems within our Development Management and Compliance teams.	ISO Quality Management System - Development Management

## Page 56

Our website has information about “[How the Council Works](#)”, including information [about the Council](#), our [Leadership team](#) and [Council Structure](#).



The [Cambridge Rich Picture](#) is a visual tool we have developed that represents the ambitions for the city. We created it after listening to residents, staff and partners.





## Partnerships and separate bodies

The Council works in partnerships with several bodies, and has two significant separate bodies:

Who	Background	Governance
Investment Partnership	<p>The Council set up an Investment Partnership with Hill Investment Partnerships in 2017. The members agreement has the following objectives:</p> <ul style="list-style-type: none"> <li>• Investment in the development of land to create successful new places that meet both the financial objectives (primarily a revenue return) and social objectives of the Cambridge City Council (particularly housing that is affordable and is needed locally), provided always that the individual sites may be developed to meet either financial or social objectives;</li> <li>• Improve the use of Council assets and those of other Public Sector Bodies in the Cambridge, or Cambridge wide area;</li> <li>• Maximise financial return through enhanced asset value, (with reference to the first bullet above), provide a return to the Investment Partners commensurate to their investment and the level of risk in respect to such investment.</li> </ul>	<p>Potential sites would first need to be approved by the Executive Cllr and considered at the relevant scrutiny committee.</p> <p>Updates on all the Cambridge Investment Partnerships current projects are provided quarterly to the Housing Scrutiny Committee.</p> <p>CIP has a website: <a href="https://www.ip-cambridge.co.uk/about-us/">https://www.ip-cambridge.co.uk/about-us/</a></p>
Cambridge City Housing Company Ltd	<p>This was established in 2016 as a wholly owned company with Cambridge City Council as the only shareholder.</p> <p>The objectives of the company are to provide and manage housing that is affordable for those in housing need and any other property related activity in Cambridge and neighbouring districts, whilst also generating a financial return for the Council.</p> <p>The Housing Company is registered with Companies House with full accounts and Director information published on the Companies House website.</p> <p>The Council's published annual statement of accounts includes details of the Housing Company, reporting on the Council's relationship with the Housing Company, its financial performance and the loans between the Council and Housing Company. This provides transparency of the relationship between the two organisations.</p>	<p>The Council receives information on the Housing Company through its Strategy &amp; Resources Scrutiny Committee with reports and minutes from these meetings published online through the Council's website. This Committee reviews the Housing Company's business plan and the Council's published Corporate Plan sets out the objectives, activities and people involved in management and decisions with regard to the Housing Company</p>

## Monitoring and reporting

The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Civic Affairs and Audit Committee for consideration and will form part of the Council's annual Statement of Accounts.

The Governance Statement will include:

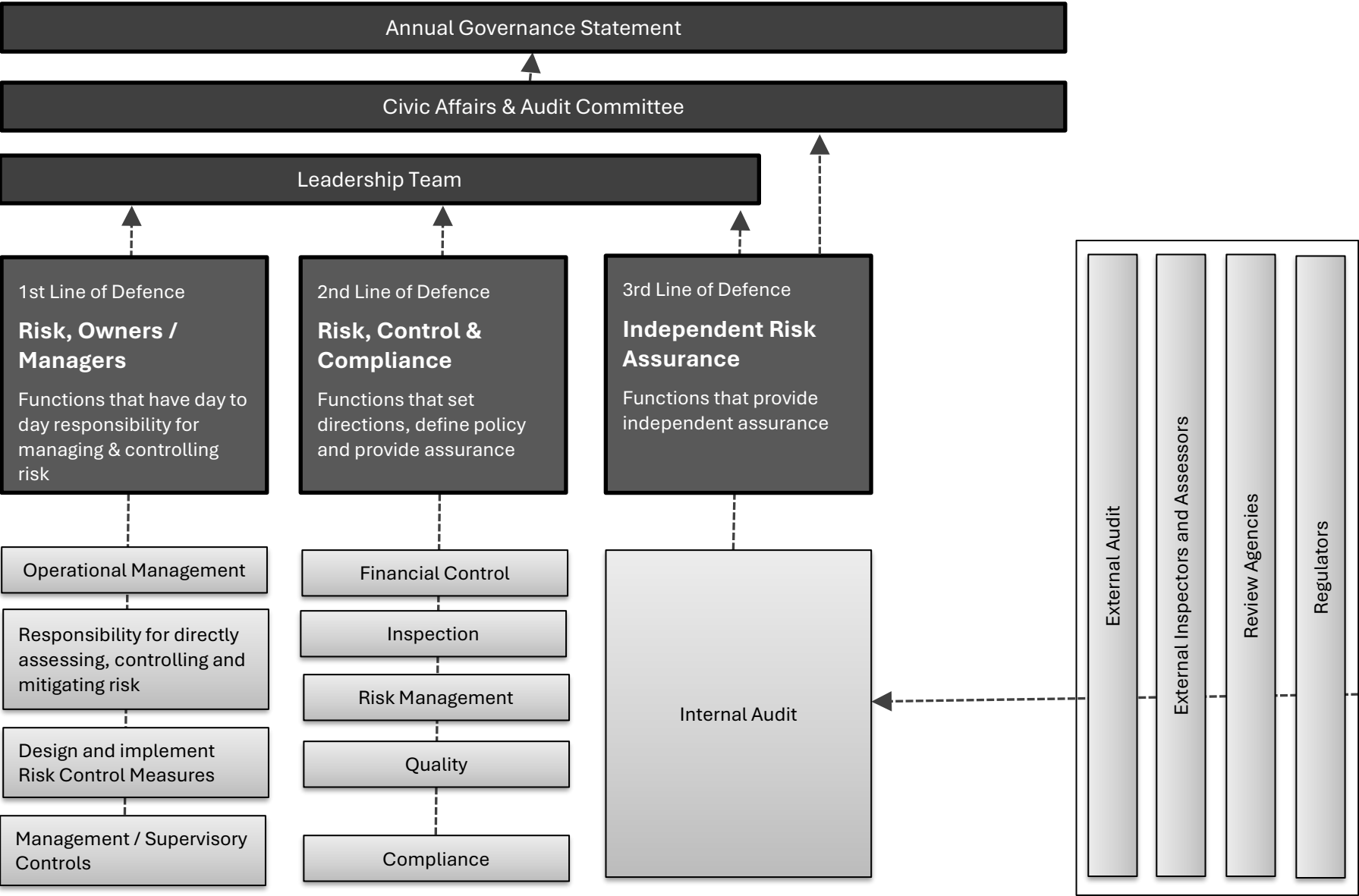
- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- a reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- a reference to how issues raised in the previous year's annual governance statement have been resolved; and
- a conclusion including a commitment to monitoring implementation as part of the next annual review.

In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those Assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council.

The Council will continually strive to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.

Our assurance channels

The review of effectiveness is informed from various sources (also known as the Lines of Defense):



## Seven principles for the conduct of individuals in public life

The governance framework is supported by the [seven Principles of Public Life](#), and apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership	Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

# Version Control

Major recent iterations and updates are published below.

Date updated	Summary of changes
23/02/2026	Presented to Civic Affairs Committee with draft 2024/2025 AGS
12/05/2025	Presented to Civic Affairs Committee with draft 2023/2024 AGS
05/12/2024	Presented to Civic Affairs Committee with draft 2022/2023 AGS
03/11/2022	Presented to Civic Affairs Committee with draft 2021/2022 AGS

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**REPORT TITLE: Statement of Accounts 2024/25**

**To:** Civic Affairs and Audit Committee (23/02/2026)

**Report by:**

Matthew Fernandez-Graham, Head of Finance

Tel: 01223 458134 Email: matthew.fernandezgraham@cambridge.gov.uk

**Wards affected:**

All

Director Approval: Jody Etherington confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to the Committee for decision.

<b>1.</b>	<b>Recommendations</b>
1.1	<p>It is recommended that the Civic Affairs and Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Notes the contents of the EY Audit Results Report 2024/25.</li> <li>2. Approves the Statement of Accounts for the year ended 31 March 2025, subject to any remaining amendments per recommendation 3.</li> <li>3. Delegates authority to the Chief Finance Officer to approve any amendments to the Statement of Accounts arising from the remaining audit procedures, provided that these do not have a material impact on the Council's usable reserves or result in any changes to the auditor's opinion.</li> <li>4. Authorises the Chair of the meeting to sign the Letter of Representation and the Statement of Accounts for the financial year ended 31 March 2025 on behalf of the Council.</li> </ol>
<b>2.</b>	<b>Purpose and reason for the report</b>
2.1	<p>In accordance with International Standards on Auditing (ISAs), external auditors are required to communicate their audit findings to 'those charged with governance', which for this council is the Civic Affairs and Audit Committee.</p>



2.2	This covering report provides commentary from officers on the Council's Statement of Accounts to assist members to fulfil their responsibility for approving the Council's Accounts for 2024/25. At the same time as approving the Statement of Accounts, EY requires the Council to provide a Letter of Representation signed by both the Chief Finance Officer and a member on behalf of 'those charged with governance'.
3.	<b>Alternative options considered</b>
3.1	The Committee could choose not to approve the accounts, but this would mean missing the backstop date for publication of audited accounts.
4.	<b>Background and key issues</b>
4.1	As the Committee has previously been advised, following several years of delays to the publication and audit of Statements of Accounts across the local government sector in England, the government announced a 'reset and recovery' approach to addressing the substantial audit backlog across the country. As part of this approach, the government has set a series of statutory 'backstop' dates, by which audited accounts must be published.
4.2	Draft unaudited accounts for 2024/25 were published on 30 June 2025. The backstop date for audited 2024/25 accounts is 27 February 2026. If the Statement of Accounts are approved at this meeting, then the Council will be able to meet this deadline.
4.3	A revised Statement of Accounts is attached at Appendix 1. The revised statements incorporate a small number of audit and management adjustments which are detailed in section 7.3 of this report and are highlighted in yellow in the accounts.
4.4	The audit process is almost complete and the Audit Results Report is attached at Appendix 2. As the assurance rebuilding process will inevitably take a number of years, EY are providing a disclaimed opinion with details of progress made since the audit of the 2023/24 accounts.
4.5	The 2024/25 accounts were prepared by the Chief Accountant who was then on long-term leave during the audit period. A member of staff has been acting up in this role and has been learning through this process. Moreover, a team leader left in the summer and the team was not back to full strength until January 2026. The staffing changes did result in delays in responding to audit requests, but valuable experience has been gained so

	that the audit will be smoother next year.
<b>5.</b>	<b>Council Financial Results for 2024/25</b>
5.1	The Council's financial performance is summarised in the main financial statements.
5.2	The Movement in Reserves Statement on Page 21 of the accounts shows an overall decrease in the Council's usable reserves of £1.5 million to £116 million. The movement in usable reserves includes net decreases of £2.6 million in reserves which can only be used to support capital expenditure. These reserves will be utilised in future years in accordance with the capital programme. The net change in usable revenue reserves is therefore an increase of £1.1 million.
5.3	General Fund unallocated reserves decreased by £22 million to £18.9 million, mainly as a result of the transfer of £23.8 million to the Civic Quarter reserve. This meant that General Fund earmarked reserves increased by £23.2 million to £52.3 million. The General Fund earmarked reserves include £11.3 million set aside for future capital development.
5.4	HRA unallocated reserves remained stable at a total of £7.6 million. HRA earmarked reserves decreased by £0.1 million to £2.7 million.
5.5	A more detailed analysis of the movement of both General Fund and HRA earmarked reserves is shown in Note 13 to the Statement of Accounts.
5.6	There is a table on page 10 of the Narrative Report within the Statement of Accounts which reconciles the outturn position of portfolios reported to committees to the movement on General Fund reserves. The Expenditure and Funding Analysis (Note 1 to the Statement of Accounts) then reconciles this position to the statutory accounting results detailed in the Comprehensive Income and Expenditure Statement.
5.7	<p>The Comprehensive Income and Expenditure Statement on Page 20 of the accounts shows a net surplus on provision of services (measured according to proper accounting practice) of £4.1 million, compared to a net deficit of £13.8 million in 2023/24. The most significant changes year-on-year were:</p> <ul style="list-style-type: none"> <li>• Revaluation losses of £21.9 million were charged to HRA expenditure in respect of council dwellings, compared with losses of £41 million in 2023/24. Note that whilst this impacts on the surplus on provision of services, the effect is reversed out of the HRA through Movement in Reserves Statement, so there is no impact on the Council's usable reserves. (N.B. Under accounting standards, these figures relate only to the element of</li> </ul>

	<p>revaluation gain / loss which is not a reversal of revaluation gains in previous years, therefore they will not agree with the figures at paragraph 5.8 which show the total revaluation movement on all council dwellings since 31.3.24).</p> <ul style="list-style-type: none"> <li>• Revaluation gains of £4.9 million were credited to income in respect of investment properties, compared with gains of £6.0 million in 2023/24. Note that whilst this impacts on the surplus on provision of services, the effect is reversed out of the GF / HRA through Movement in Reserves Statement, so there is no impact on the Council's usable reserves.</li> <li>• Interest and similar income for 2024/25 was £5.9 million compared with £7.8 million in 2023/24. This is due to the reduction in interest rates during 2024/25 and the use of surplus cash to finance the capital programme through internal borrowing, which avoids the cost of interest on external borrowing.</li> <li>• The Council received interest of £1.1 million on the net defined benefit pension asset in 2024/25, compared with £0.5 million in 2023/24</li> <li>• Financing and investment expenditure includes £0.6 million gains on the fair value of financial instruments (relating to an increase in the valuation of the Council's investment in a Pooled Property Fund), compared with losses of £0.3 million in 2024/25.</li> </ul>
5.8	<p>The Balance Sheet details the value of the Council's assets and liabilities. The Council's total net assets have decreased by £46.6 million, to £1,060.6 million. Key movements to note include:</p> <ul style="list-style-type: none"> <li>• A decrease in short term investments of £33.5 million. The Council has used available cash to fund capital expenditure in 2024/25.</li> <li>• There were additions of £100.8 million to property, plant and equipment; of which £38.9 million related to council dwellings, £58.3 million to assets under construction and £3.5 million to other property, plant and equipment.</li> <li>• Net revaluation losses of £23.4 million on property, plant and equipment, consisting of a net loss of £22 million on council dwellings and a net loss of £1.5 million on other land and buildings.</li> <li>• Net revaluation gains of £4.9 million on investment properties, consisting of a gain of £0.4 million on the central Cambridge shopping centre portfolio, and a net gain of £4.5 million on other investment properties.</li> </ul>

<b>6.</b>	<b>Group Financial Statements for 2024/25</b>
6.1	The Group Financial Statements consolidate the performance of the Council with its subsidiary (Cambridge City Housing Company), and the Cambridge Investment Partnership (CIP) entities.
6.2	The accounts of the Cambridge City Housing Company (CCHC) show a profit for the year of £94k. After eliminating transactions with the Council and aligning accounting policies with the group, the total comprehensive income for CCHC included in the Group Financial Statements is £205k.
6.3	As a joint venture the Council is required to include its share of the financial results of CIP as a single line in the Group Comprehensive Income and Expenditure Statement and the Group Balance Sheet. There are four entities in total: an overall operating company, plus 3 specific development companies for Mill Road, Cromwell Road, and L2 Orchard Park. The overall operating company reported a profit of £156k (£6k profit in 2023/24) and Mill Road posted a profit of £427k (£14k in 2023/24). Cromwell Road posted a loss of £6k (£2.7 million profit in 2023/24), reflecting the fact that the development is complete. Orchard Park L2 reported a profit of £0.2 million (£0.3 million in 2023/24).
6.4	The Council's share of the net assets of the joint venture entities totals £0.4 million, compared with £0.7 million in 2023/24.
<b>7.</b>	<b>Audit Results for 2024/25</b>
7.1	International Auditing Standards require the auditor to communicate a number of matters to those charged with governance before issuing their audit opinion. EY's Audit Results Report is attached at Appendix 2. A representative from EY will be present at the committee meeting to discuss their report.
7.2	EY propose to issue a disclaimed audit opinion on the Council's financial statements for 2024/25. This was anticipated in advance of the audit due to the disclaimed opinion in 2023/24 and the assurance build-back process which is necessary to return the accounts to a clean opinion position over a period of several years.
7.3	A small number of adjustments have been made to the published draft Statement of Accounts following the audit process. <ul style="list-style-type: none"> <li>• Land values for property, plant and equipment (PPE) which were not updated in the</li> </ul>

	<p>fixed asset register have been added to the total PPE balance, increasing it by £10.61 million</p> <ul style="list-style-type: none"> <li>• Land values for property, plant and equipment (PPE) for two assets where the land was not owned by the Council were removed from the total PPE balance, decreasing it by £6.78 million.</li> <li>• The fair value for one investment property which was revalued in 2024/25 but not updated in the fixed asset register was added to the total investment property balance, increasing it by £0.395 million.</li> <li>• The fair value for one investment property which was revalued in 2024/25 but where the valuer's valuation was not accurate was corrected, decreasing the total investment property balance by £0.19 million.</li> </ul>
7.4	<p>Auditors are required to carry out certain procedures in relation to value for money (VFM). They must be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. A 'conclusion' or 'opinion' is not issued, but where significant weaknesses are identified these will be reported by exception in the auditor's opinion on the financial statements.</p>
7.5	<p>EY's (VFM) work is now complete and the following two significant weaknesses that were identified in 2023/24 have now been removed:</p> <ul style="list-style-type: none"> <li>• The Council's arrangements to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015.</li> <li>• The Council's failure to deliver outcomes of Rent Standards and breach of the Act.</li> </ul> <p>The Council has therefore made progress since the 2023/24 financial statements, where EY were unable to carry out a full audit and could provide no assurance on the accounts. The summary of assurances on page 44 of EY's report shows that they have been able to gain substantial or partial assurance on a number of key areas of accounts for 2024/25. However, one new significant weakness was identified as a result of the audit in relation to the capacity and capability of the finance team to support the delivery of the 2024/25 audit. This was a result of the staffing issues mentioned in paragraph 4.5. With the exception of the ongoing long-term leave, the team is now up to full strength. Further training of key staff has already been undertaken to improve capability and more training is planned before year end.</p>
7.6	<p>EY will be modifying their opinion on the Council's financial statements for 2024/25 to reflect the significant weakness identified as part of their VFM work.</p>

7.7

In Section 6 of their report (Pages 33 to 36), EY give their assessment of the control environment, set out their control observations and make some recommendations for improvement. The proposed management response to these recommendations are set out below:

EY Control Observation	Management Response
Delays in receiving key working papers	Management acknowledges that delays occurred in responding to certain audit requests. In several cases, the format of the request contributed to response times, particularly where proof of payment was sought for individual items embedded within very large BACS files. Clarification was required to determine the appropriate method of evidencing these transactions, including whether to provide disaggregated extracts, controlled read-only access to the finance system, or guided system walkthroughs. Despite this, the majority of evidence was supplied, with only a small proportion delayed due to staff turnover and operational pressures. We will work with EY in advance of next year's audit to ensure early understanding of their working paper requirements and put in place an action plan to ensure delivery of these.
Property, Plant & Equipment (PPE) valuation agreement to Fixed Asset Register (FAR)	Management acknowledges the audit finding that several land asset values were not updated in the Fixed Asset Register (FAR), resulting in incorrect valuations and associated revaluation movements at 31 March 2025. This issue arose from system limitations and historic manual update processes. The affected assets have now been reviewed and corrected. Processes have been strengthened to ensure valuation updates are captured promptly and consistently, supported by additional review checks to confirm accuracy before year-end. Management is committed to ensuring the FAR reliably reflects all valuation movements and to preventing recurrence in future years. A second review checkpoint has been introduced to ensure valuation movements—particularly for land—are verified and reflected in both systems before final accounts preparation.

Debtors and Creditors Listing	<p>Management acknowledges the audit finding regarding the inclusion of opening balances within the debtors (£17.22m) and creditors (£43.28m) listings as at 31 March 2025. These balances reflected historic items that could not be fully cleansed within the audit timeframe due to the scale of the listings, the age of certain entries, and the level of manual review required. While efforts were made to validate and clear older balances, some items required further investigation or historic supporting information that was not readily accessible, particularly where staff turnover had impacted knowledge of legacy transactions. Management did, however, provide explanations and supporting detail for current-year balances and for the majority of material items. Finance team will undertake a comprehensive review and cleansing of all historic debtors and creditors entries, prioritising aged balances and legacy items and improving system reporting to meet the audit requirements and standards.</p>
Agreement of Fixed Asset Register (FAR) to Property, Plant and Equipment (PPE) Note within the financial statements	<p>Management acknowledges the audit finding. This issue arose from system limitations and historic manual update processes. Processes have been strengthened to ensure valuation updates are captured promptly and consistently, supported by additional review checks to confirm accuracy before year-end. Management is committed to ensuring the FAR reliably reflects all valuation movements and to preventing recurrence in future years. A second review checkpoint has been introduced to ensure valuation movements—particularly for land—are verified and reflected in both systems before final accounts preparation.</p>
Bank reconciliation	<p>Management acknowledges the audit findings and the concerns raised in relation to the lack of supporting documentation for the £2.8m reconciling item. Upon notification, the Finance Team commenced a detailed internal review to reconstruct the reconciliation and identify the underlying transactions associated with this balance. This work included a review of all available bank statements, general ledger postings, and associated schedules for the relevant period, alongside</p>



		engagement with service areas to investigate potential matches. However, the findings in the investigations were not conclusive to evidence the appropriateness of the original accounting treatment. Monthly reconciliation procedures have been strengthened, with improvements to quality checks, supervision, and escalation arrangements, meaning that all reconciling items in the monthly bank reconciliations during 2025/26 have supporting documentation. We note on Page 47 of the report that audit completed all planned procedures on the cash flow statement to confirm that the cash position was correct as reported.
	Valuation of Investment Properties and Right of Use Assets	Management acknowledges the audit finding concerning the lack of clear explanation and corroborating evidence for certain assumptions used by the Valuer, as well as the discrepancies noted between the rent schedules provided by the Council and the rental information used within the Valuer's calculations. Certain valuation assumptions (including yield assumptions, discount rates, lease terms, and market rent estimates) were not fully documented or supported in a manner sufficient for audit evidence. A more robust review process is being introduced, requiring Finance and Property Services to jointly verify the inputs and outputs of the valuation models and to challenge assumptions where necessary.
7.8	International Auditing Standards require the auditor to have received a Letter of Representation drawn up by the Council that provides written confirmation on matters that might be relevant or significant to the Statement of Accounts. The letter is signed as near as possible to the date of the audit opinion. The auditing standard requires that the letter is 'discussed and agreed by those charged with governance and signed on their behalf... to ensure that all those charged with governance are aware of the representations on which the auditor intends to rely in expressing the auditor's opinion on those financial statements.'	
7.9	A draft Letter of Representation has been provided at the end of the Audit Results Report in Appendix 2. EY will be present at the meeting to answer any questions.	

<b>8.</b>	<b>Corporate plan</b>
8.1	Approval of the annual accounts forms part of delivering Priority 4 of the Corporate Plan “Modernising the council to lead a greener city that is fair for all.” The plan can be found at: <a href="#">Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council</a>
<b>9.</b>	<b>Consultation, engagement and communication</b>
9.1	As required by statute, the public were given the opportunity to inspect the draft accounts and supporting documents and to ask the auditor questions about the accounts, during the period 1 July to 11 August 2025. There is nothing to report arising from this exercise.
<b>10.</b>	<b>Anticipated outcomes, benefits or impact</b>
10.1	Approving the 2024/25 accounts would enable the Council to meet the backstop date set by government and to move ahead in preparing the 2025/26 accounts.
<b>11.</b>	<b>Implications</b>
11.1	<b>Relevant risks</b>
	There are financial and legal implications arising from the accounts and audit process as set out below.
	<b>Financial Implications</b>
11.2	An update on the audit fee for 2024/25 is set out on Page 41 of the Audit Results Report. The scale fee for 2024/25 is £200,163. The 2024/25 work is substantially complete, the auditors will consider the additional resource to complete the audit and this assessment will be discussed with management prior to making a final fee proposal. It should be noted that a final fee proposal will not be provided until any outstanding audit work is complete.

	Any additional fees proposed will be subject to agreement with Public Sector Audit Appointments (PSAA), who oversee the external audit regime for all local authorities.
	<b>Legal Implications</b>
11.3	The council is required to publish a Statement of Accounts and have this audited under the Accounts and Audit Regulations 2015.
	<b>Equalities and socio-economic Implications</b>
11.4	None identified
	<b>Net Zero Carbon, Climate Change and Environmental implications</b>
11.5	None identified
	<b>Procurement Implications</b>
11.6	None identified – the council’s auditors are appointed independently by Public Sector Audit Appointments Ltd (PSAA) in accordance with the Local Audit and Accountability Act 2014.
	<b>Community Safety Implications</b>
11.7	None identified
<b>12.</b>	<b>Appendices</b>
12.1	1. Statement of Accounts 2024/25 2. EY Audit Results Report and Draft Letter of Representation
	If you have a query on the report please contact Matthew Fernandez-Graham, Head of Finance, tel: 01223 458134, email: matthew.fernandezgraham@cambridge.gov.uk

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# Cambridge City Council

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Unaudited Statement of Accounts  
for the year ended 31 March 2025

Introduction

This Statement of Accounts gives an overview of the Council’s finances for the year ended 31 March 2025. It has been written to help residents and others to:

- understand the overall financial performance and position of the Council;
- have confidence that public money has been used and accounted for in an appropriate manner; and
- be assured that the financial position of the Council is sound and secure.

The document is split into the following key sections:

- The **Narrative Report** explains how the Council is organised, managed and governed. It sets out the Council’s vision and priorities, and the main risks faced in the achievement of these. It also contains commentary on the Council’s financial and non-financial performance for the year.
- The **Council Financial Statements** set out in more detail the financial cost to the Council of the services it has provided during the year, and its financial position at the year-end. It consists of a number of main statements and notes, as set out in the Contents table opposite. It is prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and the Council’s accounting policies which are explained in more detail at note 2.
- The **Group Financial Statements** explain the impact on the Council’s finances of its involvement with Cambridge City Housing Company Ltd (a wholly owned subsidiary) and the Cambridge Investment Partnership (a joint venture partnership).
- The **Glossary** contains a definition of any complex accounting terms used throughout this Statement of Accounts.

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Introduction

The past year has been a period of change and uncertainty across the globe as well as locally in Cambridge. Inflation has reduced, but we continue to support many of our residents who face difficulties with the cost of living. We have progressed further on our own transformation journey to make ourselves as adaptable as possible in the face of ever evolving challenges. We have worked together with partners to address pressures in the city, including housing, climate change and the cost-of-living crisis, as well as the continuing growth of the city.

This report sets out some of the main highlights and issues from the past twelve months.

The Council has an ambitious savings target, with the latest Medium Term Financial Strategy identifying a need to deliver annual savings of around £11.5 million over a five-year period. Whilst the ‘Our Cambridge’ programme is contributing significantly to the achievement of these targets; the Council is having to take difficult decisions to respond to the financial challenges. The Budget Setting Report 2025/26 identified £4.9 million per year of ongoing savings, making a significant contribution to this target.

In 2024/25, the Council budgeted for a reduction in the unallocated General Fund reserve of £22.8 million. This was mainly as a result of decisions to allocate reserves to specific earmarked purposes, including £20 million towards the Civic Quarter project to deliver regeneration of the Guildhall, Corn Exchange and Market Square.

In the event, there was a net underspend on General Fund services of £2.5 million. This was mainly driven by significant investment income as the Council benefited from continuing high interest rates and high cash balances owing to slippage on the capital programme. However, this income will decrease over time as interest rates come down, and the Council uses its cash reserves to fund significant capital projects.

After adjusting for non-service variances (such as business rates and government funding), and the impact of budgeting timing differences, the General Fund finished with an overall net underspend of £3.8 million. This has been transferred to the Civic Quarter reserve, in addition to the £20 million above, in line with a decision taken by Full Council in February 2025.

After this transfer, the final position on the General Fund was a reduction of £22.0 million, against the budget of £22.8 million. The £0.8 million difference relates to budget timing differences, and will now be utilised in 2025/26.

The Council also collected £56.9 million of rent and other income through the Housing Revenue Account. This is used solely to provide services to the Council’s housing tenants and leaseholders, and to support the construction of new council housing and improvements to existing properties.

Local authorities remain subject to considerable uncertainty as the impacts of proposed local government funding reform and associated changes relating to business rates are not yet fully clear. Planned local government reorganisation also creates risk and uncertainty for the coming few years. This creates numerous challenges as the Council seeks to plan for the long-term and deliver against

its vision for the city. We continue to engage with central government and the other councils in Cambridgeshire along with residents, businesses and other stakeholders, to find a solution that will work for Cambridge City.

Organisational Overview and External Environment

About Cambridge

Cambridge covers a relatively small urban area (measuring 3 miles by 5 miles). The city had the fastest growing population of any city in England and Wales between 2011 and 2021. The population has increased further from 145,800 in 2021 (Census 2021) to 150,000 in 2023 (ONS mid-year population estimate 2023).
In the 2021 Census, an estimated 71,600 residents – 31% of the population – across the Cambridge City & Fringe were born outside the UK, up from 23% in 2011, and a rate ahead of national (17%) and national city (22%) benchmarks.
In addition, over 10,000 people travel to work into the city each day.
50 languages are spoken in the city. People from around the world are attracted to study and work in Cambridge, with international students making up just over a third of all higher education places in the city.
We have a student population of over 40,000 and consequently a high rate of population turnover each year.
Data from the Cambridge Business Improvement District (BID) shows that annual city centre footfall was over 56 million in 2024, unchanged from 2023.
International research indicates resident’s perception of their quality of life continues to improve with Cambridge scoring higher than any other UK city beside Edinburgh.
The delivery of new homes in Cambridge has continued to outpace benchmarks with one of the highest housebuilding rates in the country. In the 2 years from 2023/24 to 2024/25 a total of 890 new homes were built.
The proportion of homes in Cambridge that are owned outright or with a mortgage increased to 50.4% in 2021, up from 48.3% six years ago. This rate lags behind national (63.5%) and national city (58.9%) benchmarks, though these gaps are slowly closing. Only Oxford and Hull had a lower home ownership rate than Cambridge in 2021.
In 2024, 162 households in Cambridge were in temporary accommodation due to homelessness.
Relative to local pay, Cambridge has remained one of the least affordable places outside London for buying or renting a home in the country. The median house price is 11.3 times median earnings (compared to 7.7 for England as a whole), while the median rental price is 33% of median pay.

When adjusted for population, Cambridge recorded 102.1 criminal offences per 1,000 residents in 2024, which was higher than the national average, but lower than the national city average.

As of 2023, life expectancy at birth is 84 years and 4 months for females, but it is 79 years and 9 months for males.

The life expectancy gap between the most and least deprived neighbourhoods in Cambridge in 2020 stood at 12.0 years for males and 11.8 years for females, a significantly larger gap than the national average of 9.7 years for males and 7.9 years for females. Cambridge recorded the 6<sup>th</sup> largest life expectancy inequality out of 55 cities in England.

Council Vision and Priorities

Cambridge City Council has a vision:

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**‘One Cambridge Fair for All’**

- Residents enjoy a high quality of life and exemplar public services
- Decarbonisation and sustainability are central to prosperity
- Innovation benefits people and planet
- Development is sustainable and inclusive
- Arts, sport, and culture are thriving
- Democratic accountability is genuine and accessible

It’s a vision we share and develop, working with our citizens and partner organisations.

To achieve this vision, our Corporate Plan priorities are:

Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030

Tackling poverty and inequality and helping people in the greatest need

Building a new generation of council and affordable homes and reducing homelessness

Modernising the council to lead a greener city that is fair for all

The [Corporate Plan 2022-27](#)<sup>1</sup> can be found on the Council’s website.

Our Services

Our services have been reported to management and committees in the following portfolios during 2024/25:

Portfolio	Examples of services included
Climate Action and Environment	Environmental Health, Licensing, Waste & Recycling
Communities	Children & Youth, Culture, Sport & Leisure, Community Centres
Community Wealth Building and Community Safety	Community Safety, Voluntary Sector, Tourism
Finance, Resources and Transformation	Finance, Human Resources, Property Services, Legal, ICT, Transformation
Housing and Homelessness	Housing Strategy and Advice, Homelessness Prevention, Temporary Accommodation
The Leader	Chief Executive, Corporate Strategy, Democratic Services
Open Spaces and City Services	Open Space Management, Bereavement Services
Planning, Building Control and Infrastructure	Planning, Development
Housing Revenue Account	Housing services to council tenants and leaseholders

Our Companies

The council owns 100% of the shares of Cambridge City Housing Company Ltd, which provides housing for sub-market rents and other housing services in the city.

The council also participates as a 50% joint venture partner with a property developer in the Cambridge Investment Partnership, consisting of four limited liability partnerships (LLPs) which are engaged in housing development in the Cambridge area.

Further information can be found in the Group Financial Statements.

Our People

<sup>1</sup> <https://www.cambridge.gov.uk/corporate-plan-2022-27-our-priorities-for-cambridge>



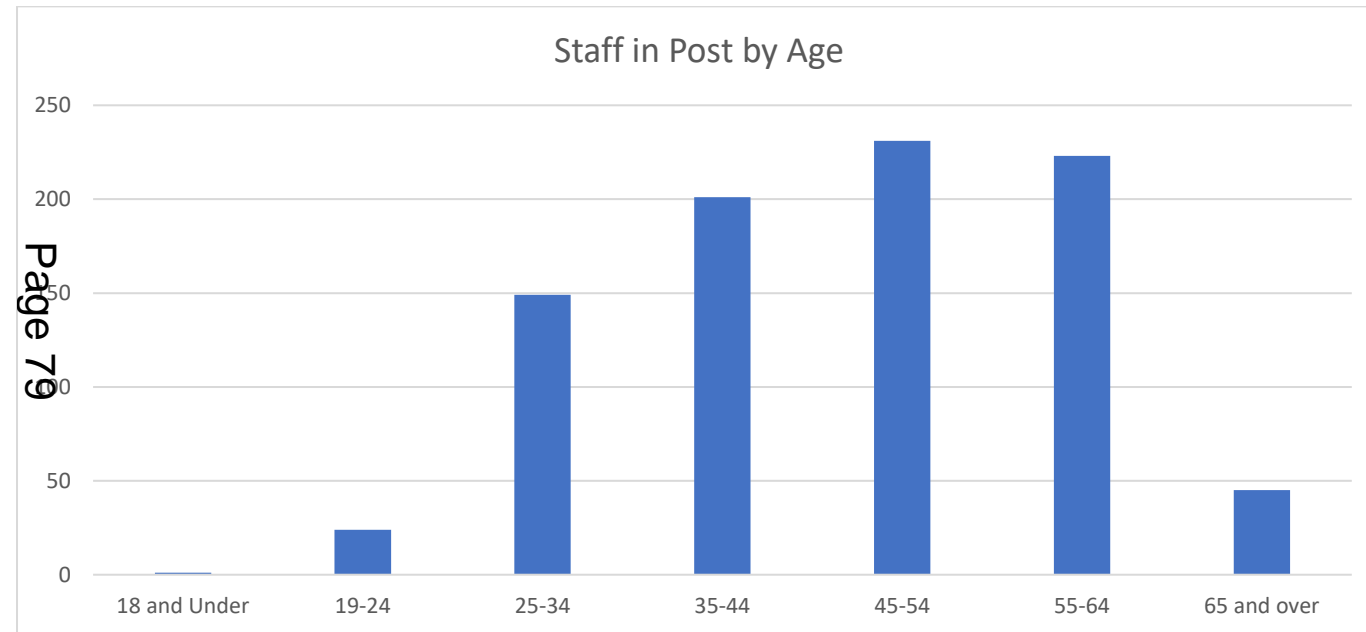
As at 31 March 2025, the City Council employed 874 staff directly as well as delivering services through others who are based in our shared services and arm's length partnership arrangements. We are committed to developing and supporting our staff through effective leadership and continuous improvement that supports the Council's vision.

We have 598 full time and 276 part time employees

Just under half of our workforce is female and just over half is male

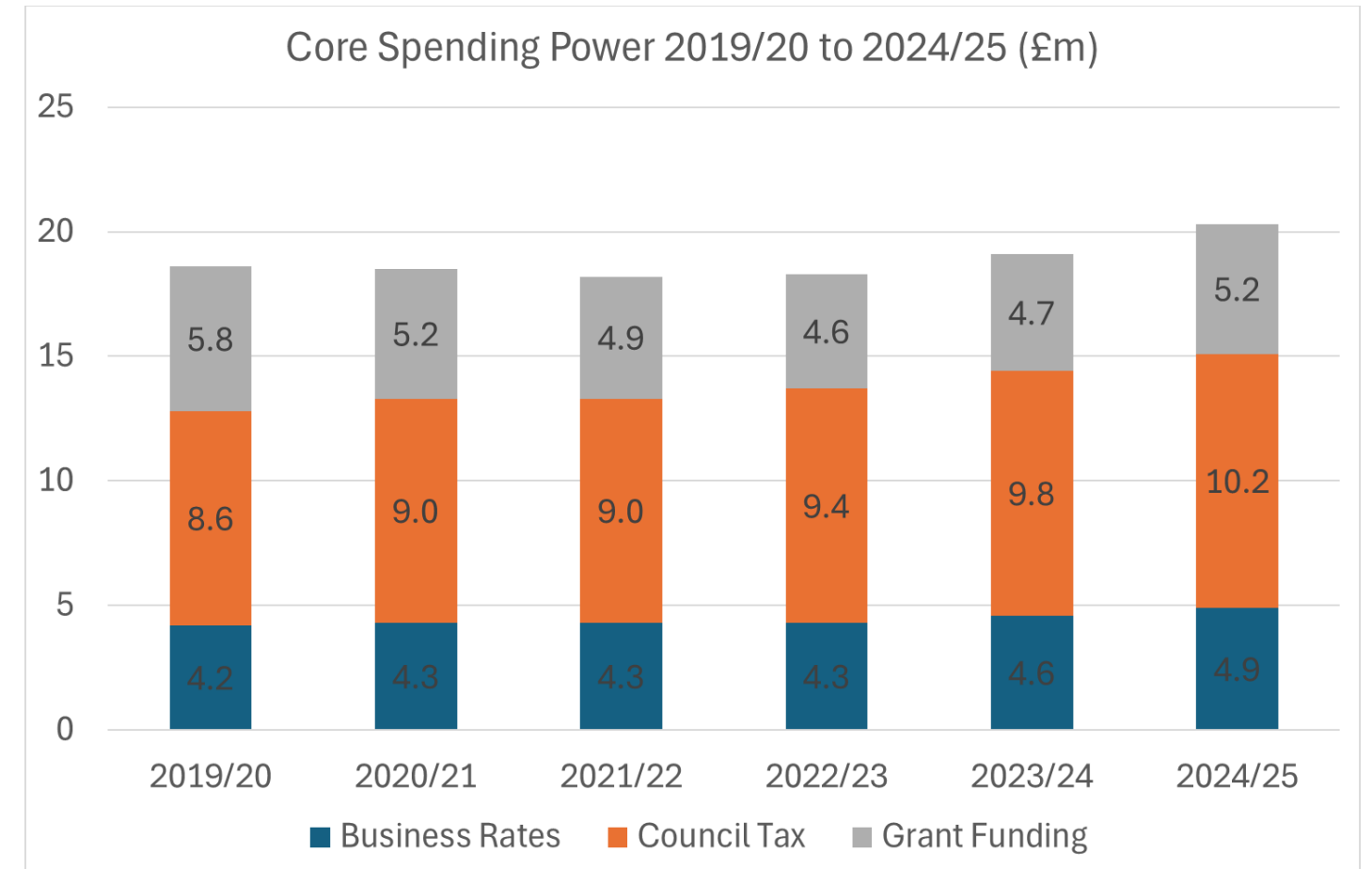
39% of staff have been with the Council for over 10 years

Staff in Post by Age



### Our Funding

The Settlement Funding Assessment is the core government funding for the Council. The following chart shows how the proportion of the council's core spending power funded through government grants fell from 31% in 2019/20 to 25% in 2023/24, before increasing slightly in 2024/25.



### Our External Economic Outlook

Our local economy has shown considerable resilience. Despite the widespread cost of living issues, the Council has seen an increase in its underlying business rates base, and income from commercial services, including rental income from the Council's property portfolio, has generally held up well.

Soaring inflation, including the significant spike in energy prices, has impacted service delivery in recent years. Forward purchasing of energy, together with investment in energy-saving technologies, reduced the Council's degree of exposure in 2024/25, but with prices not expected to return to levels seen prior to the pandemic the long-term impact of increased energy costs will affect the Council. The cost-of-living crisis has impacted our residents, and many will continue to need the Council's support going forward. So far, however, collection rates for business rates and council tax have remained high and above the targets set at the start of the year.

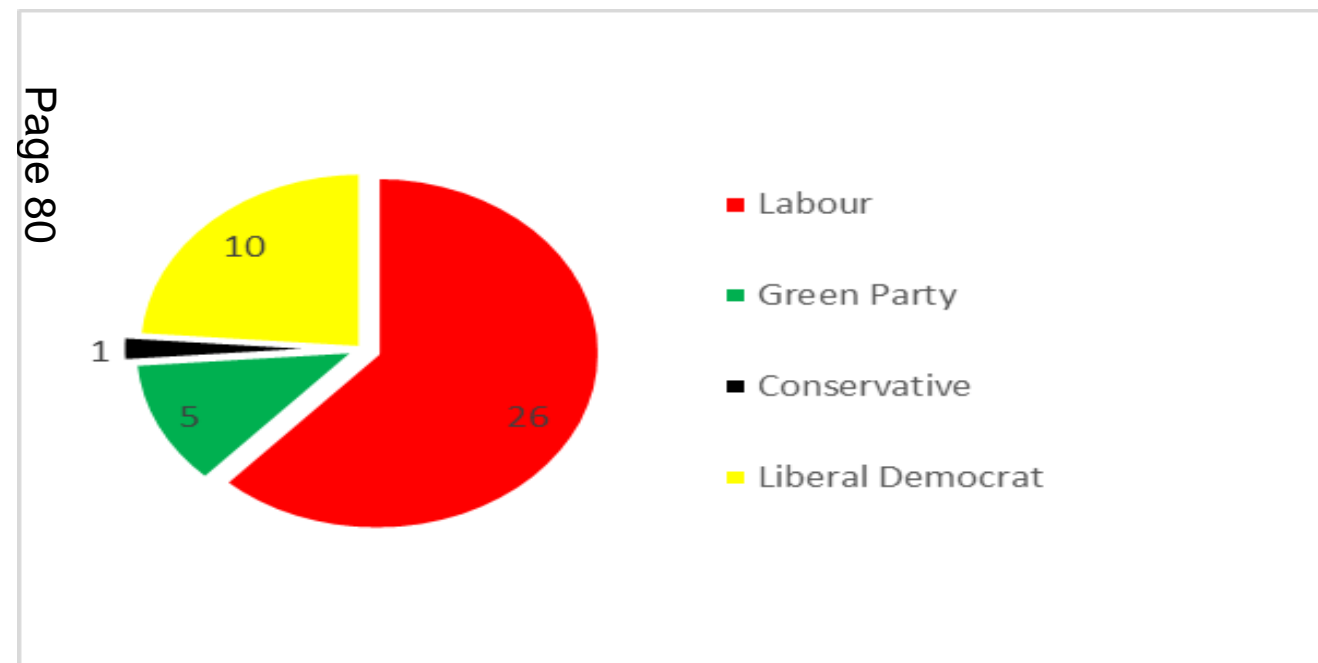
The combination of high inflation and high interest rates has had a pronounced impact on the affordability and viability of capital projects, particularly those relating to housing because increases in social housing rents are subject to regulation by central government.

Funding for the 2024/25 pay settlement was agreed part-way through the year, and funding for this uplift had been built into the original 2024/25 budget. Negotiations regarding the 2025/26 uplift are expected to conclude over the coming months and this will have an impact on the Council's cost base.

Like many local authorities the Council uses temporary staff to provide interim support and expertise for fixed periods. The cost of staff engaged on such arrangements continues to increase owing to tight labour market conditions and high demand for experienced and technically competent officers. This will continue to impact on service budgets.

### How the Council is Governed

Cambridge City Council has 14 wards represented by 42 elected members (councillors). Prior to elections which took place in May 2025, Councillors were combined into political groups as follows during the 2024/25 financial year.



The Council's constitution sets out the governance arrangements of the Council, which during 2024/25 comprised a hybrid Leader and Executive system with pre-scrutiny committees. In May 2025, the Council resolved to change to a Leader and Cabinet model with effect from the 2025/26 municipal year. The [Constitution](https://www.cambridge.gov.uk/constitution)<sup>2</sup> can be found on the Council's website.

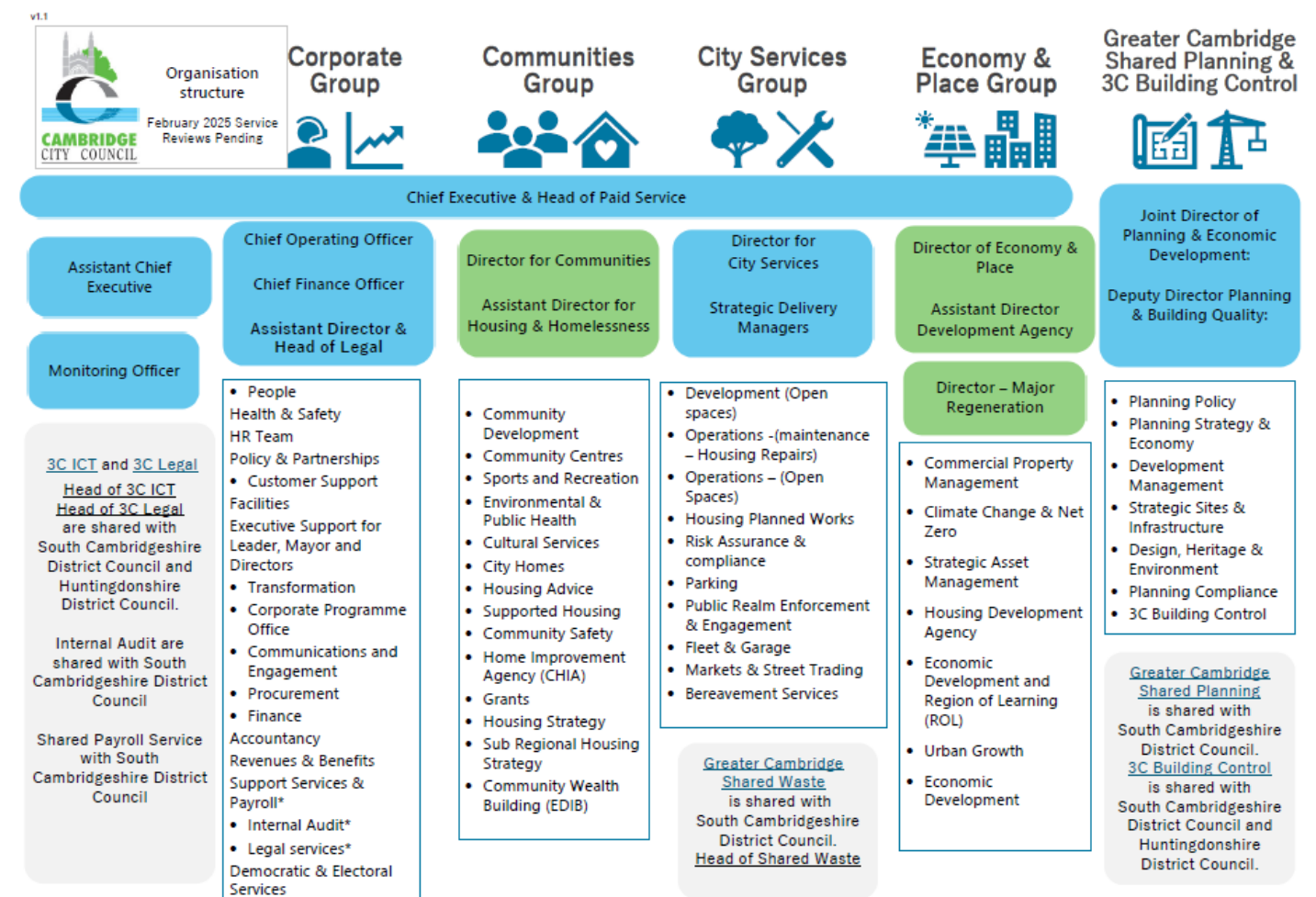
The [Annual Governance Statement 2024/25](https://www.cambridge.gov.uk/statement-of-accounts)<sup>3</sup> is also available on the Council's website. This is published alongside the Statement of Accounts and provides details of the annual review of the

effectiveness of the Council's governance framework, including the system of internal control. It also includes the annual opinion of the Head of Internal Audit.

It is the opinion of the Head of Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2024/25, and this remains at a similar level to the previous year.

### How the Council Operates

The Council operates to achieve its objectives through utilising its resources (inputs) to achieve value for money (effective, efficient and economical outputs). The Leadership Team under the leadership of the Chief Executive, Robert Pollock, is responsible for the management of the organisation, and initiatives and projects to support delivery of the Corporate Plan. The chart below shows the structure which was in place at the end of the 2024/25 financial year. Further service reviews will take place during the 2025/26 financial year.



<sup>2</sup> <https://www.cambridge.gov.uk/constitution>

<sup>3</sup> <https://www.cambridge.gov.uk/statement-of-accounts>

Performance Highlights

Our Corporate Plan has four priority themes and the boxes below highlight the most significant achievements for each theme in 2024/25.

**Leading Cambridge’s response to the climate change and biodiversity emergencies**

Our External Wall Insulation Programme for council homes continued with 225 homes with poor energy efficiency getting external wall insulation installed alongside improved ventilation and where necessary, replacement external doors and loft insulation top ups.

Following a successful bid to the Government’s Warm Homes: Social Fund, the council has been awarded £3.8 million to upgrade a further 370 homes between 2025 and 2028. This phase will include a similar suite of energy efficiency measures, together with replacement of gas boilers with air source heat pumps in 37 homes.

The Council has invested up to £5 million to fully retrofit 48 homes to net zero carbon standards. Monitoring and evaluation results are key to this project to inform future retrofit projects and outcomes.

We continued to support energy efficiency improvements to privately-owned homes through leading the delivery with our Action on Energy collaboration, successfully retrofitting over 420 homes within Cambridgeshire. Action on Energy has been awarded a further £8.6 million to retrofit 400-600 homes between 2025 and 2028.

We have recently won Salix funding for decarbonisation measures for the crematorium, Brown’s Field Community Centre and Trumpington Community Centre – including systems controls, insulation, lighting replacement and solar panel installation.

We are working collaboratively with Shared Planning Service in delivering a water retrofit programme. £5 million has been awarded to reduce water consumption in council homes as well as non-domestic buildings such as the pools and splash pads.

**Tackling poverty and inequality and helping people in the greatest need**

This was the first year for implementation of the approved Community Wealth Building Strategy that sets out how we will help address poverty and inequality in the city.

We have used community grants and the UK Shared Prosperity Fund allocation from Government to support Allia to deliver a programme for social enterprises, charities and social impact businesses. These new businesses will help assist those in the greatest need in the city.

Through our Single Equality Scheme, we have continued to work towards enabling all residents to have equal access to public activities and spaces in Cambridge and enable full participation in the community and in making decisions about the places where they live. Through the transformation programme we have agreed two new Community Equity Officer roles, to amplify the voices of those most in need and improve our services and local offers to residents.

We continue to support asylum seekers and refugees in Cambridge and the surrounding areas, delivering a specialist in-house wrap around support service and commissioning specialist services for areas such as immigration advice and employment. We conducted a needs assessment with those with lived experience and partner organisations to better understand the needs of refugees and gaps in provision. In March 2025, we reaffirmed our commitment to those seeking sanctuary by renewing our resettlement pledge for 2025-2030.

We have carried out a range of activities to tackle and highlight domestic abuse, including the marking of White Ribbon Day and the United Nations International Day for the Elimination of Violence Against Women. This included a White Ribbon Day football match with Cambridge United engaging men to take a stand against violence towards women and girls.

Through our five community centres, we also provided warm and welcoming spaces where local people came together and participated in activities or simply chatted.

We continue to offer tailored advice on the take-up of benefits to help maximise incomes and assist with budgeting to help reduce debt and prevent eviction. This work helps to prevent or relieve homelessness for vulnerable households.

We used some of our community grants budget in the year to fund 26 voluntary and community sector organisations explicitly organising activities for protected characteristic groups that reduce social and/or economic inequality.

We continued to fund Cambridge Council for Voluntary Service (CCVS) in the year to promote volunteering and to build the capacity of local organisations to work with volunteers.

To support physical activity, we have continued to provide 50% reductions on entry prices at our leisure centres for people receiving means-tested benefits.



### Building a new generation of council and affordable homes and reducing homelessness

We are building new council homes, primarily via the Cambridge Investment Partnership (CIP). We completed 94 new council homes during 2024/25, including 14 homes designed to Passivhaus standards. We also facilitated delivery of 4 modular homes on Council land for former rough-sleepers. We are on track to deliver 1,000 new homes since the creation of this partnership, during 2025.

We have started building work on a further 434 new homes including 253 council homes; 48 of which will be at Social rents, benefiting the most vulnerable groups in the City. 105 of these homes will be let at 80% of market rents, helping local workers who are a low priority for social housing, but for whom renting or buying on the open market is a challenge.

A small number of existing properties were purchased as council stock to serve Afghan refugees, part funded through the Local Authority Housing Fund (LAHF).

Our dedicated team has been investigating reports of damp and mould in properties and addressing this issue.

Cambridge City is the lead authority for Cambs HIA, a shared service, which completed £3.3m worth of disabled adaptations last year helping to reduce housing inequality of over 300 people with disabilities and long-term health conditions in Cambridge City, South Cambridgeshire and Huntingdonshire.

Incentivising private landlords and letting agents to accept referrals of low-income households has had a positive impact as we successfully accommodated 159 households in the private rented sector to prevent and relieve homelessness in 2024/25.

With government funding, we continue to put measures in place to tackle the issue of rough sleeping. We have targeted some of this funding on supporting the large number of non-locally connected rough sleepers to access accommodation in other areas.

We have entered into a three-year contract with CHS Group to provide employment and related advice to homeless and recently homeless people.

We are about to embark, following a procurement exercise, on a full homelessness systems, services and accommodation review ahead of producing a new homelessness strategy in 2026.

### Modernising the council to lead a greener city that is fair for all

Our Cambridge has been a multi-year transformation programme with three main strands: how we work with our communities and partners, how we are organised internally, and how we deliver our services. Across the year, major strategic changes to how we operate were made, including implementation of our new target operating model. Changes to staffing arrangements were agreed, with implementation to be completed in 2025/26.

In 2024/25 the process of changing our governance structures proceeded with implementation to be completed in 2025/26. We have continued the process of digitisation and becoming a truly digital council, so that those who want to access services virtually can do so.

Our UK Shared Prosperity Fund Programme concluded this year and supported a number of impactful projects to support local businesses and residents. We partnered with Indie Cambridge to support their work to develop our local independent businesses, Cambridge BID on visitor economy development and Get Synergised to support the development of the With Purpose Network to bring non-profits together with business to work together for social benefit. 20 businesses in Cambridge reduced carbon emissions and saved on energy costs with access to grant funding and net zero business planning advice via our Green Business Impact programme, delivered by Allia and PECT and in partnership with South Cambridgeshire and Huntingdonshire District Councils. 20 Market Traders operating in the City and South Cambridgeshire markets benefited from access to grants and advice to help them grow their businesses and 15 young people were given the opportunity to consider market trading and received enterprise training and launched their business ideas at Cambridge Market.

Our innovative Region of Learning project helped over 2,000 people improve their career prospects and 90 employers with workforce development through the use of digital credentials to capture skills gaining from volunteering and professional development activity. 35 refugees have received support to secure employment in a pilot project which aims to harness the skills and knowledge the individuals already hold, by providing opportunities and resources to access employment. One-to-one casework is combined with financial support, which comes from public donations.

During 2024/25, we have been consulting widely on our plans to develop Cambridge's Civic Quarter. This is a once-in-a century opportunity to make improvements to the Market Square, the Guildhall (our historic headquarters), the Corn Exchange, and the public areas in between, to secure the continuing success of the market and to make the ageing buildings fit for the future.

Our Abbey Ward community wealth project – 'Focus On Abbey' – concluded this year and with UK Shared Prosperity Fund support, brought together people from the community, voluntary, charitable, public and private sectors to support and provide grant funding for community-led projects aimed at empowering local people to improve quality of life in the area.

Linked to the Our Cambridge transformation programme and the community wealth building approach, we continued to support the establishment of an independent Social Impact Investment Fund to help tackle systemic inequalities that lead to unacceptable differences in life chances in our communities. Our seed fund investment is helping to catalyse external investment and we have budgeted for a further £0.8 million investment, subject to £5 million being raised from other parties.

Financial Performance

The detailed [Outturn Report](#)<sup>4</sup> setting out the Council’s financial performance for the year will be available on the Council’s website from 7 July 2025.

General Fund

The General Fund represents the resources of the Council which are available to fund revenue services or capital expenditure without restriction (except that they may not be spent on Housing Revenue Account services or assets).

The final outturn on the General Fund for 2024/25 (after adjusting for budget timing differences) was an underspend of £3.762 million. This represents 13.8% of the final net budget for General Fund services. The main reasons for the variance were as follows:

- Investment Income: £2.901 million underspend –due to continued high levels of interest earned as a result of sustained higher interest rates and higher than anticipated cash balances to invest.
- Parking Services: £876,000 underspend due to higher usage and savings on utility and staffing costs
- Shared IT Service: £685,000 underspend owing to new cost-sharing arrangements with partners, cost-effective procurement and retirement of more expensive systems
- Shared Planning Service: £609,000 underspend due to major applications generating more fees along with additional government grants and streamlining of workflows to reduce costs.

These underspends were partly offset by overspends in other individual services:

- Streets and open spaces: £419,000 overspend – this is the result of a variety of factors including higher costs for cleaning following re-procurement, costs of vehicle repairs and reduced revenue grant income.
- Waste and recycling: £396,000 overspend – this is due to the higher cost of the new Materials Recovery Facilities contract which is heavily influenced by global prices for recyclables.
- Garage services: £358,000 overspend – this is caused by reduced income from external customers and higher expenditure than planned on running costs such as parts and agency staffing.
- Insurance: £351,000 overspend – there were two large fires and five other claims where the Council had to pay the excess. A property coverage review resulted in higher premiums and there was a need to procure events insurance at a higher cost than previously paid.

The table on the next page sets out in detail the General Fund revenue outturn for the year for each service portfolio. The accounting adjustments column reflects differences between the way in which

the Council’s resources are managed internally, and the way in which income and expenditure must be reported in the Statement of Accounts in line with accounting requirements. The most significant adjustments relate to the classification of income and expenditure relating to investments and the allocation of depreciation charges across service lines. The ‘total chargeable to the General Fund’ column represents the movements on the General Fund as presented in the Council’s Expenditure and Funding Analysis (see note 1 to the Council Financial Statements).

Earmarked Reserves

The Council holds earmarked reserves for a variety of purposes, including:

- to fund future anticipated revenue costs;
- to fund future capital expenditure (both on the construction of new assets and the repairs and renewal of existing assets); and
- to hold funds which are ringfenced to a particular purpose, for example restricted grants, or surpluses generated through partnership working.

The movements on earmarked reserves during 2024/25 were as follows:

	General Fund earmarked reserves £'000	Housing Revenue Account earmarked reserves £'000	Total earmarked reserves £'000
Balance at 1 April 2024	(29,044)	(2,804)	(31,848)
Contributions to earmarked reserves	(39,185)	(309)	(39,494)
Use of earmarked reserves to fund expenditure	15,939	425	16,364
Balance at 31 March 2025	(52,290)	(2,688)	(54,978)

The most significant movements were as follows:

- A contribution of £23.762 million from the General Fund towards the Civic Quarter Development Fund, which will fund a project to improve the Guildhall, Corn Exchange and Market Square.
- A drawdown of £6.716 million from reserves earmarked for capital purposes to fund capital expenditure in year.

<sup>4</sup> <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=532&MId=4631&Ver=4>

- A contribution of £3.746 million to the Collection Fund deficit reserve to cover the Council's share of the Collection Fund deficit which will need to be repaid in 2026/27, funded mainly for excess business rates income recognised in year.

	Original budget	Final budget	Overspend / (underspend)	Outturn	Accounting adjustments	Total chargeable to General Fund
	£'000	£'000	£'000	£'000	£'000	£'000
Climate Action and Environment	4,832	7,683	1,068	8,751	(1,042)	7,709
Communities	7,776	6,687	(96)	6,591	(2,171)	4,420
Community Wealth Building and Community Safety	1,041	1,181	(90)	1,091	(52)	1,039
Finance, Resources and Transformation	(2,975)	1,007	(3,664)	(2,657)	13,363	10,706
Housing and Homelessness	4,223	3,368	49	3,417	(1,798)	1,619
The Leader	5,821	6,801	(28)	6,773	1,012	7,785
Open Spaces and City Services	4,671	(1,389)	(396)	(1,785)	(1,577)	(3,362)
Planning, Building Control and Infrastructure	2,170	2,006	(157)	1,849	(595)	1,254
Share of net underspend attributable to HRA and ringfenced services	0	0	817	817	(817)	0
<b>Total cost of services</b>	<b>27,559</b>	<b>27,344</b>	<b>(2,497)</b>	<b>24,847</b>	<b>6,323</b>	<b>31,170</b>
Other income and expenditure	0	0	0	0	(13,919)	(13,919)
Capital accounting adjustments	(5,997)	(5,737)	(643)	(6,380)	5,925	(455)
Capital expenditure financed from revenue	130	2,803	(2,387)	416	8,703	9,119
Cost of revised capital financing strategy	41	0	0	0	0	0
Collection Fund deficit	1,114	1,114	0	1,114	0	1,114
Contributions to earmarked funds	21,319	22,500	3,654	26,154	13,031	39,185
<b>Net spending requirement</b>	<b>44,166</b>	<b>48,024</b>	<b>(1,873)</b>	<b>46,151</b>	<b>20,063</b>	<b>66,214</b>
<b>Financed by:</b>						
Settlement Funding Assessment	(4,853)	(4,853)	0	(4,853)	0	(4,853)
Locally retained business rates – growth element / additional income	(5,313)	(5,313)	1,098	(4,215)	(4,410)	(8,625)
Core funding grants	(3,180)	(3,675)	(52)	(3,727)	897	(2,830)
New Homes Bonus	(1,733)	(1,733)	0	(1,733)	0	(1,733)
Appropriations from earmarked funds	0	612	0	612	(16,551)	(15,939)
Council Tax	(10,253)	(10,253)	0	(10,253)	0	(10,253)
Contributions from reserves	(18,834)	(22,809)	827	(21,982)	1	(21,981)
<b>Total financing</b>	<b>(44,166)</b>	<b>(48,024)</b>	<b>1,873</b>	<b>(46,151)</b>	<b>(20,063)</b>	<b>(66,214)</b>



Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) reflects the statutory requirement for the Council to maintain a separate revenue account for council housing provision. It contains the balance of income and expenditure in connection with the Council’s landlord function (for example rental income), which can only be used to fund expenditure on HRA services in the future. The final position for the HRA for 2024/25 is a reported net operating overspend of £2.066 million. This position incorporates a significant overspend on repairs activity, which is partially offset by an over-achievement of income in the year and underspending in general management expenditure.

It should be noted that industry maintenance costs have increased significantly over recent years, alongside the need for a greater level of investment in the housing stock to ensure compliance with current regulations.

The budgetary performance across our repairs and maintenance function should therefore be viewed in a national context, with the sector facing ongoing significant challenges, and Cambridge is no exception. This trend is likely to continue for the foreseeable future. A recent report shows that the 204 largest housing providers have seen a 35% increase in repair spending compared to pre-pandemic levels, translating to roughly £2.6 billion.

The HRA benefited from an underspend of £1.345 million on interest payable, owing to slippage on the capital programme which meant that less borrowing was required in-year than had been anticipated. To ensure that the HRA could maintain the target level of reserves as at 31 March 2025, the use of revenue resources to finance capital expenditure was reduced by £0.924 million, with the balance of financing made up from borrowing.

Following these changes, the final position for the HRA reserve was a decrease of £6,000, against a budgeted decrease of £172,000. The following table sets out the HRA outturn for the year compared to budget:

	Original budget £’000	Final budget £’000	Final outturn £’000	Overspend / (underspend) £’000
Dwelling rents and other income	(55,105)	(56,285)	(56,872)	(587)
Expenditure	36,188	36,918	39,467	2,549
Interest receivable	(1,426)	(1,062)	(958)	104
<b>HRA operating (surplus) / deficit for the year</b>	<b>(20,343)</b>	<b>(20,429)</b>	<b>(18,363)</b>	<b>2,066</b>
Interest payable	9,654	9,287	7,942	(1,345)
Capital expenditure financed from Housing Revenue Account	10,035	11,044	10,121	(923)
Transfer to / (from) earmarked reserves	0	270	306	36
<b>(Surplus) / deficit for the year</b>	<b>(654)</b>	<b>172</b>	<b>6</b>	<b>(166)</b>

Assets

The most significant assets on the Council’s Balance Sheet are its property, plant and equipment (£1.108 billion) and investment properties (£170 million). These are revalued on a regular basis in line with accounting requirements and are therefore subject to large fluctuations in value. However, under statutory provisions these movements do not impact on the usable resources of the Council.

At 31 March 2025 the Council held investments totalling £69 million (including loans of £35 million to its subsidiary and joint ventures). These are mostly held at amortised cost – further detail is given in note 18 to the Council Financial Statements. Cash and cash equivalents held on 31 March 2025 totalled £13 million. These have reduced over the course of the year as our ambitious capital programme has progressed, using cash balances in a planned and sustainable way.

In the year there was significant expenditure on the construction of new council dwellings, many of which were completed during the year, which resulted in a net increase in dwelling stock of 51 over the year and contributed towards an increase in the total value of dwellings of £11 million. Council dwellings are revalued annually. The impact of the valuations is accounted for within the HRA and revaluation reserve. Since council dwellings are valued with reference to their use as social housing it is common for a downward valuation to be recognised when they are first brought into use. This reflects the difference between the cost of construction, which includes funding from capital grants,



and the valuation which is based on the rents that the Council is able to charge. Again, under statutory provisions, stock revaluation movements do not impact on the usable resources of the HRA.

## Pension Fund Liability

There is a net liability on the Balance Sheet of £30.6 million in relation to the Local Government Pension Scheme (LGPS), compared to a net asset of £18.1 million the previous year. The Council's pension assets and liabilities are revalued by an external actuary on an annual basis and are subject to large valuation movements because of changes to assumptions, such as rates of inflation and longevity assumptions. However, gains and losses of this nature do not impact on the Council's usable resources under statutory provisions. A funding strategy is agreed with the actuary every three years to ensure that the Council is making sufficient contributions (and charging enough to the General Fund and HRA) to ensure that all liabilities can be paid by the pension fund as they fall due. Currently, the pension fund is in a net surplus position – however accounting standards require an 'asset ceiling' to be applied to the Council's share of fund assets, which has resulted in the overall liability position this year.

## Liabilities

The Council has external borrowing of £214 million with the Public Works Loan Board (PWLb). This was taken out to fund the HRA self-financing payment to central government in March 2012. The Council drew down further external borrowing of £30 million in April 2024 and anticipates a further £55 million in 2025/26 in order to fund its future capital programme, in particular the redevelopment of the Park Street car park. All borrowing is in accordance with the [Treasury Management Strategy](#)<sup>5</sup> which is available on the Council's website. Prudent provision is made within the Council's budgets for the repayment of debt in accordance with statutory guidance.

## Collection Fund

The Council is required to operate a separate Collection Fund in respect of council tax and business rates it collects on behalf of itself, local preceptors and central government. The Collection Fund had a deficit of £15.7 million on 31 March 2025, of which the Council's share is £6.1 million. The Council will pay its share of the deficit from 2025/26 onwards, and resource has already been set aside for this purpose. The deficit on the Collection Fund mainly reflects the impact of business rates appeals, both in respect of the need to provide for future appeals, together with the impact of appeals settled in 2024/25 which had a larger impact than previously estimated. This occurred due to the Valuation Office Agency (VOA) clearing a large backlog following the recent deadline for submission of appeals against the 2017 rating list.

## Group Performance

The Council is required to produce Group Financial Statements incorporating the performance of its subsidiary company (Cambridge City Housing Company Ltd), and its share of the profits of

Cambridge Investment Partnership (CIP). The Council's share of subsidiary and joint venture reserves decreased by £268,000 during the year.

## Risks and Opportunities

The Council manages all risks in line with its [Risk Management Strategy and Framework](#)<sup>6</sup>, which is approved by the Civic Affairs Committee. As part of the process, comprehensive strategic, service and project risk registers are maintained, and processes are in place for risk identification, evaluation and prioritisation. Resources can then be allocated to manage risks in the most efficient way possible.

Financial risks are specifically identified and considered within the General Fund and Housing Revenue Account [Medium Term Financial Strategies](#)<sup>7</sup> (MTFS), and as part of the budget setting process. These risks are then monitored throughout the year, with quarterly financial monitoring reports reviewed by the Leadership Team and members.

The key strategic risks for the council are:

- The Council is not financially sustainable
- The Council's resilience to change is inadequate
- Insufficient officer capacity to deliver safe and effective services
- Failure to establish and adhere to effective governance arrangements
- Failure to achieve corporate objectives including those relating to climate change

## Future Outlook

The Council's [Corporate Plan 2022 - 2027](#)<sup>8</sup> sets out the current strategic priorities. The General Fund and Housing Revenue Account [Budget Setting Reports](#)<sup>9</sup> set out how these will be funded. These are all available on the Council's website.

The government has recently consulted on significant reform of local government financing, and a review of the business rates retention scheme. The latest General Fund budget assumes that there will be a significant impact on our funding levels, with a net reduction in finance settlement income of £5 million per year from 2026/27. However, the Council has plans in place, including the use of existing reserves, to ensure that savings targets can be met in a sustainable manner.

The prudent minimum balance for the General Fund has been set at £6.541 million based on current understanding of financial risk. The balance of this reserve at 31 March 2025 was £18.863 million, although it is planned to use £7.649 million of this over the following five years, including £4.774

<sup>5</sup> <https://democracy.cambridge.gov.uk/documents/s68199/Appendix%20G%20Treasury%20Management%20Strategy%20Statement%20Feb%202025.pdf>

<sup>6</sup> <https://democracy.cambridge.gov.uk/documents/s65091/Risk%20Management%20Strategy%20Framework%20-%20January%202024.pdf>

<sup>7</sup> <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MId=4446>

<sup>8</sup> <https://www.cambridge.gov.uk/corporate-plan-2022-27-our-priorities-for-cambridge>

<sup>9</sup> <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MId=4457>

million to smooth future savings requirements. The strategy set out in the Budget Setting Report will ensure that reserve levels remain above the prudent minimum balance in the medium term.

The Council has approved the following capital programme for the period 1 April 2025 to 31 March 2029:

	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000
General Fund capital expenditure	22,747	3,025	2,245	1,890
Housing Revenue Account capital expenditure	81,980	120,189	137,235	112,592
<b>Total capital expenditure</b>	<b>104,727</b>	<b>123,214</b>	<b>139,480</b>	<b>114,482</b>
<b>Financed by:</b>				
Capital receipts	(2,731)	(1,185)	(1,563)	(1,373)
Other contributions and balances (including capital grants)	(41,179)	(76,082)	(100,034)	(96,055)
<b>Total capital financing to be applied</b>	<b>(43,910)</b>	<b>(77,267)</b>	<b>(101,597)</b>	<b>(97,428)</b>
<b>Total to be financed from internal and external borrowing</b>	<b>(60,817)</b>	<b>(45,947)</b>	<b>(37,883)</b>	<b>(17,054)</b>

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## Statement of Responsibilities

### The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer has also:

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

### Certification

I certify that this Statement of Accounts gives a true and fair view of the financial position of Cambridge City Council as at 31 March 2025, and of its expenditure and income for the year then ended.

**Jody Etherington**  
**Chief Finance Officer and Section 151 Officer**  
**30 June 2025**

**Councillor Russ McPherson**  
**Chair of Civic Affairs Committee**  
**30 June 2025**



Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The amounts chargeable to taxation and rents for the year are set out in the Movement in Reserves Statement, whilst the Expenditure and Funding Analysis (note 1) shows how these amounts have been applied to fund services.

	Note	2024/25			2023/24		
		Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Climate Action and Environment		12,368	(3,516)	8,852	11,788	(3,367)	8,421
Communities		16,027	(6,807)	9,220	13,403	(7,166)	6,237
Community Wealth Building and Community Safety		1,611	(497)	1,114	1,555	(338)	1,217
Finance, Resources and Transformation		42,971	(31,857)	11,114	43,182	(29,784)	13,398
Housing and Homelessness		10,821	(4,140)	6,681	12,324	(5,674)	6,650
The Leader		6,591	(812)	5,779	7,712	(879)	6,833
Open Spaces and City Services		16,002	(12,236)	3,766	14,343	(11,913)	2,430
Planning, Building Control and Infrastructure		4,377	(2,947)	1,430	4,837	(2,202)	2,635
Housing Revenue Account		61,051	(56,091)	4,960	77,598	(50,928)	26,670
<b>Cost of services</b>		<b>171,819</b>	<b>(118,903)</b>	<b>52,916</b>	<b>186,742</b>	<b>(112,251)</b>	<b>74,491</b>
Other operating income and expenditure	9	0	(2,170)	(2,170)	0	(480)	(480)
Financing and investment income and expenditure	10	10,090	(23,852)	(13,762)	11,277	(32,502)	(21,225)
Taxation and non-specific grant income	11	0	(41,108)	(41,108)	0	(39,010)	(39,010)
<b>(Surplus) / deficit on the provision of services</b>	<b>1</b>	<b>181,909</b>	<b>(186,033)</b>	<b>(4,124)</b>	<b>198,019</b>	<b>(184,243)</b>	<b>13,776</b>
Deficit / (surplus) on revaluation of non-current assets	15			3,197			(7,248)
Remeasurement of the net defined benefit asset / liability	23			51,450			(9,368)
<b>Other comprehensive income</b>				<b>54,647</b>			<b>(16,616)</b>
<b>Total comprehensive income</b>				<b>50,523</b>			<b>(2,840)</b>

## Movement in Reserves Statement (MIRS)

This statement shows the movement 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 'unusable reserves'. The Movement in Reserves Statement shows how the movements in the Council's reserves are broken down between comprehensive income and expenditure incurred in accordance with generally accepted accounting practices (as shown in the Comprehensive Income and Expenditure Statement) and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The increase / decrease line shows the reserve movements for the year following those adjustments.

	Note	General Fund £'000	Earmarked General Fund reserves £'000	Housing Revenue Account (HRA) £'000	Earmarked HRA reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Total usable reserves £'000	Unusable reserves £'000	Total Council reserves £'000
<b>Balance at 1 April 2023</b>		<b>(28,061)</b>	<b>(28,788)</b>	<b>(6,695)</b>	<b>(17,328)</b>	<b>(35,729)</b>	<b>(7,684)</b>	<b>(21,203)</b>	<b>(145,488)</b>	<b>(958,802)</b>	<b>(1,104,290)</b>
<b>Movement in reserves during 2023/24:</b>											
Total comprehensive income and expenditure	CIES	(4,464)	0	18,240	0	0	0	0	13,776	(16,616)	(2,840)
Adjustments between accounting basis and funding basis under statutory provisions	12	(8,575)	0	(4,587)	0	10,731	7,684	8,887	14,140	(14,140)	0
Transfers to / from earmarked reserves	13	256	(256)	(14,524)	14,524	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>		<b>(12,783)</b>	<b>(256)</b>	<b>(871)</b>	<b>14,524</b>	<b>10,731</b>	<b>7,684</b>	<b>8,887</b>	<b>27,916</b>	<b>(30,756)</b>	<b>(2,840)</b>
<b>Balance at 31 March 2024</b>		<b>(40,844)</b>	<b>(29,044)</b>	<b>(7,566)</b>	<b>(2,804)</b>	<b>(24,998)</b>	<b>0</b>	<b>(12,316)</b>	<b>(117,572)</b>	<b>(989,558)</b>	<b>(1,107,130)</b>
<b>Movement in reserves during 2024/25:</b>											
Total comprehensive income and expenditure	CIES	(3,804)	0	(320)	0	0	0	0	(4,124)	54,647	50,523
Adjustments between accounting basis and funding basis under statutory provisions	12	2,539	0	442	0	9,010	0	(6,392)	5,599	(5,599)	0
Transfers to / from earmarked reserves	13	23,246	(23,246)	(116)	116	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>		<b>21,981</b>	<b>(23,246)</b>	<b>6</b>	<b>116</b>	<b>9,010</b>	<b>0</b>	<b>(6,392)</b>	<b>1,475</b>	<b>49,048</b>	<b>50,523</b>
<b>Balance at 31 March 2025</b>		<b>(18,863)</b>	<b>(52,290)</b>	<b>(7,560)</b>	<b>(2,688)</b>	<b>(15,988)</b>	<b>0</b>	<b>(18,708)</b>	<b>(116,097)</b>	<b>(940,510)</b>	<b>(1,056,607)</b>

## Balance Sheet

	Note	31 March 2025		31 March 2024	
		£'000	£'000	£'000	£'000
Property, plant and equipment	15	1,075,939		1,061,192	
Heritage assets		669		669	
Investment property	16	170,021		164,421	
Right-of-use assets	17	37,027		0	
Intangible assets		255		404	
Loans to joint ventures	18	27,483		19,228	
Loan to subsidiary	18	7,500		7,500	
Other long-term investments	18	17,084		16,815	
Long-term debtors	19	831		3,912	
Net defined benefit pension asset	23	0		18,073	
<b>Long-term assets</b>			<b>1,336,809</b>		<b>1,292,214</b>
Investment property held for sale	16	1,250		1,250	
Short-term investments	18	16,490		50,038	
Short-term debtors	20	17,229		13,322	
Inventories		197		171	
Cash and cash equivalents	CFS	12,793		21,872	
<b>Current assets</b>			<b>47,959</b>		<b>86,653</b>
Short-term borrowing	18	(705)		(82)	
Short-term creditors	21	(43,285)		(54,270)	
Provisions	22	(5,812)		(3,757)	
<b>Current liabilities</b>			<b>(49,802)</b>		<b>(58,109)</b>
Long-term borrowing	18	(242,985)		(213,572)	
Long-term creditors		(737)		0	
Long-term receipts in advance		(48)		(56)	
Net defined benefit pension liability	23	(30,631)		0	
<b>Long-term liabilities</b>			<b>(274,401)</b>		<b>(213,628)</b>
<b>Net assets</b>			<b>1,060,565</b>		<b>1,107,130</b>
Usable reserves	MIRS	(116,097)		(117,572)	
Unusable reserves	14	(944,468)		(989,558)	
<b>Total reserves</b>			<b>(1,060,565)</b>		<b>(1,107,130)</b>

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 may only be used to fund capital expenditure or repay debt). The second category of reserves are 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. It also includes reserves which reflect timing differences between the recognition of income and expenditure under generally accepted accounting practices, and the point at which it must be credited or charged to usable reserves under statutory provisions.

**Jody Etherington**  
**Chief Finance Officer**  
**30 June 2025**

Cash Flow Statement (CFS)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the year. 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 from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation, grant income and from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council’s future service delivery. Cash flows arising from financing activities reflect movements in the cash collected by the Council on behalf of others in respect of council tax and business rates.

	Note	2024/25		2023/24	
		£'000	£'000	£'000	£'000
Net surplus / (deficit) on the provision of services	CIES	4,124		(13,776)	
Adjust net surplus or deficit on the provision of services for non-cash movements	24	41,582		47,512	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	(27,261)		(18,568)	
<b>Net cash flows from operating activities</b>			<b>18,445</b>		<b>15,168</b>
<b>Investing activities:</b>					
Purchase of property, plant and equipment, investment property and intangible assets		(102,590)		(91,472)	
Purchase of short-term and long-term investments		(72,213)		(154,081)	
Proceeds from the sale of property, plant and equipment, assets held for sale, investment property and intangible assets		6,592		5,179	
Proceeds from short-term and long-term investments		97,500		210,569	
Capital grants received		20,156		13,144	
Other receipts from investing activities		23		24	
<b>Net cash flows from investing activities</b>			<b>(50,532)</b>		<b>(16,637)</b>
<b>Financing activities</b>	25		<b>23,008</b>		<b>(8,449)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>			<b>(9,079)</b>		<b>(9,918)</b>
<b>Cash and cash equivalents at the beginning of the year:</b>					
Overnight money market funds		15,000		30,000	
Bank accounts		6,866		1,780	
Cash held by the Council		6		10	
<b>Total cash and cash equivalents at the beginning of the year</b>			<b>21,872</b>		<b>31,790</b>
<b>Cash and cash equivalents at the end of the year:</b>					
Overnight money market funds		0		15,000	
Bank accounts		12,788		6,866	
Cash held by the Council		5		6	
<b>Total cash and cash equivalents at the end of the year</b>			<b>12,793</b>		<b>21,872</b>

### Note 1 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	Note	2024/25					2023/24				
		Net expenditure chargeable to the General Fund and HRA balances	Adjustments for capital purposes	Pensions adjustments	Other statutory adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement	Net expenditure chargeable to the General Fund and HRA balances	Adjustments for capital purposes	Pensions adjustments	Other statutory adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Climate Action and Environment		7,709	1,014	129	0	8,852	7,569	751	101	0	8,421
Communities		4,420	4,677	123	0	9,220	4,817	1,174	246	0	6,237
Community Wealth Building and Community Safety		1,039	53	22	0	1,114	1,018	150	49	0	1,217
Finance, Resources and Transformation		10,706	146	215	47	11,114	8,326	4,967	105	0	13,398
Housing and Homelessness		1,619	4,970	92	0	6,681	3,047	3,354	249	0	6,650
The Leader		7,785	9	(2,015)	0	5,779	9,235	(32)	(2,370)	0	6,833
Open Spaces and City Services		(3,362)	7,056	72	0	3,766	(357)	2,375	412	0	2,430
Planning, Building Control and Infrastructure		1,254	118	58	0	1,430	2,375	155	105	0	2,635
Housing Revenue Account		(6,232)	11,550	(348)	(10)	4,960	8,932	18,004	(266)	0	26,670
<b>Net cost of services</b>		<b>24,938</b>	<b>29,593</b>	<b>(1,652)</b>	<b>37</b>	<b>52,916</b>	<b>44,962</b>	<b>30,898</b>	<b>(1,369)</b>	<b>0</b>	<b>74,491</b>
Other income and expenditure		(26,081)	(36,125)	(1,093)	6,259	(57,040)	(44,348)	(20,826)	(471)	4,930	(60,715)
<b>(Surplus) / deficit</b>		<b>(1,143)</b>	<b>(6,532)</b>	<b>(2,745)</b>	<b>6,296</b>	<b>(4,124)</b>	<b>614</b>	<b>10,072</b>	<b>(1,840)</b>	<b>4,930</b>	<b>13,776</b>
Opening General Fund and HRA balance	MIRS	(80,258)					(80,872)				
<b>Closing General Fund and HRA balance</b>	<b>MIRS</b>	<b>(81,401)</b>					<b>(80,258)</b>				

Further information about the adjustments for capital purposes, pensions adjustments and other statutory adjustments are set out at note 13.



Note 2 – Accounting Policies

1 General Principles

This Statement of Accounts summarises the Council’s transactions for the 2024/25 financial year and its financial position at the year-end of 31 March 2025. The Council is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (‘the Code’), supported by International Financial Reporting Standards (IFRS).

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

2 Going Concern

These accounts have been prepared on a going concern basis, in accordance with the requirements of the Code.

In making its assessment that this basis is appropriate, for the going concern period to 30 June 2026, the Council has carried out forecasting of income and expenditure, the impact on reserve balances, and cash flows.

The Council’s assessment of going concern can be found at note 33.

3 Changes in Accounting Policies and Estimates

Changes in accounting policies are only made when required by proper accounting practices, or where the change provides more reliable or relevant information about the Council’s financial position or performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and prior year amounts as if the new policy had always applied.

IFRS 16 Leases was implemented as of 1 April 2024. This is the only significant change in accounting policies during 2024/25.

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

4 Fair Value Measurement

The Council measures some of its financial and non-financial assets at fair value at each Balance Sheet date, as set out in these accounting policies. For other financial assets and liabilities measured at amortised cost, the Council is required to disclose the fair value in this Statement of Accounts (see note 18).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell

the asset takes place either in the principal market for the asset, or, in the absence of a principal market, in the most advantageous market.

The Council measures the fair value of its assets using the assumptions that market participants would use when pricing the asset, assuming that they act in their economic best interest.

The fair value of the Council’s financial assets is measured based upon quoted market prices where available, or if not, using discounted cash flow analysis.

The fair value of the Council’s non-financial assets (such as investment properties) assumes that a market participant would look to use the asset in its highest and best use, which may differ from its current use.

For all assets, the Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs.

Inputs to the valuation techniques are categorised within the following fair value hierarchy:

Input Level	Description
Level 1	Quoted prices (unadjusted) in active markets for identical assets 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, either directly or indirectly
Level 3	Unobservable inputs for the asset

5 Income and Expenditure Accruals

Income and expenditure are accounted for in the Comprehensive Income and Expenditure Statement (CIES) in the year in which the activity takes place, not simply when cash is received or paid. In particular:

- Revenue from contracts for goods or services is recognised when (or as) the goods or services are transferred in accordance with the performance obligations in the contract.
- Expenditure on goods and services is recognised when (or as) the goods or services are received.
- Interest payable on borrowings is accounted for based on the effective interest rate for the relevant financial instrument.

Where there is a timing difference between the recognition of income or expenditure as above and the receipt or payment of cash, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

Where the Council is acting as an agent for a third party, income and expenditure are recognised only to the extent that commission is receivable by the Council, or the Council incurs expenses directly on its own behalf.



6 Council Tax and Business Rates

The Council, as a billing authority, collects council tax and business rates both for itself, and on behalf of local preceptors (and central government for business rates). Billing authorities are required to maintain a separate Collection Fund for the collection and distribution of council tax and business rates. Under the legislative framework, billing authorities, major preceptors, and central government (for business rates) share proportionately the risks and rewards that the amount of council tax and business rates collected could be more or less than predicted.

The council tax and business rates income included in the CIES is the Council’s share of accrued income for the year. However, regulations determine the amount that must be included in the Council’s General Fund, which is based upon amounts forecast in the preceding January, adjusted for the distribution or repayment of historic Collection Fund surpluses or deficits. The difference between the income included in the CIES and the amount required to be credited to the General Fund is transferred to the Collection Fund Adjustment Account through the Movement in Reserves Statement (MIRS).

The Balance Sheet includes the Council’s share of the year-end balances in respect of council tax and business rates arrears, impairment allowances for doubtful debts, overpayments and prepayments, and business rates appeal provisions.

7 Grants and Contributions

Grants and contributions are recognised as income in the CIES when there is reasonable assurance that the grants or contributions will be received, and that the Council will comply with any conditions attached. Revenue grants and contributions for specific services are credited to the relevant service line, whilst non-ringfenced revenue grants and all capital grants are credited to taxation and non-specific grant income.

Conditions are stipulations that the grant or contribution is to be used by the Council as specified, or that it must be returned to the donor. Where there is not yet sufficient assurance that conditions will be met, any cash received is held on the Balance Sheet as a creditor.

Under statutory provisions, capital grants credited to the CIES are reversed out of the General Fund or Housing Revenue Account (HRA) to the Capital Grants Unapplied Reserve through the MIRS. When the amount is applied to fund capital expenditure, it is transferred through the MIRS to the Capital Adjustment Account.

8 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits, such as wages and salaries and paid leave, are recognised as expenditure on the relevant service line in the CIES, in the year in which employees render service to the Council.

Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer’s employment before the normal retirement date, or an officer’s decision to accept voluntary redundancy. They are recognised as expenditure on the relevant service line in the CIES, at the earlier of the point that the Council can no longer withdraw the offer of termination, or the point at which the Council recognises restructuring costs. Where termination benefits reflect the outcome of a restructure which impacts multiple services the termination benefits associated with that restructure are apportioned on an appropriate basis reflective of the services impacted by the change.

Local Government Pension Scheme

Employees of the Council are members of the Local Government Pension Scheme (LGPS), unless they opt out. The LGPS is a defined benefit scheme.

The Council’s share of pension fund liabilities is included on 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 upon assumptions about mortality rates, employee turnover rates, projected earnings for current employees, etc.

Liabilities are discounted to their value at current prices, using a discount rate of 5.80% (based upon constituents of the iBoxx AA corporate bond index).

The Council’s share of the assets of the pension fund is included in the Balance Sheet at their fair value, using bid prices where quoted, or professional estimates for unquoted securities and property assets.

The change in the net pension asset / liability is analysed into the following components:

Component	Description	Accounting Treatment
<b>Service costs</b>		
Current service cost	Increase in liabilities as a result of years of service earned this year	Service costs are charged to the services for which the employees worked in the CIES, whilst net interest costs are charged to financing and investment expenditure.
Past service cost	Change in liabilities as a result of scheme amendment or curtailment affecting years of service earned in earlier years	
Net interest cost	Increase in net liability arising from the passage of time, calculated by applying the liability discount rate at the start of the year to the net liability at the start of the year	

Component	Description	Accounting Treatment
<b><u>Remeasurements</u></b>		
Return on plan assets	The Council's share of the return on pension fund assets for the year, excluding amounts included within the net interest cost	Remeasurements are included in the CIES as other comprehensive income and expenditure and credited or charged to the Pensions Reserve.
Actuarial gains and losses	Changes to the net pension liability because events have not occurred in line with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions	
<b><u>Other</u></b>		
Employer contributions	Cash contributions paid by the Council to fund future benefit payments in accordance with scheme rules.	Employer contributions will reduce the net pension liability, but do not give rise to expenditure in the CIES.

Statutory provisions require the General Fund and HRA to be charged with the amount of employer contributions payable by the Council in the year, not the amount calculated according to accounting standards. This means that the MIRS includes transfers to and from the Pensions Reserve to remove the notional expenditure set out under ‘service costs’ in the table above and replace it with the employer contributions payable for the year.

The balance on the Pensions Reserve therefore measures the impact on the General Fund and HRA of being required to account for retirement benefits on the basis of cash flows, rather than as benefits are earned by employees.

Additionally, the Council has applied the asset ceiling principle set out in IAS 19 which limits the extent to which an entity can recognise a pension asset where an actuarial valuation indicates that the value of pension assets exceeds the value of pension liabilities. The net defined benefit pension asset on the Balance Sheet is based on the actuary’s assessment of the difference between the net present value of future service costs and the net present value of future contributions by the employer. This is then adjusted to reflect any additional liability arising from existing commitments to make past service contributions in future years.

9 Overheads and Support Services

The cost of overheads and support services is apportioned to individual service lines within the CIES. This is based upon a best estimate of the proportions in which each support service is utilised.

10 VAT

VAT payable is included within expenditure only to the extent that it is not recoverable from HM Revenue & Customs (HMRC). VAT receivable is excluded from income.

11 Investment Property

Investment properties are those that are used solely to earn rental income and / or for capital appreciation. Rental income receivable in relation to investment properties is credited to financing and investment income in the CIES.

Recognition and Measurement

Investment properties are measured initially at cost, and subsequently at fair value.

Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are credited or charged to financing and investment income in the CIES.

Under statutory arrangements, gains and losses on revaluation are not permitted to have an impact on the General Fund or HRA balance. Any gains or losses are therefore transferred through the MIRS to the Capital Adjustment Account.

Investment Properties Held for Sale and Disposals

When it becomes probable that the carrying amount of an investment property will be recovered principally through sale, rather than through its continuing use, it is reclassified as an investment property held for sale. The property is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

When an investment property is sold, the carrying amount of the asset in the Balance Sheet (whether investment property or investment property held for sale) is written off to other operating income or expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same place.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and transferred to the Capital Receipts Reserve through the MIRS. These amounts are restricted for use to fund new capital investment, or to reduce the Council’s underlying need to borrow.

Under statutory arrangements, any gain or loss on disposal is transferred through the MIRS to the Capital Adjustment Account, in order that it does not impact the General Fund or Housing Revenue Account balance. This is because the cost of investment properties is fully provided for under separate arrangements for capital financing.

12 Property, Plant and Equipment

Property, plant and equipment comprises physical assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used for more than one year.

Recognition and Measurement

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 reliably measured.

Expenditure on repairs and maintenance that does not add to an asset’s potential to deliver future economic benefits or service potential (e.g. by enhancing its performance or extending its life) is charged as an expense to the relevant service line in the CIES.

Assets are initially measured at cost, comprising the purchase price plus any costs attributable to bringing the asset to the location and condition necessary for its operation.

Assets are subsequently carried on the Balance Sheet using the following measurement bases:

Class of asset	Measurement basis
Council dwellings	Current value, determined using the basis of existing use value for social housing (EUV-SH)
Other land and buildings	Current value, determined as the amount that would be paid for the asset in its existing use (EUV), except for highly specialised assets where there is no market-based evidence of current value, for which depreciated replacement cost (DRC) is used
Vehicles, plant, furniture and equipment	Current value, determined using depreciated historic cost as a proxy (due to assets having short lives and/or low values)
Infrastructure assets	Depreciated historic cost
Community assets	Historic cost
Surplus assets	Fair value
Assets under construction	Historic cost

Assets measured 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, and as a minimum every five years.

In addition, an assessment is made at each year-end as to whether there is any indication that any property, plant and equipment assets may be impaired. Where such indications exist, and any possible impairment is estimated to be material, an impairment loss is recognised for the difference between the recoverable amount of the asset and its carrying amount.

Revaluation gains are recognised in other comprehensive income within the CIES and credited to the Revaluation Reserve. The exception is for gains that reverse a previous revaluation or impairment loss which was charged to the CIES – in this case the gain will be credited back to same service line originally charged to the extent that it reverses the original loss (adjusted for additional depreciation which would have been charged in the meantime had the loss not been recognised).

Revaluation and impairment losses are accounted for as follows:

- Where there is a balance of previous revaluation gains for the asset in the Revaluation Reserve, the loss will be charged to other comprehensive income within the CIES, and the Revaluation Reserve reduced accordingly.
- Where there is no balance for the asset in the Revaluation Reserve, or the balance is insufficient to cover the full amount of the loss, any excess amount will be charged to the relevant service line in the CIES.

Under statutory arrangements, gains and losses on revaluation and impairment are not permitted to have an impact on the General Fund or HRA balance. Any gains or losses charged to the CIES are therefore transferred through the MIRS to the Capital Adjustment Account.

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

Depreciation

Depreciation is charged on property, plant and equipment assets on the following bases:

Asset Class	Depreciation Method	Useful Economic Lives
Council dwellings	Land: Not depreciated as indefinite useful economic life  Buildings: Straight line using a weighted average life for all significant components	As advised by external valuer:  Houses / Bungalows: 53 years  Flats / Maisonettes: 51 years
Other land and buildings	Land: Not depreciated as indefinite useful economic life  Buildings: Straight line	Buildings: 5 – 90 years (as advised by external valuer), with shorter lives applied to individual components where the impact is material
Vehicles, plant, furniture and equipment	Straight line	3 – 25 years
Infrastructure assets	Straight line	10 – 40 years
Community assets	Not depreciated	Not applicable
Surplus assets	Not depreciated	Not applicable
Assets under construction	Not depreciated	Not applicable

Revaluation gains are also depreciated. An amount equal to the difference between the depreciation charged on assets and the depreciation that would have been charged based on their historic cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Under statutory arrangements, the Council is not required to raise council tax to fund depreciation. However, it is required to make an annual contribution from revenue resources towards the reduction in its overall General Fund borrowing requirement, known as the Minimum Revenue Provision (MRP). MRP must be calculated on a prudent basis determined in accordance with statutory guidance.



Depreciation charges on General Fund assets are therefore reversed out of the General Fund to the Capital Adjustment Account by way of a transfer in the MIRS and replaced by a transfer in the opposite direction representing the annual MRP charge.

Different arrangements apply to the HRA whereby depreciation charged is not reversed, but an equivalent amount is transferred from the Capital Adjustment Account to the Major Repairs Reserve through the MIRS to ensure that the Council maintains a prudent level of capital resources ringfenced for maintaining the standard of council dwellings.

### Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to other operating income or expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same place. Any accumulated revaluation gains for the asset held in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and transferred to the Capital Receipts Reserve through the MIRS. These amounts are restricted for use to fund new capital investment, or to reduce the Council's underlying need to borrow.

Under statutory arrangements, any gain or loss on disposal is transferred through the MIRS to the Capital Adjustment Account, in order that it does not impact the General Fund or HRA balance. This is because the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing.

### Donations

When the Council receives an asset by way of a donation, the asset is recognised at fair value at the date when the Council takes possession of the asset. The fair value of the asset is credited to the Comprehensive Income and Expenditure Account. Donated assets are subject to revaluation in accordance with the principles set out above reflecting the type of asset which has been donated.

## 13 Leases

### Council as Lessee

A right-of-use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the Council's incremental borrowing rate specific to the term and start date of the lease.

Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right-of-use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs.

The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets (value when new less than £10,000) and short-term leases of 12 months or less are expensed to the CIES, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

### Council as Lessor

Leases are classified as finance leases where substantially all the risks and rewards incidental to ownership of the asset are transferred from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, each element is considered separately for classification.

### Council as Lessor – Operating Leases

Where the Council grants an operating lease over a property, the asset is retained on the Balance Sheet. Rental income is credited to financing and investment income in the CIES, on a straight-line basis over the life of the lease.

## 14 Investments in Other Entities

The Council has material interests in a number of subsidiaries and joint ventures, which requires the preparation of group accounts. The basis of consolidation is set out at note 1 to the Group Financial Statements.

Within the Council Financial Statements (the single-entity accounts), these interests are recorded as financial assets at cost.

## 15 Financial Instruments

### Financial Assets

Financial assets are classified and measured using an approach that reflects the business model for holding the assets and their cash flow characteristics. The Council holds financial assets measured at:

- Amortised cost
- Fair value through profit or loss

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

#### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the asset and are initially measured at fair value. They are subsequently measured at amortised cost, i.e. the outstanding principal receivable plus any accrued interest not yet received. Interest receivable is credited to financing and investment income in the CIES, based upon the amount due for the year as set out in the loan agreement.

#### Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis.

Impairment losses are calculated to reflect the expectation that 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 asset was recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

Trade receivables (debtors) held by the authority are only assessed on a lifetime basis.

#### Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the asset and are initially measured and subsequently carried at fair value. Fair value gains and losses are recognised as they arise within financing and investment income in the CIES.

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of the liability and are initially measured at fair value. They are subsequently carried at amortised cost, i.e. the outstanding principal repayable (plus any accrued interest not yet paid). Interest payable is charged to financing and investment expenditure in the CIES, based upon the amount due for the year as set out in the loan agreement.

### 16 Cash and Cash Equivalents

Cash comprises 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.

### 17 Provisions and Contingencies

#### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement (e.g. a payment to be made), and the amount of the obligation can be reliably estimated. For instance, the Council may be involved in a court case that could eventually result in the payment of compensation.

Provisions are charged to the appropriate service line in the CIES when the Council has an obligation and are measured at the best estimate at the Balance Sheet date, considering relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that payment will now be required (or a lower settlement is anticipated), the provision is reversed in full or in part and credited back to the relevant service line in the CIES.

#### 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 outcome of future uncertain events not entirely within the Council's control.

Contingent assets are not recognised in the Balance Sheet but disclosed in the Statement of Accounts where it is probable that the asset will be received.

### 18 Earmarked Reserves

The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by transferring amounts out of the General Fund or HRA through the MIRS. When expenditure to be financed from an earmarked reserve is incurred, it is charged to the appropriate service line in the CIES, then an equivalent amount transferred back to the General Fund or HRA through the MIRS.

Note 3 – Accounting Standards Issued but not yet Adopted

The following accounting standards are adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and therefore apply to the Council with effect from 1 April 2025. None are anticipated to have a material impact on the Statement of Accounts 2025/26:

- IAS 21 The effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.
- IFRS 17 Insurance Contracts issued in May 2017.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

Note 4 – Critical Judgement in Applying Accounting Policies

In applying the accounting policies set out in note 2, the Council has had to make the following critical judgements involving uncertainty about future events:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to indicate that its assets might be impaired, for example as a result of a need to close facilities or reduce levels of service provision.
- On 16 December 2024, the government published its English Devolution White Paper. This set out the government’s intention to reorganise local government in two tier areas, through closing existing upper and lower tier authorities and replacing these with larger unitary authorities. However, there remains significant uncertainty about the nature and timing of any reorganisation and its impact on the Council. Furthermore, there is an expectation of continuity of current services within the new authority. As such, the Council has determined that this uncertainty is not sufficient to indicate that its assets might be impaired, for example as a result of a need to close facilities or reduce levels of service provision.

Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of these accounts requires estimates to be made that are based upon the Council’s assumptions about the future or that are otherwise uncertain. Estimates are made which incorporate historical experience, current trends and other relevant factors – nevertheless some balances cannot be determined with certainty and actual results could be materially different from the estimates made.

The items in the Balance Sheet as at 31 March 2025 at significant risk of material adjustment in the following year are set out below. These are the estimates which require the most difficult, subjective or complex judgements. More detailed information about each estimate is set out within the relevant disclosure note.

Balance Sheet Item	Source of Estimation Uncertainty	31 March 2025 £'000	31 March 2024 £'000	Note
Property, plant and equipment	Assets are depreciated over useful lives dependent on assumptions made about the level of repairs and maintenance that will be carried out. Should the Council not sustain an appropriate level of spending on repairs and maintenance, asset lives may be reduced leading to a higher annual depreciation charge.  Operational property assets are revalued by the Council’s external valuers, using valuation techniques which are based upon observable data wherever possible. Where such data is not available, professional judgements must be made taking into account considerations such as uncertainty and risk. Changes in the assumptions used could affect the valuation amount.	1,072,162	1,061,192	15
Investment property	Investment property assets are held at fair value as determined by the Council’s external valuers, using valuation techniques which are based upon observable data wherever possible. Where such data is not available, professional judgements must be made that reflect considerations such as uncertainty and risk. Changes in the assumptions used could affect the valuation amount.	169,840	164,421	16
Right-of-use assets	Assets are depreciated over the shorter of the lease term and the remaining useful lives of the underlying assets.  Assets that have nil or peppercorn rent are revalued by the Council’s external valuers, using valuation techniques which are based upon observable data wherever possible. Where such data is not available, professional judgements must be made taking into account considerations such as uncertainty and risk. Changes in the assumptions used could affect the valuation amount.	37,027	0	17
Provisions – business rates appeals provision	The Council is liable for its share (40%) of current and previous years’ business rates income lost due to successful rating appeals. An external expert has been engaged to assist with calculating a best estimate of the provision required, but inherent uncertainties remain around the quantity, value and success rates of appeals, both already submitted and still to come.	(3,462)	(2,378)	22
Net defined benefit pension (liability) / asset	The net pension liability / asset depends on a number of complex judgements, e.g. the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.  The assumptions used are themselves highly sensitive to external economic factors, for example increasing interest rates could have a detrimental impact on asset returns. The Council engages a professional actuary to carry out the valuation of the net pension liability.  See note 23 for more information on sensitivity analysis and the quantification of some of these uncertainties.	(30,631)	18,073	23

Note 6 – Events After the Reporting Period

This Statement of Accounts was authorised for issue by the Chief Finance Officer on 30 June 2025. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the accounts and notes have been adjusted to reflect the impact of this information

Note 7 – Income and Expenditure Analysed by Nature

	Note	2024/25 £'000	2023/24 £'000
<b>Income</b>			
Fees, charges and other service income	8	(85,835)	(77,573)
Interest and investment income	10	(22,349)	(24,916)
Share of profits from connected entities	10	(750)	(6,000)
Income from council tax and business rates	11	(12,643)	(15,286)
Government grants and contributions	29	(62,286)	(59,988)
Gain on disposal of non-current assets	9	(2,170)	(480)
<b>Total income</b>		<b>(186,033)</b>	<b>(184,243)</b>
<b>Expenditure</b>			
Employee benefits expenses		44,783	44,096
Other service expenses		82,610	82,946
Depreciation, amortisation and impairment		45,191	61,470
Interest payments and investment expenses	10	9,325	9,507
<b>Total expenditure</b>		<b>181,909</b>	<b>198,019</b>
<b>Deficit on the provision of services</b>		<b>(4,124)</b>	<b>13,776</b>

Included within other service expenses is expenditure associated with housing benefits of £27.9 million (2023/24: £28.6 million). Within the CIES, this is included in Finance, Resources and Transformation expenditure.

Note 8 – Segmental Fees, Charges and Other Service Income

	2024/25 £'000	2023/24 £'000
Climate Action and Environment	(3,496)	(3,358)
Communities	(6,273)	(5,926)
Community Wealth Building and Community Safety	(24)	(34)
Finance, Resources and Transformation	(3,499)	(874)
Housing and Homelessness	(1,744)	(1,695)
The Leader	(259)	(91)
Open Spaces and City Services	(12,039)	(11,702)
Planning, Building Control and Infrastructure	(2,253)	(2,003)
Housing Revenue Account	(55,495)	(50,304)
Financing and investment income	(753)	(1,586)
<b>Total fees, charges and other service income</b>	<b>(85,835)</b>	<b>(77,573)</b>

Note 9 – Other Operating Income and Expenditure

	2024/25		2023/24	
	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Gains on the disposal of non-current assets	(2,170)	0	(480)	0
<b>Total other operating income and expenditure</b>	<b>(2,170)</b>	<b>0</b>	<b>(480)</b>	<b>0</b>



Note 10 – Financing and Investment Income and Expenditure

	2024/25		2023/24	
	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Interest payable and similar charges	0	7,980	0	7,494
Interest on net defined benefit pension asset	(1,093)	0	(471)	0
Interest receivable and similar income	(5,940)	0	(7,849)	0
Investment property income and expenditure	(10,057)	1,345	(10,547)	1,726
Changes in fair value of investment property	(4,684)	0	(6,049)	0
(Gains) / losses on financial instruments classified as fair value through profit or loss	(575)	0	0	287
Share of profits from connected entities	(750)	0	(6,000)	0
Trading account income and expenditure	(753)	765	(1,586)	1,770
<b>Total financing and investment income and expenditure</b>	<b>(23,852)</b>	<b>10,090</b>	<b>(32,502)</b>	<b>11,277</b>

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Note 11 – Taxation and Non-Specific Grant Income

	2024/5		2023/24	
	£'000	£'000	£'000	£'000
Council tax		(10,155)		(9,919)
Business rates:				
Council share of business rates income collected	(45,309)		(45,512)	
Less tariff payable to central government	42,821		40,145	
Net retained business rates income		(2,488)		(5,367)
Non-ringfenced government grants		(8,309)		(10,580)
Capital grants and contributions		(20,156)		(13,144)
<b>Total taxation and non-specific grant income</b>		<b>(41,108)</b>		<b>(39,010)</b>

Note 12 – Adjustments Between Accounting Basis and Funding Basis Under Statutory Provisions

This note details the adjustments made to the total comprehensive income and expenditure recognised in accordance with proper accounting practice, in order to arrive at the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure. The adjustments are made against the following usable reserves:

**General Fund** – 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 provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with generally accepted accounting practices. The General Fund balance therefore summarises the resources that the Council is empowered to spend on its services or on capital investment at the end of the financial year. The balance is not available to be applied to funding HRA services.

**Housing Revenue Account (HRA)** – reflects the statutory obligation to maintain a separate revenue account for council housing provision under Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure in connection with the council’s landlord function (for example rental income), which can only be used to fund expenditure on HRA services in the future.

**Major Repairs Reserve** – contains an element of the Council’s capital resources which is limited to being used to finance future or historic capital expenditure on HRA assets (such as council houses).

**Capital Receipts Reserve** – holds the proceeds from the disposal of property and other assets, which can only be used to finance future or historic capital expenditure.

**Capital Grants Unapplied Reserve** – holds grants and contributions received towards capital projects which have not yet been applied to meet expenditure. The balance is restricted by the grant terms as to the capital expenditure against which it can be applied and / or the financial years in which this can place.



	2024/25						2023/24						Unusable Reserve Affected
	General Fund	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Unusable reserves	General Fund	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Unusable reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Adjustments for capital purposes</b>													
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>													
Depreciation, derecognition, impairment and revaluation gains and losses on property, plant and equipment	(9,904)	(21,897)	0	(11,964)	0	43,765	(8,926)	(40,965)	0	(11,380)	0	61,271	Capital Adjustment Account
Amortisation of intangible assets	(95)	0	0	(129)	0	224	(95)	0	0	(104)	0	199	Capital Adjustment Account
Movements in the fair value of investment properties	4,755	111	0	0	0	(4,866)	6,384	(335)	0	0	0	(6,049)	Capital Adjustment Account
Capital grants and contributions	11,276	8,880	0	0	(20,156)	0	203	12,941	0	0	(13,144)	0	
Revenue expenditure funded from capital under statute	(6,841)	(8)	0	0	0	6,849	(4,083)	0	0	0	0	4,083	Capital Adjustment Account
Costs of disposal funded from capital receipts	0	(117)	117	0	0	0	0	(150)	150	0	0	0	
Carrying value of non-current assets and non-current assets held for sale written off on disposal	0	(4,935)	0	0	0	4,935	(825)	(4,119)	0	0	0	4,944	Capital Adjustment Account
Proceeds from the disposal of non-current assets and non-current assets held for sale (greater than £10,000)	0	7,105	(7,105)	0	0	0	819	4,592	(5,411)	0	0	0	
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>													
Minimum revenue provision for repayment of debt	326	0	0	0	0	(326)	314	0	0	0	0	(314)	Capital Adjustment Account
Financing of capital expenditure from usable reserves	8,869	10,473	16,049	12,093	13,764	(61,248)	1,030	23,111	25,785	19,168	22,031	(91,125)	Capital Adjustment Account
Other capital adjustments	(76)	0	0	0	0	76	39	0	0	0	0	(39)	Capital Adjustment Account
Transfers on repayment of loans	(7)	0	(51)	0	0	58	(7)	0	(9,793)	0	0	9,800	Capital Adjustment Account
<b>Total adjustments for capital purposes</b>	<b>8,303</b>	<b>(388)</b>	<b>9,010</b>	<b>0</b>	<b>(6,392)</b>	<b>(10,533)</b>	<b>(5,147)</b>	<b>(4,925)</b>	<b>10,731</b>	<b>7,684</b>	<b>8,887</b>	<b>(17,230)</b>	
<b>Pensions adjustments</b>													
Reversal of pension costs charged to the Comprehensive Income and Expenditure Statement in accordance with IAS 19	(4,247)	(1,254)	0	0	0	5,501	(5,684)	(1,482)	0	0	0	7,166	Pensions Reserve
Insertion of contributions due under the pension scheme regulations	6,645	1,601	0	0	0	(8,246)	7,258	1,748	0	0	0	(9,006)	Pensions Reserve
<b>Total pensions adjustments</b>	<b>2,398</b>	<b>347</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,745)</b>	<b>1,574</b>	<b>266</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,840)</b>	
<b>Total adjustments for capital purposes and pensions adjustments</b>	<b>10,701</b>	<b>(41)</b>	<b>9,010</b>	<b>0</b>	<b>(6,392)</b>	<b>(13,278)</b>	<b>(3,573)</b>	<b>(4,659)</b>	<b>10,731</b>	<b>7,684</b>	<b>8,887</b>	<b>(19,070)</b>	

	2024/25						2023/24						Unusable Reserve Affected
	General Fund	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Unusable reserves	General Fund	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Unusable reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Total adjustments for capital purposes and pensions adjustments	9,294	(17)	9,010	0	(6,392)	(11,895)	(3,573)	(4,659)	10,731	7,684	8,887	(19,070)	
Other statutory adjustments													
Transfers between the General Fund and Housing Revenue Account under statutory provisions	(448)	448	0	0	0	0	(72)	72	0	0	0	0	
Adjustments for differences between the income and expenditure included in the Comprehensive Income and Expenditure Statement and the amounts charged to the General Fund and HRA under statutory provisions, in respect of:													
Finance income and expenditure	1	0	0	0	0	(1)	(9)	0	0	0	0	9	Financial Instruments Adjustment Account
Council tax and business rates income	(6,227)	0	0	0	0	6,227	(4,680)	0	0	0	0	4,680	Collection Fund Adjustment Account
Fair value gains and losses on pooled investment funds	(33)	0	0	0	0	33	(241)	0	0	0	0	241	Pooled Investment Adjustment Account
Movements in the accumulated absences accrual	(48)	11	0	0	0	37	0	0	0	0	0	0	Accumulated Absences Account
Total other statutory adjustments	(6,755)	459	0	0	0	6,296	(5,002)	72	0	0	0	4,930	
Total adjustments between accounting basis and funding basis under statutory provisions	2,539	442	9,010	0	(6,392)	(5,599)	(8,575)	(4,587)	10,731	7,684	8,887	(14,140)	

## Note 13 – Earmarked Reserves

	1 April 2023 £'000	Transfers In £'000	Transfers Out £'000	31 March 2024 £'000	Transfers In £'000	Transfers Out £'000	31 March 2025 £'000
<b>General Fund</b>							
Civic Quarter Development Fund	0	0	0	0	(23,762)	1,983	(21,779)
Collection Fund deficit reserve	(124)	0	0	(124)	(3,746)	0	(3,870)
Earmarked for capital use	(10,832)	(6,531)	1,471	(15,892)	(2,081)	6,716	(11,257)
Greater Cambridge Partnership	(5,260)	(6)	5,266	0	0	0	0
Other shared / partnership working	(2,315)	(277)	469	(2,123)	(361)	220	(2,264)
Insurance Fund	(1,294)	0	537	(757)	(63)	91	(729)
Service specific reserves	(5,928)	(4,144)	1,769	(8,303)	(7,798)	5,860	(10,241)
Transformation	(3,002)	0	1,412	(1,590)	(974)	961	(1,603)
Other	(33)	(600)	378	(255)	(400)	108	(547)
<b>Total General Fund</b>	<b>(28,788)</b>	<b>(11,558)</b>	<b>11,302</b>	<b>(29,044)</b>	<b>(39,185)</b>	<b>15,939</b>	<b>(52,290)</b>
<b>Earmarked reserves</b>							
<b>Housing Revenue Account (HRA)</b>							
Asset repair and renewal reserves	(2,587)	(283)	99	(2,771)	(273)	425	(2,619)
Earmarked for HRA debt redemption / reinvestment	(14,705)	0	14,705	0	0	0	0
Other	(36)	(8)	11	(33)	(36)	0	(69)
<b>Total HRA earmarked reserves</b>	<b>(17,328)</b>	<b>(291)</b>	<b>14,815</b>	<b>(2,804)</b>	<b>(309)</b>	<b>425</b>	<b>(2,688)</b>

The **Civic Quarter Development Fund** holds money set aside to improve the Guildhall, Corn Exchange and Market Square.

The **Collection Fund deficit reserve** holds money set aside to cover the Council's share of forecast future collection fund deficits.

## Note 14 – Unusable Reserves

The Council's principal unusable reserves are as follows:

**Capital Adjustment Account** – absorbs timing differences arising from the different arrangements for accounting for the consumption of non-current assets, and for financing the capital expenditure on these assets under statutory provisions. The account is debited as depreciation, revaluation and impairment losses and losses on disposal of non-current assets are charged to the Comprehensive Income and Expenditure Statement, and credited as amounts are set aside from capital resources to finance capital expenditure. It contains accumulated gains and losses on investment properties, together with revaluation gains accumulated on property, plant and equipment prior to 1 April 2007.

**Revaluation Reserve** – holds unrealised gains on property, plant and equipment accumulated since the reserve's implementation on 1 April 2007. Gains accumulated before this date are held in the Capital Adjustment Account.

**Pensions Reserve** – absorbs timing differences arising from the different arrangements for accounting for the Local Government Pension Scheme, and for funding the scheme in accordance with statutory provisions. The Council accounts for scheme costs in the Comprehensive Income and Expenditure Statement as benefits are earned by employees, updating the future liability each year to reflect changing assumptions and investment returns. However, statutory arrangements require the General Fund and Housing Revenue Account to be charged only with the employer contributions payable for the year. The balance on the reserve therefore reflects the current difference between the benefits earned by employees and the resources set aside to meet them.

**Collection Fund Adjustment Account** – absorbs timing differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rates payers, and the statutory arrangements for paying across amounts to the General Fund. The balance here will be transferred to the General Fund in future years in line with statutory requirements.

	Note	Capital Adjustment Account	Revaluation Reserve	Pensions Reserve	Collection Fund Adjustment Account	Pooled Investment Adjustment Account	Accumulated Absences Account	Financial Instruments Adjustment Account	Deferred Capital Receipts Reserve	Total unusable reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023		(662,829)	(285,145)	(6,866)	(4,835)	492	287	166	(72)	(958,802)
Other comprehensive income and expenditure:										
Gain on revaluation of non-current assets	CIES	0	(7,248)	0	0	0	0	0	0	(7,248)
Remeasurement of the net defined benefit liability	CIES	0	0	(9,368)	0	0	0	0	0	(9,368)
Adjustments between accounting basis and funding basis under statutory provisions:										
Adjustments for capital purposes	12	(17,230)	0	0	0	0	0	0	0	(17,230)
Pensions adjustments	12	0	0	(1,840)	0	0	0	0	0	(1,840)
Other statutory adjustments	12	0	0	0	4,680	241	0	9	0	4,930
Transfers between unusable reserves:										
Difference between fair value depreciation and historic cost depreciation		(4,740)	4,740	0	0	0	0	0	0	0
Accumulated gains on non-current assets disposed of		(845)	845	0	0	0	0	0	0	0
Balance at 31 March 2024		(685,644)	(286,808)	(18,074)	(155)	733	287	175	(72)	(989,558)
Other comprehensive income and expenditure:										
Gain on revaluation of non-current assets	CIES	0	(761)	0	0	0	0	0	0	(761)
Remeasurement of the net defined benefit liability	CIES	0	0	51,450	0	0	0	0	0	51,450
Adjustments between accounting basis and funding basis under statutory provisions:										
Adjustments for capital purposes	12	(9,150)	0	0	0	0	0	0	0	(9,150)
Pensions adjustments	12	0	0	(2,745)	0	0	0	0	0	(2,745)
Other statutory adjustments	12	0	0	0	6,227	33	37	(1)	0	6,296
Transfers between unusable reserves:										
Difference between fair value depreciation and historic cost depreciation		(5,022)	5,022	0	0	0	0	0	0	0
Accumulated gains on non-current assets disposed of		(895)	895	0	0	0	0	0	0	0
Balance at 31 March 2025		(700,711)	(281,6)	30,631	6,072	766	324	174	(72)	(944,468)

## Note 15 – Property, Plant and Equipment

## Movements on Balances

	Council dwellings £'000	Other land and buildings £'000	Vehicles, plant, furniture and equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total property, plant and equipment £'000
<b>Balance at 1 April 2023:</b>								
Gross carrying amount	784,298	151,982	20,671	8,238	1,346	50	78,764	1,045,349
Accumulated depreciation and impairment	0	(1,588)	(14,282)	(1,519)	0	0	0	(17,389)
<b>Net book value</b>	<b>784,298</b>	<b>150,394</b>	<b>6,389</b>	<b>6,719</b>	<b>1,346</b>	<b>50</b>	<b>78,764</b>	<b>1,027,960</b>
Additions	43,429	1,131	1,759	866	0	0	41,904	89,089
Disposals	(4,119)	0	0	0	0	0	0	(4,119)
Revaluation increases recognised in the revaluation reserve	674	6,574	0	0	0	0	0	7,248
Revaluation decreases recognised in the surplus / deficit on the provision of services	(41,125)	(3,005)	0	0	0	0	0	(44,130)
Assets reclassified from investment properties or intangible assets	0	2,267	0	0	0	0	0	2,267
Assets reclassified (to) / from other categories of property, plant and equipment	47,898	469	46	0	0	0	(48,413)	0
Other movement	0	(29)	(40)	0	0	0	87	18
Depreciation charge	(11,114)	(3,817)	(2,000)	(210)	0	0	0	(17,141)
<b>Balance at 1 April 2024:</b>								
Gross carrying amount	819,941	155,715	22,152	9,099	1,346	50	72,342	1,080,645
Accumulated depreciation and impairment	0	(1,731)	(15,998)	(1,724)	0	0	0	(19,453)
<b>Net book value</b>	<b>819,941</b>	<b>153,984</b>	<b>6,154</b>	<b>7,375</b>	<b>1,346</b>	<b>50</b>	<b>72,342</b>	<b>1,061,192</b>
Additions	38,949	322	2,452	772	0	0	58,259	100,754
Disposals	(4,935)	0	0	0	0	0	0	(4,935)
Revaluation increases / (decreases) recognised in the revaluation reserve	219	(1,467)	0	0	0	0	0	(1,248)
Revaluation decreases recognised in the surplus / deficit on the provision of services	(22,165)	(13)	0	0	0	0	0	(24,171)
Assets reclassified (to) investment properties or intangible assets or right-of-use assets	0	(40,975)	0	0	0	0	(566)	(41,541)
Assets reclassified (to) / from other categories of property, plant and equipment	10,977	6,906	261	0	0	48	(18,192)	0
Other movement	0	0	(59)	0	0	0	(17)	(76)
Depreciation charge	(11,655)	(3,087)	(1,708)	(211)	0	0	0	(16,661)
<b>Balance at 31 March 2025:</b>								
Gross carrying amount	831,331	117,401	24,422	9,871	1,346	98	111,826	1,096,295
Accumulated depreciation and impairment	0	(1,099)	(17,322)	(1,935)	0	0	0	(20,356)
<b>Net book value</b>	<b>831,331</b>	<b>116,302</b>	<b>7,100</b>	<b>7,936</b>	<b>1,346</b>	<b>98</b>	<b>111,826</b>	<b>1,075,939</b>

Valuation

**Council dwellings** are revalued at 31 March each year, using a beacon approach. The housing stock is divided into a number of ‘archetypes’ containing dwellings with similar characteristics (e.g. location, property type, number of bedrooms). Within each archetype, one representative ‘beacon’ property is selected for revaluation, with the resulting valuation applied to all similar dwellings.

Valuations are undertaken by an external valuer who inspects beacon properties on a rolling 5-yearly cycle. Valuations are carried out in accordance with ‘Stock Valuation for Resource Accounting – Guidance for Valuers’ published by the Ministry of Housing, Communities and Local Government (MHCLG), and the RICS Valuation – Professional Standards (‘Red Book’) except where varied to reflect MHCLG requirements.

In addition, the external valuer carries out an annual desktop revaluation exercise on all properties not subject to inspection in any given year. This exercise is carried out with reference to UK House Price Index data.

**Other land and buildings** are subject to revaluation on at least a 5-yearly rolling basis, with additional valuations carried out where there is a risk that values have moved significantly in the intervening period. Valuations are undertaken by an external valuer in accordance with the RICS Valuation – Professional Standards (‘Red Book’), with one departure in respect of the physical inspection of properties. The valuer inspects only a sample of properties, relying on information supplied by the Council for the remainder, in order to secure best value for money. In addition to the revalued asset base, there is a group of assets with a carrying value of £336,000 for which depreciated historical cost is used as an appropriate proxy for current value. These assets are individually immaterial, and the difference between depreciated cost and current value is not considered material. In line with the CIPFA Code, these items are therefore excluded from the five-year rolling revaluation programme.

The following table shows the current carrying value of property, plant and equipment (excluding those classes of asset held at historic cost) by date of most recent valuation:

	Council dwellings	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000	£'000
Valued at current value as at:				
31 March 2025	831,331	104,251	296	935,878
31 March 2024	0	203	0	203
31 March 2023	0	84	0	84
31 March 2022	0	363	0	363
31 March 2021	0	310	0	310
Prior to 2021	0	336	0	336
Total	831,331	105,547	296	937,174

Capital Commitments

The Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in future years, with the following values:-

	31 March 2025	31 March 2024
	£'000	£'000
Park Street car park redevelopment	32,797	64,262
New build dwellings	45,066	27,826
Capital works on existing dwellings	13,611	10,525
Depot relocation	3,495	8,884
Other property, plant and equipment	766	2,276
Total contractual commitments for property, plant and equipment	95,735	113,773



Note 16 – Investment Property

Movements on Balances

	Central Cambridge shopping centres £'000	Other retail £'000	Offices £'000	Industrial £'000	Land £'000	Leisure £'000	Other £'000	Total investment properties £'000	Investment properties held for sale £'000	Total £'000
Balance at 1 April 2023	11,380	29,380	12,136	32,250	42,992	3,569	30,001	161,708	825	162,533
Adjustment to opening balance	0	0	9	0	0	0	0	9	0	9
Additions – subsequent expenditure	0	0	36	21	0	0	115	172	0	172
Unrealised revaluation gains / (losses)	(460)	1,095	(781)	2,866	1,836	(35)	1,528	6,049	0	6,049
Disposals	0	0	0	0	0	0	0	0	(825)	(825)
Transfers (to) / from held for sale	0	(1,250)	0	0	0	0	0	(1,250)	1,250	0
Transfers (to) / from property, plant and equipment	0	0	748	0	(3,015)	0	0	(2,267)	0	(2,267)
Balance at 31 March 2024	10,920	29,225	12,148	35,137	41,813	3,534	31,644	164,421	1,250	165,671
Acquisitions	0	182	0	0	0	0	0	182	0	182
Additions – subsequent expenditure	0	22	6	0	0	0	0	28	0	28
Unrealised revaluation gains / (losses)	410	530	(215)	(589)	885	(81)	3,926	4,866	0	4,866
Disposals	0	0	0	0	0	0	0	0	0	0
Transfers from property, plant and equipment	0	524	0	0	0	0	0	524	0	524
Balance at 31 March 2025	11,330	30,483	11,939	34,548	42,698	3,453	35,570	170,021	1,250	171,271

Fair Value Measurement

Investment property is held at fair value as determined by an external valuer. Valuations are carried out in accordance with the RICS Valuation – Professional Standards (‘Red Book’), with one departure in respect of physical inspection of properties. The valuer undertakes physical inspection of only a sample of properties, relying upon information provided by the Council in respect of the remaining properties. The Council has chosen to depart from the Red Book in this way to secure best value for money in relation to property valuation work.

The valuation techniques and key inputs used for each class of investment property are as follows:-

Investment property class	Predominant valuation technique	Key unobservable inputs	Range of inputs
Central Cambridge shopping centres	Investment	Net initial yield	7.00% - 7.03%
Other retail	Investment	Yield	6.13% - 11.22%
Offices	Investment	Yield	6.11% - 10.21%
Industrial	Investment	Yield	4.64% - 8.25%
Land	Investment / Comparable	Net initial yield	2.40% - 6.09%
Leisure	Investment / Comparable	Equivalent yield	4.26% - 8.19%
Other	Investment / Comparable	Equivalent yield	7.51% - 8.30%
		Yield	4.00% - 12.00%

The **investment method** involves estimating the rental value of each property and capitalising at an appropriate yield. This approach factors in future assumptions such as rent growth, occupancy levels and future maintenance costs, and also adjusts for redevelopment potential where applicable.

The **comparable method** involves reviewing recent similar transactions on the open market and using these as a benchmark, with appropriate adjustments to reflect differences between observed transactions and the Council's individual investment properties.

Both of these methods rely upon significant unobservable inputs to determine fair value, and therefore all investment property valuations are classified as level 3 in the fair value hierarchy. There is no reasonably available information that indicates that market participants would use different assumptions.

Significant increases in market rents or land values would result in a significantly higher fair value measurement, and vice versa.

Significant increases in yields would result in a significantly lower fair value measurement, and vice versa.

Income and Expenditure

The following is included within financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement:

	2024/25 £'000	2023/24 £'000
Rental income from investment property	(10,057)	(10,547)
Direct operating expenses arising from investment property	1,337	866
Net gain	(8,720)	(9,681)

Highest and Best Use

All of the Council's investment properties are currently operating at their highest and best use, with the exception of property in the Cambridge Northern Fringe East development area which is let out on a short-term basis (with the Council able to exercise break clauses) pending redevelopment.

Operating Leases

Investment properties are let to a variety of tenants under operating leases. The future minimum lease payments due under non-cancellable leases are as follows:-

	31 March 2025 £'000	31 March 2024 £'000
Not later than one year	7,054	6,574
Between one and five years	17,077	19,454
Later than five years	108,044	113,095
Total future minimum lease payments due under non-cancellable leases	132,175	139,123

The future minimum lease payments above do not include contingent rents. In 2024/25, contingent rents of £1,615,000 (2023/24: £1,600,000) were receivable.

Note 17 - Leases

The Council adopted the new leasing standard IFRS 16 from 1 April 2024.

The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability), a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024.



Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council’s incremental borrowing rate at that date.
- The weighted average of the incremental borrowing rates used to discount liabilities was 4.88%.
- Right-of-use assets are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded.
- All leases were assessed as to whether they were onerous at 31 March 2024 and it was determined that none were.

This has resulted in the following additions to the balance sheet as at 1 April 2024:

- £984,000 Property, plant and equipment – buildings (right-of-use assets)
  - £113,000 Short term creditors (lease liabilities)
  - £861,000 Long term creditors (lease liabilities)
- At 1 April 2024, £40,975,000 has been reclassified from property, plant and equipment (other land and buildings) to right-of-use Assets. This relates to three car parks held by the Council under finance leases. Since the leases are at peppercorn rent, there is no associated lease liability.

No operating lease commitments were disclosed in the 2023/24 financial statements as these were not material.

Movement on Right-of-Use Assets

This table shows the change in the value of the right-of-use assets held under lease by the Council:

	Land and buildings £'000
Balance at 1 April 2024	984
Assets reclassified from property, plant and equipment	40,975
Revaluation decreases recognised in the revaluation reserve	(797)
Revaluation decreases recognised in the surplus on the provision of services	(2,995)
Depreciation	(1,140)
Balance at 31 March 2025	37,027

The following table shows the current carrying value of right-of-use assets by date of most recent valuation:

	Right-of-use Asset £'000
Valued at current value as at:	
31 March 2025	36,164
31 March 2024	863
Total	37,027

Transactions under Leases

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

	2024/25 £'000
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	6
Revaluation recognised in the surplus on the provision of services	2,995

Maturity analysis of lease liabilities

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

	31 March 2025 £'000
Not later than one year	124
Between one and five years	256
Later than five years	481
Total undiscounted liabilities	861

Note 18 – Financial Instruments

Categories of Financial Instruments

Financial Assets

	Long-term								Short-term						Total	
	Loans to joint ventures		Loan to subsidiary		Other long-term investments		Debtors		Investments		Cash and cash equivalents		Debtors			
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through profit or loss	0	0	0	0	14,234	13,965	596	646	0	10,302	0	0	0	0	14,830	24,913
Amortised cost	27,483	19,228	7,500	7,500	2,850	2,850	8	819	16,490	39,736	12,793	21,872	9,191	7,487	76,315	99,492
<b>Total financial assets</b>	<b>27,483</b>	<b>19,228</b>	<b>7,500</b>	<b>7,500</b>	<b>17,084</b>	<b>16,815</b>	<b>604</b>	<b>1,465</b>	<b>16,490</b>	<b>50,038</b>	<b>12,793</b>	<b>21,872</b>	<b>9,191</b>	<b>7,487</b>	<b>91,145</b>	<b>124,405</b>
Assets not defined as financial instruments	0	0	0	0	0	0	227	2,447	0	0	0	0	8,038	5,835	8,265	8,282
<b>Total</b>	<b>27,483</b>	<b>19,228</b>	<b>7,500</b>	<b>7,500</b>	<b>17,084</b>	<b>26,815</b>	<b>831</b>	<b>3,912</b>	<b>16,490</b>	<b>50,038</b>	<b>12,793</b>	<b>21,872</b>	<b>17,229</b>	<b>13,322</b>	<b>99,410</b>	<b>132,687</b>

Financial Liabilities

	Long-term				Short-term				Total	
	Borrowing		Creditors		Borrowing		Creditors			
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	(242,985)	(213,572)	(737)	0	(705)	(82)	(22,348)	(21,739)	(266,775)	(235,393)
<b>Total financial liabilities</b>	<b>(242,985)</b>	<b>(213,572)</b>	<b>(737)</b>	<b>0</b>	<b>(705)</b>	<b>(82)</b>	<b>(22,348)</b>	<b>(21,739)</b>	<b>(266,775)</b>	<b>(235,393)</b>
Liabilities not defined as financial instruments	0	0	0	0	0	0	(20,937)	(32,531)	(20,937)	(32,531)
<b>Total</b>	<b>(242,985)</b>	<b>(213,572)</b>	<b>(737)</b>	<b>0</b>	<b>(705)</b>	<b>(82)</b>	<b>(43,285)</b>	<b>(54,270)</b>	<b>(287,712)</b>	<b>(267,924)</b>

## Income, Expense, Gains and Losses

The following income and expenditure relating to financial instruments is reflected in the surplus or deficit on the provision of services:

	2024/25		2023/24	
	£'000	£'000	£'000	£'000
<b>Net (gains) / losses on:</b>				
Financial assets measured at fair value through profit or loss	(575)		287	
<b>Total net (gains) / losses</b>		<b>(575)</b>		<b>287</b>
<b>Interest revenue:</b>				
Financial assets measured at fair value through profit or loss	(752)		(742)	
Financial assets measured at amortised cost	(5,188)		(7,107)	
<b>Total interest revenue</b>		<b>(5,940)</b>		<b>(7,849)</b>
Interest expense on financial liabilities measured at amortised cost		7,980		7,494
<b>Net (income) / expenditure recognised in surplus or deficit on the provision of services</b>		<b>1,465</b>		<b>(68)</b>

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Fair Value

## Financial Assets Measured at Fair Value

The following financial assets are measured at fair value on a recurring basis:

	Fair value hierarchy input level	Valuation technique	31 March 2025 £'000	31 March 2024 £'000
Investments in pooled investment vehicles	Level 1	Unadjusted quoted prices in active markets for identical units	14,234	23,017
Soft loans	Level 3	Present value of likely future cash flows	596	646
Contingent proceeds from disposal of assets	Level 3	Present value of likely estimated sales proceeds	0	1,250
<b>Total financial assets held at fair value</b>			<b>14,830</b>	<b>24,913</b>

## Financial Assets Not Measured at Fair Value

The fair value of financial assets and liabilities measured at amortised cost can be assessed by calculating the present value of future cash flows, using the following assumptions:-

- For instruments which will mature in the next 12 months, carrying value is taken as an approximation of fair value.
- No early repayments are assumed.
- The fair value of long-term borrowing from the Public Works Loan Board (PWLb) is calculated using the average new loans rate for the year of 5.90% (2023/24: 5.17%).

	31 March 2025		31 March 2024	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial assets</b>				
Loans to joint ventures	27,483	25,948	19,228	18,548
Loan to subsidiary	7,500	6,955	7,500	7,041
Other long-term investments	2,850	2,722	2,850	2,662
Long-term debtors	8	8	819	819
Short-term investments	16,490	16,490	39,736	39,736
Cash and cash equivalents	12,793	12,793	21,872	21,872
Short-term debtors	9,191	9,191	7,487	7,487
<b>Total financial assets held at amortised cost</b>	<b>76,315</b>	<b>74,107</b>	<b>99,492</b>	<b>98,165</b>
<b>Financial liabilities</b>				
Long-term borrowing	(242,985)	(165,112)	(213,572)	(190,669)
Short-term borrowing	(705)	(705)	(82)	(82)
Long-term creditors	(737)	(737)	0	0
Short-term creditors	(22,348)	(22,348)	(21,739)	(21,739)
<b>Total financial liabilities held at amortised cost</b>	<b>(266,775)</b>	<b>(189,902)</b>	<b>(235,393)</b>	<b>(212,490)</b>

## Note 19 – Long-term Debtors

	31 March 2025 £'000	31 March 2024 £'000
Prepayments	71	2,291
Other receivables	760	1,621
<b>Total long-term debtors</b>	<b>831</b>	<b>3,912</b>



Note 20 – Short-term Debtors

	31 March 2025	31 March 2024
	£'000	£'000
Trade receivables	3,802	4,605
Prepayments	3,007	3,605
Other receivables	10,420	5,112
<b>Total short-term debtors</b>	<b>17,229</b>	<b>13,322</b>

Note 21 – Short-term Creditors

	31 March 2025	31 March 2024
	£'000	£'000
Trade creditors	(213)	(6,191)
Receipts in advance	(12,913)	(7,879)
Other creditors	(30,035)	(40,200)
Lease liability	(124)	0
<b>Total short-term creditors</b>	<b>(43,285)</b>	<b>(54,270)</b>

Note 22 – Provisions and Contingencies

Provisions

	Business rates appeals £'000	Other £'000	Total £'000
<b>Balance at 1 April 2023</b>	<b>(2,984)</b>	<b>(907)</b>	<b>(3,891)</b>
Additional provisions made	(2,378)	(703)	(3,081)
Amounts used	2,984	66	3,050
Unused amounts reversed	0	165	165
<b>Balance at 31 March 2024</b>	<b>(2,378)</b>	<b>(1,379)</b>	<b>(3,757)</b>
Additional provisions made	(3,779)	(2,359)	(6,138)
Amounts used	2,695	746	3,441
Unused amounts reversed	0	642	642
<b>Balance at 31 March 2025</b>	<b>(3,462)</b>	<b>(2,350)</b>	<b>(5,812)</b>

The **business rates appeals provision** represents the best estimate of the Council’s share of the amount repayable to ratepayers, for years up to 31 March 2025, following successful rating valuation appeals. The estimate is calculated with the assistance of an external expert, using data from the Valuation Office Agency (VOA) on outstanding appeals and the outcomes of historic appeals. The timing and amount of payments remains uncertain, as the settlement of appeals is outside of the Council’s control.

**Other provisions** reflect amounts provided for in respect of redundancy costs linked to restructuring approved prior to 31 March 2025 and the Council’s estimate of costs it will incur to settle insurance claims accepted by the Council’s insurers as at 31 March 2025.

Contingent Assets

The Council has disposed of two parcels of land, one in North East Cambridge and the other on the fringe of the A14 for a consideration which is contingent on a number of events. The potential proceeds for both sales are so uncertain both in timing and amount that no asset has been recognised in respect of this.

Note 23 – Defined Benefit Pension Scheme

The Council participates in the Local Government Pension Scheme (LGPS) administered by Cambridgeshire County Council. The scheme provides defined benefits (lump sums and pensions) to members on retirement. It is funded through contributions from the Council and employees, calculated at a level intended to balance future pension liabilities with investment assets.

The scheme is operated under the regulatory framework for the LGPS, and its governance is the responsibility of the Pensions Committee and Investment Sub Committee of Cambridgeshire County Council, along with the Local Pension Board. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council arising from the scheme are statutory or structural changes to the scheme (e.g. large scale withdrawals), changes to actuarial assumptions (e.g. longevity, discount rates and inflation rates), and the performance of investments held by the scheme. These are mitigated to some extent by the statutory requirement to charge the General Fund and Housing Revenue Account only with the employer contributions payable for the year (see note 2 – accounting policy 8).

Transactions relating to the Defined Benefit Pension Scheme

	2024/25		2023/24	
	£'000	£'000	£'000	£'000
<b><u>Comprehensive Income and Expenditure Statement</u></b>				
<b>Cost of services:</b>				
Current service cost	6,203		6,596	
Past service costs (including settlements and curtailments)	391		1,041	
<b>Financing and investment expenditure:</b>				
Net interest income	(1,093)		(471)	
<b>Total charged to surplus or deficit on the provision of services</b>		<b>5,501</b>		<b>7,166</b>
<b>Remeasurement of the net defined benefit asset:</b>				
Return on plan assets (excluding amount included in net interest expense)	10,322		(19,367)	
Changes in demographic assumptions	(516)		(1,560)	
Changes in financial assumptions	(45,201)		(16,856)	
Other experience	(2,863)		9,360	
Changes in the effect of the asset ceiling	89,708		19,055	
<b>Total charged to other comprehensive income and expenditure</b>		<b>51,450</b>		<b>(9,368)</b>
<b>Total charged to Comprehensive Income and Expenditure Statement</b>		<b>56,951</b>		<b>(2,202)</b>
<b><u>Movement in Reserves Statement – General Fund and Housing Revenue Account</u></b>				
Net charges included in surplus or deficit on the provision of services as above		5,501		7,166
Reversal of net charges included in surplus or deficit on the provision of services		(5,501)		(7,166)
Insertion of employer contributions due under the pension scheme regulations		8,246		9,006

<b>Total charged to General Fund and Housing Revenue Account</b>	<b>8,246</b>	<b>9,006</b>
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Reconciliation of Plan Assets and Liabilities

	Plan assets		Plan liabilities		Net defined benefit liability	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	312,555	298,488	(294,482)	(291,623)	18,073	6,865
Current service cost	0	0	(6,203)	(6,596)	(6,203)	(6,596)
Past service costs (including settlements and curtailments)	0	0	(391)	(1,041)	(391)	(1,041)
Interest income and expense	15,303	14,279	(14,210)	(13,808)	1,093	471
Remeasurement of the net defined benefit asset:						
Return on plan assets (excluding amount included in net interest expense)	(10,321)	19,367	0	0	(10,321)	19,367
Changes in demographic assumptions	0	0	516	1,560	516	1,560
Changes in financial assumptions	0	0	45,201	16,856	45,201	16,856
Other experience	0	0	2,863	(9,360)	2,863	(9,360)
Contributions from employer	8,246	9,006	0	0	8,246	9,006
Contributions from employees	2,009	1,960	(2,009)	(1,960)	0	0
Benefits paid	(11,220)	(11,490)	11,220	11,490	0	0
Changes in the effect of the asset ceiling	(89,708)	(19,055)	0	0	(89,708)	(19,055)
Balance at 31 March	226,864	312,555	(257,495)	(294,482)	(30,631)	18,073

Fair Value of Plan Assets

	31 March 2025			31 March 2024		
	Quoted prices in active markets	Quoted prices not in active markets	Total	Quoted prices in active markets	Quoted prices not in active markets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Equity securities	16,041	0	16,041	21,182	0	21,182
Debt securities – UK government	0	20,121	20,121	0	26,572	26,572
Private equity	0	28,736	28,736	0	38,093	38,093
Real estate – UK property	0	21,418	21,418	0	25,248	25,248
Derivatives	0	(3)	(3)	0	2	2
Cash and cash equivalents	5,287	0	5,287	6,785	0	6,785
Investment funds and unit trusts:						
Equities	0	88,947	88,947	0	127,407	127,407
Bonds	0	29,870	29,870	0	44,859	44,859
Infrastructure	0	16,447	16,447	0	22,407	22,407
Total plan assets	21,328	205,536	226,864	27,967	284,588	312,555

Actuarial Assumptions

Plan liabilities have been assessed by an independent actuary, Hymans Robertson, based upon the latest full valuation of the scheme as at 31 March 2022, and the following significant assumptions:

	31 March 2025	31 March 2024
Pension increase rate (CPI)	2.75%	2.75%
Salary increase rate	3.25%	3.25%
Discount rate (for plan liabilities)	5.80%	4.85%
Longevity at 65:		
Current pensioners – men	21.4 years	21.5 years
Current pensioners – women	24.2 years	24.3 years
Future pensioners (aged 45 at last valuation date) – men	22.4 years	22.5 years
Future pensioners (aged 45 at last valuation date) – women	25.9 years	25.9 years

The estimation of the plan liabilities is sensitive to the actuarial assumptions in the table above. The sensitivity analysis below is based upon reasonably possible changes to the assumptions used at the Balance Sheet date. It assumes in each case that the assumption analysed changes whilst all other assumptions remain constant. In practice, this is unlikely to occur, as changes in some of the

assumptions may be interrelated. The estimations used in the sensitivity analysis have followed the accounting policies for the scheme.

Change in assumption as at 31 March 2025	Approximate increase in plan liabilities	
	<u>%</u>	<u>£'000</u>
0.1% decrease in real discount rate	2	4,453
1 year increase in member life expectancy	4	10,300
0.1% increase in salary increase rate	0	202
0.1% increase in pension increase rate (CPI)	2	4,375

### Funding Policy

The objective of the scheme is to keep employer contributions at as constant a rate as possible. A strategy has been agreed with the scheme actuary to achieve an appropriate funding level during the period to 31 March 2026.

Employer contributions in 2025/26 are projected to be £5.352 million.

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### Note 24 – Cash Flows from Operating Activities

Cash flows from operating activities include the following amounts relating to interest and dividends:

	2024/25 <u>£'000</u>	2023/24 <u>£'000</u>
Interest received	4,893	7,387
Interest paid	(7,500)	(7,494)
Dividends received	729	677



Within the Cash Flow Statement, the surplus / deficit on the provision of services has been adjusted for the following items:

	2024/25	2023/24
	£'000	£'000
Non-cash movements		
Depreciation	17,680	17,141
Amortisation	224	199
Increase in impairment for bad debts	352	335
Decrease in creditors	(3,661)	(5,717)
Decrease / (increase) in debtors	1,186	(5,493)
(Increase) / decrease in inventories	(26)	29
Movement in pension liability	(2,745)	(1,840)
Carrying amount of non-current assets and assets held for sale disposed of	4,935	4,944
Other non-cash items credited to surplus on the provision of services	23,637	37,916
Total adjustments to net surplus or deficit on the provision of services for non-cash movements	41,582	47,512
Items that are investing and financing activities		
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(7,105)	(5,424)
Capital grants receivable	(20,156)	(13,144)
Total adjustments from items included in the net surplus or deficit on the provision of services that are investing or financing activities	(27,261)	(18,568)

Note 25 – Reconciliation of Assets and Liabilities Arising from Financing Activities

	1 April 2023	Financing Cash Flows	31 March 2024	Financing Cash Flows	31 March 2025
	£'000	£'000	£'000	£'000	£'000
Long-term borrowings	(213,572)	0	(213,572)	(29,413)	(242,985)
Short-term borrowings	(82)	0	(82)	(623)	(705)
Short-term creditors: business rates and council tax collected as an agent for others	(19,179)	8,449	(10,730)	5,873	(4,857)
Total liabilities from financing activities	(232,833)	8,449	(224,384)	(24,163)	(248,547)
Short-term debtors: business rates and council tax collected as an agent for others	0	0	0	1,155	1,155
Total assets from financing activities	0	0	0	1,155	1,155

Note 26 – Members’ Allowances

The total of members’ allowances and expenses paid in the year was £534,000 (2023/24: £484,000).

## Note 27 – Officers' Remuneration

## Senior Employees

	2024/25				2023/24		
	Salary, fees, allowances £	Pension contribution £	Termination payments £	Total £	Salary, fees, allowances £	Pension contribution £	Total £
Chief Executive	140,438	24,717	0	165,155	121,819	23,222	145,041
Assistant Chief Executive <sup>1</sup>	91,447	16,095	222,559	330,101	88,473	15,571	104,044
Director Major Regeneration <sup>2</sup>	109,368	19,249	0	128,617	109,368	19,249	128,617
Director of Communities <sup>3</sup>	108,215	19,046	0	127,261	43,990	7,742	51,732
Chief Operating Officer <sup>4</sup>	106,228	18,730	0	124,958	107,787	18,971	126,758
Director of City Services <sup>5</sup>	106,228	18,730	0	124,958	87,014	15,314	102,328
Chief Finance Officer <sup>6</sup>	74,940	13,231	0	88,171	0	0	0
Director of Economy and Place <sup>7</sup>	25,256	4,445	0	29,701	0	0	0

1. Redundant 31 March 2025
2. Previously Director of Enterprise and Sustainable Development until 29 November 2023
3. Appointed 1 November 2023
4. Previously Director of Communities & Neighbourhoods until 23 May 2023; also includes remuneration in respect of a period of acting up to Chief Executive from 16 November 2023 to 29 January 2024
5. Appointed 24 May 2023
6. Appointed 28 May 2024
7. Appointed 13 January 2025

## Other Employees

The Council's other employees (excluding the senior employees disclosed separately above) receiving more than £50,000 remuneration for the year (excluding employer pension contributions) were paid as follows:

Remuneration band	2024/25 No. of employees	2023/24 No. of employees
£50,000 - £54,999	52	42
£55,000 - £59,999	32	16
£60,000 - £64,999	9	11
£65,000 - £69,999	3	4
£70,000 - £74,999	5	3
£75,000 - £79,999	2	1
£80,000 - £84,999	2	0
£85,000 - £89,999	3	3

## Exit Packages

Exit package cost band (including special payments)	Total number of exit packages		Total cost of exit packages	
	2024/25 No.	2023/24 No.	2024/25 £'000	2023/24 £'000
<b>Compulsory redundancies</b>				
£0 - £20,000	12	2	131	30
£20,001 - £40,000	11	2	333	58
£40,001 - £60,000	3	0	135	0
£60,001 - £80,000	5	0	367	0
£80,001 - £100,000	1	0	96	0
£100,001 and above	3	5	408	756
<b>Total compulsory redundancies</b>	<b>35</b>	<b>9</b>	<b>1,470</b>	<b>844</b>
<b>Other departures</b>				
£0 - £20,000	6	2	35	12
<b>Total other departures</b>	<b>6</b>	<b>2</b>	<b>35</b>	<b>12</b>
<b>Total exit packages</b>	<b>41</b>	<b>11</b>	<b>1,505</b>	<b>856</b>

Note 28 – Related Party Transactions

Central Government and Other Public Bodies

The UK government has significant influence over the operations of the Council. It is responsible for setting the statutory framework in which the Council operates, provides a significant level of funding, and prescribes the terms of many of the Council’s transactions with others (e.g. relating to council tax and housing benefits).

The Council has a number of transactions and balances with central government and other public bodies (under its common control). Most of those which are material are disclosed elsewhere in this Statement of Accounts as follows:

Transaction / Balance	Note
Government grant income and material year-end balances	29
Council tax and business rates collected on behalf of central government and local preceptors and related year-end balances	25, Collection Fund Statement
Transactions and balances with Local Government Pension Scheme administered by Cambridgeshire County Council	23

The Council shares a number of key services with Huntingdonshire District Council and South Cambridgeshire District Council under the banner of 3C Shared Services, including ICT, Building Control and Legal. The Council also shares waste, planning, internal audit and payroll services with South Cambridgeshire District Council. In each case, the Council accounts for its share of income and expenditure, and any year-end debtor or creditor balances, in accordance with Code requirements.

Members

Members of the Council have direct control over its financial and operating policies. The total of members’ allowances and expenses paid in 2024/25 is set out at note 26.

Members are required to make declarations of interest concerning third parties. Details are recorded in the Council’s [Register of Interests](#)<sup>10</sup> which is open to public inspection and available on the Council’s website. The following table sets out transactions and balances (material to either party) between the Council and other organisations in which members have declared a controlling interest:

Organisation	Relationship	Income from services provided		Grants paid to organisation		Year-end debtor / (creditor)	
		2024/25	2023/24	2024/25	2023/24	31 March 2025	31 March 2024
		£’000	£’000	£’000	£’000	£’000	£’000
Cambridge BID Ltd	One member was a director	(103)	(114)	27	191	0	(23)
Cambridge Sustainable Food CIC	Two members sat on Partnership Board	(21)	(20)	58	106	(2)	(1)

In addition to the amounts in the table above, the Council acts as agent for Cambridge BID Ltd in collecting levy payments from local businesses. During 2024/25, the Council collected £1.157 million (2023/24: £1.193 million) and paid £1.151 million (2023/24: £1.192 million) to Cambridge BID Ltd. On 31 March 2025, the outstanding creditor balance in respect of levies due was nil (31 March 2024: £21,000).

Subsidiaries and Joint Ventures

The transactions and balances arising with the Council’s subsidiaries and joint ventures are as follows:

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey’s Field Community Trust	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£’000	£’000	£’000	£’000	£’000	£’000
<b>Income</b>						
Management fees and recharged costs	(372)	(381)	(70)	(83)	(116)	(176)
Section 106 capital contributions	(1,024)	(168)	0	0	0	0
Interest receivable on loans	0	0	(152)	(152)	0	0
<b>Expenditure</b>						
Capital expenditure – new development	10,039	8,300	0	0	0	0
Grants paid	0	0	9	5	0	0
Services provided	0	0	0	0	3	4
<b>Balance Sheet</b>						
Loans	27,483	19,228	7,500	7,500	0	0
Short-term debtors	416	12	0	0	0	116

<sup>10</sup> <https://www.cambridge.gov.uk/councillors-duties-conduct-and-allowances>

Short-term creditors	0	0	0	0	0	(1)
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The **Cambridge Investment Partnership (CIP)** consists of the following four limited liability partnerships (LLPs) in which the Council holds a 50% interest and exercises joint control:

- Cambridge Investment Partnership LLP
- CIP (Mill Road Development) LLP
- CIP (Cromwell Road) LLP
- CIP Orchard Park L2 LLP

**Cambridge City Housing Company Ltd (CCHC)** is a wholly owned subsidiary of the Council.

**Storey’s Field Community Trust** is a company limited by guarantee in which the Council exercises joint control.

In addition, the Council has significant influence over the following entities:

Entity	Relationship
Cambridge Live	Full control
Cambridge Live (Trading) Limited	Full control
Iron Works (Cambridge) Management Company Limited	Joint control (75%)
Cambridge 4 LLP	Joint control (50%)
Romsey Works Cambridge Management Company Limited	Joint control (50%)
Virido Management Company Limited	Joint control (50%)
Cambridge City Master Manco Limited	Joint control (75%)

Income amounts received from Virido Management Company Limited during 2024/25 totalled £24,000 (2023/24: £24,000). The 31 March 2025 year-end debtor balance was £26,000 (31 March 2024: £24,000). Amounts paid by the Council to Virido Management Company Limited in 2024/25 were £261,000 (2023/24: £229,000), and the outstanding creditor balance was nil (31 March 2024: £111,000). There were no transactions in 2024/25 or 2023/24 in relation to the other entities.

Both Cambridge Live and Cambridge Live (Trading) Limited were dissolved on 2 April 2024. Their former activities were reintegrated back into the Council.

Note 29 – Grant Income

	2024/25		2023/24	
	£'000	£'000	£'000	£'000
<b><u>Credited to taxation and non-specific grant income</u></b>				
Business rates relief grant – retail discount, nursery relief and Covid-19 Additional Relief Fund	26		(3,295)	
Business rates relief grant – other	(3,772)		(3,235)	
Capital grants and contributions	(20,156)		(13,144)	
New Homes Bonus	(1,733)		(53)	
Other grants and contributions	(2,830)		(3,997)	
<b>Total credited to taxation and non-specific grant income</b>		<b>(28,465)</b>		<b>(23,726)</b>
<b><u>Credited to services</u></b>				
Housing benefit subsidy	(27,403)		(27,905)	
Other grants and contributions	(6,418)		(8,357)	
<b>Total credited to services</b>		<b>(33,821)</b>		<b>(36,262)</b>
<b>Total grants and contributions</b>		<b>(62,286)</b>		<b>(59,988)</b>

Council Acting as Distributary Agent

There are several arrangements by which the Council acts as a distributary agent for government grants. In these cases, grant amounts and eligibility criteria are set by central government, and the Council has no discretion to alter these. The Council is reimbursed in full (or paid in advance) for the expenditure incurred.

Income and expenditure related to such grants is not included in the Comprehensive Income and Expenditure Statement (or the tables above), as the Council does not have control over how the grants are spent. The material agency arrangements in place during the year were as follows:-

	Housing Infrastructure Fund £'000	Other £'000	Total £'000
Balance at 1 April 2023	0	(326)	(326)
Cash received from central government	0	(586)	(586)
Cash distributed to grant recipients	0	419	419
Cash repaid to central government	0	493	493
Balance at 31 March 2024	0	0	0
Cash received from central government	(11,541)	0	0
Cash distributed to grant recipients	11,541	0	0
Cash repaid to central government	0	0	0
Balance at 31 March 2025	0	0	0

The other column relates to amounts paid out to households and individuals in connection with the government’s Homes for Ukraine scheme and the Energy Bill Support Scheme.

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Note 30 – External Audit Costs

	2024/25 £'000	2023/24 £'000
Fees payable to EY for external audit services carried out by the appointed auditor for the year	180	90
Additional fees payable to EY for external audit services carried out by the appointed auditor for previous years	84	35
Fees payable to EY for the certification of grant claims and returns	18	12
Total fees payable to EY	282	137

Note 31 – Capital Expenditure and Financing

The table below shows the capital expenditure incurred along with the resources used to finance it. All capital expenditure must be financed, either at the point it is incurred, or in future years as the underlying assets are used. The balance of historic capital expenditure yet to be financed is known as the Capital Financing Requirement (CFR).

	2024/25 £'000	2023/24 £'000
Capital Financing Requirement at 1 April	285,942	269,964
Capital investment:		
Property, plant and equipment	100,754	89,089
Investment property	210	172
Intangible assets	42	47
Revenue expenditure funded from capital under statute	6,849	4,083
Repayment of Capital Grants	0	107
Capital loans advanced	7,213	13,919
Capital financing applied:		
Capital receipts	(16,049)	(25,785)
Capital grants and contributions	(13,764)	(22,031)
Major Repairs Reserve	(12,093)	(19,168)
Direct revenue contributions (towards in year capital investment)	(19,342)	(24,141)
Minimum revenue provision (towards historic unfinanced capital investment)	(326)	(314)
Increase in Capital Financing Requirement	53,494	15,978
Capital Financing Requirement at 31 March	339,436	285,942

Note 32 – Nature and Extent of Risks Arising from Financial Instruments

The Council’s activities expose it to a variety of financial risks, including:

- Credit risk – the risk that other parties may fail to pay amounts due to the Council.
- Liquidity risk – the risk that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the risk that financial loss may occur because of changes in financial markets (e.g. interest rate and stock market movements).

The Council’s approach to managing these risks is set out in the Treasury Management Strategy and Capital Strategy. These are refreshed annually and approved by Full Council and are available to



view on the Council's [website](#)<sup>11</sup>. Day to day risk management is carried out by the Finance team in accordance with these strategies.

Credit Risk

Credit risk arises both from the Council's investments and receivables from customers.

Investments

Credit risk management practices in relation to investments are set out in section 7 of the Treasury Management Strategy. Investments with financial institutions are assessed using an external creditworthiness service provided by Mitsubishi UFG (previously Link Asset Services). This uses credit ratings from three rating agencies, overlaid with credit watches, credit outlooks, and Credit Default Swap spreads to give early warning of likely changes. In making its investments, the Council prioritises security, liquidity and yield, in that order.

Investments with other local authorities are considered to have a low credit risk, due to the strong capacity of local authorities generally to meet future cash flow commitments, and the fact that they can only be discontinued through statutory provision.

Other significant investments (e.g. loans to subsidiaries and joint ventures) are only made where sufficient collateral is offered, for example through a charge on the assets of the borrower.

In light of the above, there are no expected credit losses arising from investments as of 31 March 2025 (31 March 2024: nil).

Receivables

There are written policies in place for the recovery and write-off of receivables from customers. An expected credit loss allowance is made for receivables, grouped by age and type, based upon previous collection experience. Movements in the credit loss allowance are follows:-

	2024/25 £'000	2023/24 £'000
Balance at 1 April	(3,587)	(3,154)
Opening balance adjustment	(392)	0
Amounts written off	275	3
Increase in credit loss allowance	(372)	(436)
Balance at 31 March	(4,076)	(3,587)

The maximum exposure to credit risk on receivables held at amortised cost is as follows:

	31 March 2025			31 March 2024		
	Gross debtor	Credit loss allowance	Carrying value	Gross debtor	Credit loss allowance	Carrying value
	£'000	£'000	£'000	£'000	£'000	£'000
Current and former HRA tenants	3,760	(2,882)	878	2,847	(2,356)	491
Other debtors	9,515	(1,194)	8,321	9,438	(1,623)	7,815
Total	13,275	(4,076)	9,199	12,285	(3,979)	8,306

Liquidity Risk

The Council has comprehensive cash flow management processes which ensure that cash is available as needed, with balances monitored and forecasts updated daily. Should unexpected events occur which require additional cash at short notice, the Council has ready access to borrowing from the money markets and other local authorities. Therefore, the risk that the Council will be unable to meet its commitments to make payments is considered very low. The maturity profile of the Council's borrowing is as follows:

	31 March 2025			31 March 2024		
	Principal repayments	Interest payments	Total payments	Principal repayments	Interest payments	Total payments
	£'000	£'000	£'000	£'000	£'000	£'000
Less than 1 year	391	7,991	8,382	0	7,494	7,494
Between 1 and 5 years	1,630	31,900	33,530	0	29,977	29,977
Between 5 and 10 years	2,196	39,715	41,911	0	37,471	37,471
Between 10 and 15 years	34,423	38,415	72,838	21,357	37,102	58,459
Between 15 and 20 years	55,988	30,021	86,009	53,393	30,044	83,437
Between 20 and 25 years	56,213	20,406	76,619	53,393	20,667	74,060
Between 25 and 30 years	56,458	10,748	67,206	53,393	11,253	64,646
Between 30 and 35 years	24,689	2,231	26,920	32,036	2,246	34,282
Between 35 and 40 years	3,621	819	4,440	0	0	0
Between 40 and 45 years	3,936	504	4,440	0	0	0
Between 45 and 50 years	3,834	162	3,996	0	0	0
Total	243,379	182,912	426,291	213,572	176,254	389,826

<sup>11</sup> <https://democracy.cambridge.gov.uk/mgAi.aspx?ID=34008#mgDocuments>

Borrowing consists of fixed-rate maturity loans to meet the cost of the Housing Revenue Account (HRA) self-financing settlement in March 2012 and an annuity loan to fund the development of the Park Street hotel and car park drawn down in April 2024.

Market Risk

Since most of the Council’s investments are at fixed interest rates, the Council is not exposed to significant risks arising from changes in interest rates.

Instead, the principal market risk to which the Council is exposed is the risk of price changes on investments held at fair value. This is mitigated to some extent by the fact that it is the Council’s intention to hold such investments over the long term.

The following investment balances are subject to price risk:

Investment type	Fair value at 31 March 2025	Change in value considered reasonably possible	Impact on surplus or deficit on the provision of services of reasonably possible change in value
	£’000	%	£’000
Pooled investment vehicles	14,234	20	2,847

The change in value which is deemed reasonably possible has been based upon prior experience.

Please note that any movements in the fair value of pooled investment vehicles are transferred through the Movement in Reserves Statement to unusable reserves (the Pooled Investment Adjustment Account), so as not to affect the General Fund.

Note 33 – Going Concern

The Council has applied the going concern basis to prepare these financial statements having considered its forecast reserve balances, forecast income and expenditure, and accompanying cash flows for the period to 30 June 2026.

Reserve Balances

The availability of reserves forms a key aspect of the Council’s arrangements to mitigate the impact of a short-term deterioration in its financial performance. Such a deterioration could be linked to increasing net expenditure on service delivery, particularly non-discretionary services, or a decline in the resources available to the Council.

The Council’s General Fund reserve balance at 31 March 2025, as reported in these statements, is £18.863 million.

As part of the Budget Setting Report considered by Full Council in February 2025, the Council’s Chief Finance Officer provided the following forecasts of General Fund Balances relating to the expected year-end position and the assessment period covered by this note.

Date	General Fund £’000
31 March 2026	10,727

The Council has assessed the minimum balance that it should hold to mitigate against risks it has identified. This assessment is based on an analysis of the financial impact of risks identified and a consideration of their relative probability. A prudent minimum balance has been set at £6.541 million, with a target balance 20% above this at £7.849 million. The above table demonstrates that balances are forecast to remain comfortably above this level in the medium-term.

Liquidity

The Council’s cash flow forecast is updated on an ongoing basis. Investments are managed proactively to ensure there is sufficient cash available to meet the Council’s operational needs in respect of the General Fund, Housing Revenue Account and the capital programme.

The Council can access loans provided by the Public Works Loans Board to fund its capital programme.

External Factors

The Council recognises that delivery of its [Medium-Term Financial Strategy](#)<sup>12</sup> (MTFS) is partly dependent on the accuracy of the assumptions management have made about the economic environment in which the Council operates. The MTFS includes, at section 7, a series of scenarios exploring the impact on the Council’s future finances should actual experience differ from the assumptions made in key areas, such as inflation, interest rates, and the future of local government funding. The Council continues to hold sufficient reserve balances to be able to manage the impact of such changes over a reasonable period of time, as set out above.

In December 2024, the government published its English Devolution White Paper, which sets out the intention that all lower tier local authorities in England will eventually be replaced by an overarching unitary authority. In March 2025, the Minister of State wrote to all local authorities in Cambridgeshire and Peterborough to invite proposals for forming one or more new unitary authorities. However, no firm proposals have yet been developed, and there is no timescale as to when any changes will come into effect. Since local authorities may only be discontinued by statutory prescription, this Statement of Accounts has been prepared on a going concern basis.

<sup>12</sup> <https://democracy.cambridge.gov.uk/documents/s67048/Appendix%201%20-%20GF%20MTFS%202025-26%20to%202034-35.pdf>





Housing Revenue Account Income and Expenditure Statement

This statement shows the economic cost in the year of providing Housing Revenue Account (HRA) services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents. The Council charges rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The total increase or decrease on the HRA for the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	2024/25		2023/24	
	£'000	£'000	£'000	£'000
<b>Expenditure:</b>				
Repairs and maintenance	16,328		14,332	
Supervision and management	9,417		9,394	
Rents, rates, taxes and other charges	268		365	
Depreciation, impairment, derecognition and revaluation losses on non-current assets (net of reversals)	33,990		52,450	
Movement in the allowance for bad debts	527		483	
HRA share of corporate and democratic core costs	521		574	
<b>Total expenditure</b>		<b>61,051</b>		<b>77,598</b>
<b>Income:</b>				
Dwelling rents	(50,549)		(44,460)	
Non-dwelling rents	(834)		(840)	
Charges for services and facilities	(4,112)		(5,005)	
Contributions towards expenditure	(559)		(531)	
Reimbursement of costs	(37)		(92)	
<b>Total income</b>		<b>(56,091)</b>		<b>(50,928)</b>
<b>Net expenditure on HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>4,960</b>		<b>26,670</b>
<b>HRA share of other income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>				
Gain on sale of HRA non-current assets	(2,170)		(473)	
Interest payable and similar charges	7,494		7,494	
HRA interest and investment income	(1,724)		(2,510)	
Capital grants and contributions	(8,880)		(12,941)	
<b>(Surplus) / deficit for the year on HRA services</b>		<b>(320)</b>		<b>18,240</b>

Movement on the Housing Revenue Account Statement

	2024/25		2023/24	
	£'000	£'000	£'000	£'000
(Surplus) / deficit for the year on HRA services		(320)		18,240
<b>Adjustments between accounting basis and funding basis under statutory provisions:</b>				
Depreciation, derecognition, impairment and revaluation gains and losses on property, plant and equipment	(21,897)		(40,965)	
Movements in the fair value of investment properties	135		(335)	
Capital grants and contributions	8,880		12,941	
Revenue expenditure funded from capital under statute	(8)		0	
Costs of disposal funded from capital receipts	(117)		(150)	
Gain on sale of HRA non-current assets	2,170		473	
Capital expenditure funded by the HRA	10,473		23,111	
HRA share of contributions to the Pensions Reserve	347		266	
Transfers to the General Fund under statutory provisions	448		72	
Movements in the accumulated absences accrual	11		0	
<b>Total adjustments between accounting basis and funding basis under statutory provisions</b>		<b>442</b>		<b>(4,587)</b>
<b>Net increase in HRA before transfers from earmarked reserves</b>		<b>122</b>		<b>13,653</b>
Transfers from earmarked reserves		(116)		(14,524)
<b>Decrease / (increase) in year in the HRA</b>		<b>6</b>		<b>(871)</b>
<b>Balance at 1 April</b>		<b>(7,566)</b>		<b>(6,695)</b>
<b>Balance at 31 March</b>		<b>(7,560)</b>		<b>(7,566)</b>

Notes to the Housing Revenue Account Statements

1 Dwelling Stock

	31 March 2025 No.	31 March 2024 No.
Sheltered housing units	522	522
Shared ownership properties (whole property equivalent)	41	42
Other houses and bungalows	3,567	3,562
Other flats and maisonettes	3,550	3,503
Total dwelling stock (whole property equivalent)	7,680	7,629

2 Non-Current Assets

The value of non-current assets held by the HRA, and depreciation charged for the year, are as follows:-

	Net Book Value		Depreciation charged for the year	
	31 March 2025 £'000	31 March 2024 £'000	2024/25 £'000	2023/24 £'000
Property, plant and equipment:				
Council dwellings	831,331	819,941	11,655	11,114
Other land and buildings	9,275	9,660	163	163
Vehicles, plant, furniture and equipment	101	76	26	13
Infrastructure assets	5,869	5,229	120	91
Assets under construction	37,934	31,332	0	0
Total property, plant and equipment	884,510	866,238	11,964	11,381
Investment property	7,508	7,537	0	0
Intangible assets	62	209	129	104
Total non-current assets	892,080	873,984	12,093	11,485

The value of council dwellings at 31 March 2025, based upon vacant possession, was £2.188 billion (31 March 2024: £2.158 billion). This is the estimate of the total sum that would be received if all dwellings were sold with vacant possession on the open market. However, the Balance Sheet value above is calculated based on existing use value – social housing (EUV-SH), which considers the fact that the dwellings are subject to ongoing tenancies at less than market rent. The difference between the two valuations shows the economic cost of providing housing at less than market rents.

3 Capital Expenditure and Financing

The following table sets out total capital expenditure on HRA assets, together with sources of capital financing:

	2024/25 £'000	2023/24 £'000
Capital expenditure:		
Property, plant and equipment	57,146	70,951
Investment property	30	0
Intangible assets	2	92
Total capital expenditure	57,178	71,043
Financed by:		
Capital receipts	(13,016)	(12,128)
Capital grants and contributions	(6,382)	(16,636)
Major Repairs Reserve	(12,093)	(19,168)
Direct revenue contributions	(10,473)	(23,111)
Borrowing	(15,214)	0
Total capital financing applied	(57,178)	(71,043)

4 Capital Receipts

The following amounts have been received from the disposal of HRA non-current assets:

	2024/25 £'000	2023/24 £'000
Capital receipts from the disposal of:		
Council dwellings	6,883	4,512
Other land	222	80
Total capital receipts retained by Council	7,105	4,592

The capital receipts retained by the Council have been transferred to the Capital Receipts Reserve to finance future capital expenditure, in line with statutory requirements.

5 Rent Arrears

Rent arrears at 31 March 2025 were £3.760 million (31 March 2024: £2.847 million). At 31 March 2025, a net provision for bad debt of £2.882 million was held on the Balance Sheet (31 March 2024: £2.356 million).

Collection Fund Statement

As a billing authority, the Council has a statutory obligation to maintain a separate Collection Fund in respect of council tax and business rates. This statement shows the amounts collected from tax and rate payers, together with the amounts distributed to local preceptors (including the Council’s own share) and central government.

	Council tax		Business rates	
	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000
<b><u>Income</u></b>				
Council tax and business rates receivable from taxpayers	(101,934)	(95,709)	(121,920)	(117,103)
Transitional protection payment receivable from central government	0	0	0	(8,114)
Transfers from General Fund in respect of locally funded discounts	(89)	(74)	0	0
<b>Contributions towards previous year’s Collection Fund deficit:</b>				
Cambridge City Council	0	0	(1,237)	0
Cambridgeshire County Council	0	0	(278)	0
Cambridgeshire and Peterborough Fire Authority	0	0	(31)	0
Central government	0	0	(1,547)	0
<b><u>Expenditure</u></b>				
<b>Council tax precepts and shares of business rates income distributed:</b>				
Cambridge City Council	10,253	9,813	54,412	51,472
Cambridgeshire County Council	73,686	69,178	12,243	11,581
Cambridgeshire and Peterborough Police and Crime Commissioner	12,986	12,219	0	0
Cambridgeshire and Peterborough Fire Authority	3,742	3,583	1,360	1,287
Cambridgeshire and Peterborough Combined Authority	1,638	538	0	0
Central government	0	0	68,014	64,339
<b>Distribution of previous year’s Collection Fund surplus:</b>				
Cambridge City Council	123	21	0	3,840
Cambridgeshire County Council	868	145	0	864
Cambridgeshire and Peterborough Police and Crime Commissioner	153	29	0	0
Cambridgeshire and Peterborough Fire Authority	45	6	0	96
Cambridgeshire and Peterborough Combined Authority	7	0	0	0
Central government	0	0	0	4,801
<b>Other expenditure:</b>				
Increase / (decrease) in provision for outstanding arrears	713	(594)	371	131
Increase / (decrease) in provision for outstanding appeals	0	0	2,710	(1,514)
Transitional protection payment payable to central government	0	0	290	0
Allowable collection costs payable to General Fund	0	0	236	238
Interest payable	0	0	391	0
<b>Total movement on fund balance</b>	<b>2,191</b>	<b>(845)</b>	<b>15,014</b>	<b>11,918</b>
<b>Collection Fund surplus at 1 April</b>	<b>(1,509)</b>	<b>(664)</b>	<b>(5)</b>	<b>(11,923)</b>
<b>Collection Fund (surplus) / deficit at 31 March</b>	<b>682</b>	<b>(1,509)</b>	<b>15,009</b>	<b>(5)</b>

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Notes to the Collection Fund Statement

1 Collection Fund Balances

The balance on the Collection Fund will be managed in future years via liaison with local preceptors (including the Council) and central government in line with statutory requirements. Each entity’s share of the Collection Fund balance is as follows:-

Entity	Council tax		Business rates	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000
Cambridge City Council	68	(153)	6,004	(2)
Cambridgeshire County Council	497	(1,099)	1,351	0
Cambridgeshire and Peterborough Police and Crime Commissioner	81	(197)	0	0
Cambridgeshire and Peterborough Fire Authority	25	(55)	149	0
Cambridgeshire and Peterborough Combined Authority	11	(5)	0	0
Central government	0	0	7,505	(3)
Total (surplus) / deficit	682	(1,509)	15,009	(5)

2 Council Tax Base

Each domestic property within the Council’s area is assigned to one of eight valuation bands for council tax purposes, based on its estimated value as at 1 April 1991. Council tax is set for band D properties (separately by the Council and each local preceptor), and the tax for other bands is calculated as a proportion of the band D amount.

The council tax for the year due on band D properties can be broken down as follows:-

Entity	Council tax per band D property	
	2024/25	2023/24
	£	£
Cambridge City Council	225.39	218.85
Cambridgeshire County Council	1,619.82	1,542.87
Cambridgeshire and Peterborough Police and Crime Commissioner	285.52	272.52
Cambridgeshire and Peterborough Fire Authority	82.26	79.92
Cambridgeshire and Peterborough Combined Authority	36.00	12.00
Total council tax due per band D property	2,248.99	2,126.16

In setting council tax, the Council and preceptors must first calculate their council tax requirement for the year (the amount which must be raised to cover budgeted expenditure net of other sources of finance such as government grants). This is then divided by the council tax base, which is the number of domestic properties in the Council’s area, expressed as the number of ‘band D equivalent’ dwellings.

The council tax base is forecast each January for the following financial year. The council tax base was calculated as follows:

Valuation band	2024/25				2023/24			
	Total chargeable dwellings	Equivalent dwellings after discounts, reliefs and exemptions	Ratio to band D	Band D equivalent dwellings	Total chargeable dwellings	Equivalent dwellings after discounts, reliefs and exemptions	Ratio to band D	Band D equivalent dwellings
	No.	No.		No.	No.	No.		No.
A	4,419	2,587	6/9	1,725	3,815	3,322	6/9	2,215
B	11,070	8,891	7/9	6,915	10,290	8,822	7/9	6,862
C	20,771	17,888	8/9	15,900	19,414	17,779	8/9	15,804
D	10,547	8,941	1	8,941	9,678	9,001	1	9,001
E	6,040	5,173	11/9	6,323	5,531	5,186	11/9	6,338
F	3,967	3,432	13/9	4,957	3,582	3,388	13/9	4,894
G	3,267	2,724	15/9	4,540	2,846	2,725	15/9	4,542
H	502	317	18/9	634	332	321	18/9	642
Total	60,583	49,953		49,935	55,488	50,544		50,298
Adjustments to tax base				(4,445)				(5,461)
Forecast tax base				45,490				44,837

The adjustments to tax base in the table above are to take account of forecast growth in property numbers, changes in exemption status, local council tax support scheme claims and an allowance for non-collection.

3 Business Rates Multiplier and Rateable Value

The total rateable value of non-domestic properties within the Council area at 31 March 2025 was £354,272,266 (31 March 2024: £345,593,902). The standard business rates multiplier for 2024/25 as set by central government was 54.6p (2023/24: 51.2p).

Group Comprehensive Income and Expenditure Statement (GCIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The amounts chargeable to taxation and rents for the year are set out in the Group Movement in Reserves Statement.

	Note	2024/25			2023/24		
		Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Climate Action and Environment		12,368	(3,516)	8,852	11,788	(3,367)	8,421
Communities		16,027	(6,807)	9,220	13,403	(7,166)	6,237
Community Wealth Building and Community Safety		1,611	(497)	1,114	1,555	(338)	1,217
Finance, Resources and Transformation		42,971	(31,852)	11,119	43,182	(29,779)	13,403
Housing and Homelessness		10,813	(4,118)	6,695	12,319	(5,653)	6,666
The Leader		6,591	(812)	5,779	7,712	(879)	6,833
Open Spaces and City Services		16,002	(12,236)	3,766	14,343	(11,913)	2,430
Planning, Building Control and Infrastructure		4,377	(2,947)	1,430	4,837	(2,202)	2,635
Housing Revenue Account		61,051	(56,062)	4,989	77,598	(50,890)	26,708
Other group housing services		151	(339)	(188)	132	(318)	(186)
<b>Cost of services</b>		<b>171,962</b>	<b>(119,186)</b>	<b>52,776</b>	<b>186,869</b>	<b>(112,505)</b>	<b>74,364</b>
Other operating income and expenditure		0	(2,170)	(2,170)	0	(480)	(480)
Financing and investment income and expenditure		10,090	(22,956)	(12,866)	11,277	(26,349)	(15,072)
Taxation and non-specific grant income		0	(41,108)	(41,108)	0	(39,010)	(39,010)
<b>(Surplus) / deficit on the provision of services</b>		<b>182,052</b>	<b>(185,420)</b>	<b>(3,368)</b>	<b>198,146</b>	<b>(178,344)</b>	<b>19,802</b>
Share of the (surplus) / deficit on the provision of services by joint ventures	3			(387)			(1,518)
<b>Group deficit</b>				<b>(3,755)</b>			<b>18,284</b>
Deficit / (surplus) on revaluation of non-current assets				3,096			(7,341)
Remeasurement of the net defined benefit asset / liability				51,450			(9,368)
<b>Other comprehensive income</b>				<b>54,546</b>			<b>(16,709)</b>
<b>Total comprehensive income</b>				<b>50,791</b>			<b>1,575</b>



Group Movement in Reserves Statement (GMIRS)

This statement shows the movement on the different reserves held by the Group, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and ‘unusable reserves’. The Group Movement in Reserves Statement shows how the movements in the Group’s reserves are broken down between comprehensive income and expenditure incurred in accordance with generally accepted accounting practices (as shown in the Group Comprehensive Income and Expenditure Statement) and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The increase / decrease line shows the reserve movements for the year following those adjustments.

	General Fund	Other earmarked General Fund reserves	Housing Revenue Account (HRA)	Earmarked HRA reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total usable reserves	Unusable reserves	Total Council reserves	Council share of subsidiary and joint venture reserves	Total Group reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	(28,061)	(28,788)	(6,695)	(17,328)	(35,729)	(7,684)	(21,203)	(145,488)	(958,802)	(1,104,290)	(6,208)	(1,110,498)
Movement in reserves during 2023/24:												
Total comprehensive income and expenditure	1,714	0	18,278	0	0	0	0	19,992	(16,616)	3,376	(1,801)	1,575
Adjustments between Group accounts and Council accounts	(6,178)	0	(38)	0	0	0	0	(6,216)	0	(6,216)	6,216	0
Net (increase) / decrease before transfers	(4,464)	0	18,240	0	0	0	0	13,776	(16,616)	(2,840)	4,415	1,575
Adjustments between accounting basis and funding basis under statutory provisions	(8,575)	0	(4,587)	0	10,731	7,684	8,887	14,140	(14,140)	0	0	0
Transfers to / from earmarked reserves	256	(256)	(14,524)	14,524	0	0	0	0	0	0	0	0
(Increase) / decrease in year	(12,783)	(256)	(871)	14,524	10,731	7,684	8,887	27,916	(30,756)	(2,840)	4,415	1,575
Balance at 31 March 2024	(40,844)	(29,044)	(7,566)	(2,804)	(24,998)	0	(12,316)	(117,572)	(989,558)	(1,107,130)	(1,793)	(1,108,923)
Movement in reserves during 2024/25:												
Total comprehensive income and expenditure	(2,879)	0	(291)	0	0	0	0	(3,170)	54,647	51,477	(686)	50,791
Adjustments between Group accounts and Council accounts	(925)	0	(29)	0	0	0	0	(954)	0	(954)	954	0
Net (increase) / decrease before transfers	(3,804)	0	(320)	0	0	0	0	(4,124)	54,647	50,523	268	50,791
Adjustments between accounting basis and funding basis under statutory provisions	2,539	0	442	0	9,010	0	(6,392)	5,599	(5,599)	0	0	0
Transfers to / from earmarked reserves	23,246	(23,246)	(116)	116	0	0	0	0	0	0	0	0
(Increase) / decrease in year	21,981	(23,246)	6	116	9,010	0	(6,392)	1,475	49,048	50,523	268	50,791
Balance at 31 March 2025	(18,863)	(52,290)	(7,560)	(2,688)	(15,988)	0	(18,708)	(116,097)	(940,510)	(1,056,607)	(1,525)	(1,058,132)

## Group Balance Sheet

	Note	31 March 2025		31 March 2024	
		£'000	£'000	£'000	£'000
Property, plant and equipment	4	1,080,444		1,069,473	
Heritage assets		669		669	
Investment property		169,840		164,421	
Right-of-use assets		37,027		0	
Intangible assets		255		404	
Loans to joint ventures		27,483		19,228	
Investments in joint ventures	3	376		739	
Other long-term investments		17,126		16,857	
Long-term debtors		831		3,912	
Net defined benefit pension asset		0		18,073	
<b>Long-term assets</b>		<b>1,334,051</b>		<b>1,293,776</b>	
Investment property held for sale		1,250		1,250	
Short-term investments		16,490		50,038	
Short-term debtors		17,230		13,324	
Inventories		197		171	
Cash and cash equivalents	GCFS	13,371		22,340	
<b>Current assets</b>		<b>48,538</b>		<b>87,123</b>	
Short-term borrowing		(705)		(82)	
Short-term creditors		(43,334)		(54,304)	
Provisions		(5,812)		(3,757)	
<b>Current liabilities</b>		<b>(49,851)</b>		<b>(58,143)</b>	
Long-term borrowing		(242,985)		(213,572)	
Long-term creditors		(737)		0	
Long-term receipts in advance		(89)		(97)	
Net defined benefit pension liability		(30,631)		0	
Other long-term liabilities		(164)		(164)	
<b>Long-term liabilities</b>		<b>(274,606)</b>		<b>(213,833)</b>	
<b>Net assets</b>		<b>1,058,132</b>		<b>1,108,923</b>	
Usable reserves		(116,426)		(118,177)	
Unusable reserves		(941,706)		(990,746)	
<b>Total reserves</b>		<b>(1,058,132)</b>		<b>(1,108,923)</b>	

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Group 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. It also includes reserves which reflect timing differences between the recognition of income and expenditure under generally accepted accounting practices, and the point at which it must be credited or charged to usable reserves under statutory provisions.



Group Cash Flow Statement (GCFS)

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation, grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Group’s future service delivery. Cash flows arising from financing activities reflect movements in the cash collected by the Council on behalf of others in respect of council tax and business rates.

	2024/25		2023/24	
	£'000	£'000	£'000	£'000
Net surplus / (deficit) on the provision of services	3,368		(19,802)	
Adjust net surplus or deficit on the provision of services for non-cash movements	42,441		53,589	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(27,254)		(18,562)	
<b>Net cash flows from operating activities</b>		<b>18,555</b>		<b>15,225</b>
<b>Investing activities:</b>				
Purchase of property, plant and equipment, investment property and intangible assets	(102,590)		(91,472)	
Purchase of short-term and long-term investments	(72,213)		(154,081)	
Proceeds from the sale of property, plant and equipment, assets held for sale, investment property and intangible assets	6,592		5,179	
Proceeds from short-term and long-term investments	97,500		210,569	
Capital grants received	20,156		13,144	
Other receipts and payments from investing activities	23		24	
<b>Net cash flows from investing activities</b>		<b>(50,532)</b>		<b>(16,637)</b>
<b>Financing activities</b>		<b>23,008</b>		<b>(8,449)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,969)</b>		<b>(9,861)</b>
<b>Cash and cash equivalents at the beginning of the year:</b>				
Overnight money market funds	15,000		30,000	
Bank accounts	7,334		2,191	
Cash held by the Group	6		10	
<b>Total cash and cash equivalents at the beginning of the year</b>		<b>22,340</b>		<b>32,201</b>
<b>Cash and cash equivalents at the end of the year:</b>				
Overnight money market funds	0		15,000	
Bank accounts	13,366		7,334	
Cash held by the Group	5		6	
<b>Total cash and cash equivalents at the end of the year</b>		<b>13,371</b>		<b>22,340</b>

## Note 1 – Accounting Policies

The accounting policies applied to the Group Financial Statements are the same as those set out at note 2 to the Council Financial Statements, with the following additions:

### Basis of Consolidation

#### Control and Joint Control

The Council is deemed to have control over another entity when both of the following conditions are met:

- The Council is exposed to variable returns from its involvement with the entity (for example a share of the entity's profits).
- The Council can use its power over the entity to affect these returns.

Joint control exists where decisions affecting the entity's returns can only be made by the unanimous consent of more than one investor.

#### Subsidiaries

Subsidiaries are separate entities which are controlled by the Council.

The financial statements of subsidiaries are consolidated on a line by line basis. This means that transactions and balances are included in the relevant lines in the Group Financial Statements.

Adjustments are made to remove transactions and balances between the Council and its subsidiary, such that the Group Financial Statements present the financial performance and position of the Group as a whole, from an external perspective.

#### Joint Ventures

A joint venture is a separate entity which is jointly controlled by the Council and at least one other investor.

The financial statements of joint ventures are consolidated using the equity method. The Council's investment in the joint venture is initially recognised on the Balance Sheet at cost, and subsequently adjusted to match the Council's share of the entity's net assets. The change in the Council's share of net assets (effectively the Council's share of the entity's profit or loss) is recognised within other comprehensive income in the Group Comprehensive Income and Expenditure Statement (GCIES).

### Alignment of Accounting Policies

The results of subsidiaries and joint ventures are adjusted where applicable to align their accounting policies with those of the Council:

- Cambridge City Housing Company Ltd holds a portfolio of dwellings for rent. Within the company accounts these are accounted for as investment properties under International Accounting

Standard (IAS) 40. However, adjustments are made within the Group Financial Statements to account for these dwellings as property, plant and equipment (other land and buildings) using the Council's accounting policies (see note 2 to the Council Financial Statements – accounting policy 12). The difference in treatment reflects the fact that the Group's primary reason for holding the properties is service related (i.e. the provision of affordable housing), rather than solely to generate rental income.

## Note 2 – Group Composition

### Cambridge City Housing Company Ltd

Cambridge City Housing Company Ltd (CCHC) is a private limited company. Its main activity is to provide and manage housing for those in housing need in Cambridge and neighbouring districts, whilst also generating a financial return for the Council.

The Council owns 100% of the company's share capital and has the right to appoint all of the company's directors (all of whom are Council officers). As such, the Council is deemed to have full control over CCHC and it is accounted for as a subsidiary.

### Cambridge Investment Partnership

The Cambridge Investment Partnership (CIP) consists of the four separate limited liability partnerships (LLPs), as follows:

- Cambridge Investment Partnership LLP
- CIP (Mill Road Development) LLP
- CIP (Cromwell Road) LLP
- CIP Orchard Park L2 LLP

The main activity of the partnership is the redevelopment of sites within Cambridge for the provision of housing, including affordable housing. The partnership is strategically important to the Council as the vehicle through which a significant proportion of its new build programme for council dwellings is to be delivered.

Each of the four LLPs is owned jointly by the Council and a private sector property developer, with each having a 50% interest and equal voting rights. As such, the Council is deemed to have joint control over each of the LLPs, and they are accounted for as separate joint ventures.

### Note 3 – Joint Ventures

The financial performance and position of the Council's joint ventures can be summarised as follows:

	Cambridge Investment Partnership LLP		CIP (Mill Road Development) LLP		CIP (Cromwell Road) LLP		CIP Orchard Park L2 LLP		Total	
	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000
Income	(7,061)	(12,622)	(433)	(20)	(30)	(30,340)	(312)	(8,428)	(7,836)	(51,410)
Expenditure	6,905	12,616	6	6	36	27,601	115	8,151	7,062	48,374
<b>(Profit) / loss from continuing operations and total comprehensive income</b>	<b>(156)</b>	<b>(6)</b>	<b>(427)</b>	<b>(14)</b>	<b>6</b>	<b>(2,739)</b>	<b>(197)</b>	<b>(277)</b>	<b>(774)</b>	<b>(3,036)</b>
Council share (50%)	(78)	(3)	(214)	(7)	3	(1,370)	(98)	(138)	(387)	(1,518)
<b>Share of the (surplus) / deficit on the provision of services by joint ventures recognised in the Group Comprehensive Income and Expenditure Statement</b>	<b>(78)</b>	<b>(3)</b>	<b>(214)</b>	<b>(7)</b>	<b>3</b>	<b>(1,370)</b>	<b>(98)</b>	<b>(138)</b>	<b>(387)</b>	<b>(1,518)</b>

	Cambridge Investment Partnership LLP		CIP (Mill Road Development) LLP		CIP (Cromwell Road) LLP		CIP Orchard Park L2 LLP		Total	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Current assets	55,427	45,840	274	1,670	811	1,633	114	1,366	56,626	50,509
Current liabilities (including members' loans)	(54,975)	(45,544)	(80)	(1,303)	(761)	(1,577)	(59)	(608)	(55,875)	(49,032)
<b>Members' capital (classified as a liability)</b>	<b>452</b>	<b>296</b>	<b>194</b>	<b>367</b>	<b>50</b>	<b>56</b>	<b>55</b>	<b>758</b>	<b>751</b>	<b>1,477</b>
Council share (50%)	226	148	97	184	25	28	28	379	376	739
<b>Investments in joint ventures recognised in the Group Balance Sheet</b>	<b>226</b>	<b>148</b>	<b>97</b>	<b>184</b>	<b>25</b>	<b>28</b>	<b>28</b>	<b>379</b>	<b>376</b>	<b>739</b>
<b>Included in current assets and liabilities above:</b>										
Cash and cash equivalents	90	176	107	1,503	311	1,490	114	1,356	622	4,525
Current financial liabilities (excluding trade and other payables)	(31,714)	(23,328)	0	0	0	0	0	0	(31,714)	(23,328)

## Note 4 – Property, Plant and Equipment

## Movements on Balances

	Council dwellings £'000	Other land and buildings £'000	Vehicles, plant, furniture and equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total property, plant and equipment £'000
<b>Balance at 1 April 2023:</b>								
Gross carrying amount	784,298	160,252	20,671	8,238	1,346	50	78,764	1,053,619
Accumulated depreciation and impairment	0	(1,588)	(14,282)	(1,519)	0	0	0	(17,389)
<b>Net book value</b>	<b>784,298</b>	<b>158,664</b>	<b>6,389</b>	<b>6,719</b>	<b>1,346</b>	<b>50</b>	<b>78,764</b>	<b>1,036,230</b>
Additions	43,429	1,131	1,759	866	0	0	41,904	89,089
Disposals	(4,119)	0	0	0	0	0	0	(4,119)
Revaluation increases recognised in the revaluation reserve	674	6,666	0	0	0	0	0	7,340
Revaluation decreases recognised in the surplus / deficit on the provision of services	(41,125)	(2,970)	0	0	0	0	0	(44,095)
Assets reclassified from investment properties or intangible assets	0	2,267	0	0	0	0	0	2,267
Assets reclassified (to) / from other categories of property, plant and equipment	47,898	469	46	0	0	0	(48,413)	0
Other movement	0	(29)	(40)	0	0	0	87	18
Depreciation charge	(11,114)	(3,933)	(2,000)	(210)	0	0	0	(17,257)
<b>Balance at 1 April 2024:</b>								
Gross carrying amount	819,941	163,996	22,152	9,104	1,346	50	72,342	1,088,931
Accumulated depreciation and impairment	0	(1,731)	(15,998)	(1,729)	0	0	0	(19,458)
<b>Net book value</b>	<b>819,941</b>	<b>162,265</b>	<b>6,154</b>	<b>7,375</b>	<b>1,346</b>	<b>50</b>	<b>72,342</b>	<b>1,069,473</b>
Additions	38,949	322	2,452	772	0	0	58,259	100,754
Disposals	(4,935)	0	0	0	0	0	0	(4,935)
Revaluation increases / (decreases) recognised in the revaluation reserve	219	(2,519)	0	0	0	0	0	(2,300)
Revaluation decreases recognised in the surplus / deficit on the provision of services	(22,165)	(1,990)	0	0	0	0	0	(24,155)
Assets reclassified (to) investment properties / intangible assets / right-of-use assets	0	(40,975)	0	0	0	0	(566)	(41,541)
Assets reclassified (to) / from other categories of property, plant and equipment	10,977	6,708	261	0	0	246	(18,192)	0
Other movement	0	0	(59)	0	0	0	(17)	(76)
Depreciation charge	(11,655)	(3,202)	(1,708)	(211)	0	0	0	(16,776)
<b>Balance at 31 March 2025:</b>								
Gross carrying amount	831,331	121,706	24,422	9,871	1,346	296	111,826	1,100,798
Accumulated depreciation and impairment	0	(1,097)	(17,322)	(1,935)	0	0	0	(20,354)
<b>Net book value</b>	<b>831,331</b>	<b>120,609</b>	<b>7,100</b>	<b>7,936</b>	<b>1,346</b>	<b>296</b>	<b>111,826</b>	<b>1,080,444</b>

### Valuation

Details of the valuation approach adopted for the Council's property, plant and equipment are set out at note 15 to the Council Financial Statements.

**CCHC dwellings** are revalued on 31 March each year, using a beacon approach. The stock is divided into a number of 'archetypes' containing dwellings with similar characteristics (e.g. location, property type, number of bedrooms). Within each archetype, one representative 'beacon' property is selected for revaluation, with the resulting valuation applied to all similar dwellings.

Valuations are carried out in accordance with 'Stock Valuation for Resource Accounting – Guidance for Valuers' published by MHCLG, and the RICS Valuation – Professional Standards ('Red Book') except where varied to reflect MHCLG requirements.

The following table shows the current carrying value of property, plant and equipment (excluding those classes of asset held at historic cost) by date of most recent valuation:

	Council dwellings	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000	£'000
<b>Valued at current value as at:</b>				
31 March 2025	831,331	149,177	296	980,804
31 March 2024	0	203	0	203
31 March 2023	0	84	0	84
31 March 2022	0	363	0	363
31 March 2021	0	310	0	310
Prior to 2021	0	6,636	0	6,636
<b>Total</b>	<b>831,331</b>	<b>156,773</b>	<b>296</b>	<b>988,400</b>

## Note 5 – Commitments with Joint Ventures

### Capital Commitments

The Council has contracted with the Cambridge Investment Partnership for the construction of new build council dwellings. The amounts contractually committed but not yet recognised at the year-end were as follows:-

Entity	31 March 2025 £'000	31 March 2024 £'000
Cambridge Investment Partnership LLP	12,872	0
CIP (Mill Road Development) LLP	235	0
CIP Orchard Park L2 LLP	42	0
<b>Total</b>	<b>13,149</b>	<b>0</b>

### Loan Commitments

The Council has entered into agreements with the Cambridge Investment Partnership to provide loan financing for land purchase, and also development financing through the use of revolving credit facilities. Loans are secured on the property of the partnership (work in progress and unsold dwellings, excluding affordable housing), with a maximum loan to value ratio of 60% at any given time.

The balances on the facilities at year-end were as follows:

Entity	31 March 2025			31 March 2024 (restated)		
	Maximum facility £'000	Amount utilised £'000	Unutilised commitment £'000	Maximum facility £'000	Amount utilised £'000	Unutilised commitment £'000
Cambridge Investment Partnership LLP	38,781	(25,281)	13,500	38,781	(18,531)	20,250
CIP Orchard Park L2 LLP	8,000	0	8,000	8,000	0	8,000
<b>Total</b>	<b>46,781</b>	<b>(25,281)</b>	<b>21,500</b>	<b>46,781</b>	<b>(18,531)</b>	<b>28,250</b>

Prior year figures for the maximum facility and amount utilised have been restated to include two loans which were omitted in error – the total unutilised commitment is not affected.

## Note 6 – External Audit Costs

Entity	Service	2024/25 £'000	2023/24 £'000
Council	External audit and certification of grant claims	282	137
Cambridge City Housing Company	External audit	6	6
	Taxation compliance services	1	1
	Other non-audit services	2	2

Total	291	146



Glossary of Terms

Accrual	An item of income or expenditure which is included in the Statement of Accounts because it relates to goods or services provided or received during the year, even though payment has not yet been received or paid (and no formal invoices raised).
Amortisation	An expense recognised to reflect the consumption of intangible assets, similar to depreciation on property, plant and equipment. It is generally charged on a straight-line basis over the useful life of the relevant asset.
Amortised cost	A method for determining the value of financial assets or liabilities based upon the principal invested or borrowed, adjusted for any interest accrued and expected credit losses (e.g. bad debt).
Business rates retention	The arrangements, set out by central government, which determine the proportion of the business rates collected which can be retained by the City Council, and the proportion which is paid to local preceptors and central government (for redistribution to other local authorities).
Capital expenditure	Expenditure on new long-term assets such as property, plant and equipment, intangible assets, and investment property. Also includes expenditure which enhances existing assets, for example through significantly prolonging their useful life or increasing their value. Under statutory requirements, loans to third parties to finance their own capital expenditure are also treated as capital expenditure of the Council.
Capital financing	The use of the Council's resources (revenue or capital) to fund capital expenditure in the current year, or to repay borrowing associated with capital expenditure in previous years.
Capital grants	Grants received by the Council which can only be used for capital financing.
Capital loans	Loans made by the Council to a third party to finance their capital expenditure, for example loans made to the Cambridge Investment Partnership to fund property development. Under statutory provisions, the making of these loans is treated as capital expenditure by the Council, whilst repayments are treated as capital receipts.
Capital receipts	Cash received from the sale of long-term assets such as council houses, land or other buildings. This may only be used to finance future capital expenditure.
Cash equivalents	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.
Code	The Code of Practice on Local Authority Accounting in the United Kingdom, which sets out the rules which the Council must follow in preparing and presenting the Statement of Accounts.
Creditors	Amounts owed by the Council.
Current assets	Assets which are expected to be used or realised within 12 months of the Balance Sheet date.
Current liabilities	Liabilities which are due to be settled (or could be called in) within 12 months of the Balance Sheet date.
Current service cost	The increase in the Council's net pension liability as a result of future pension entitlement earned by employees as a result of their service during the year.
Debtors	Amounts owed to the Council.
Defined benefit	A type of pension scheme whereby the benefits paid on retirement (lump sums and pensions) are based upon length of service with the Council and salary earned.
Depreciated replacement cost (DRC)	An approach to valuing property assets based upon the estimated cost of rebuilding an equivalent asset from scratch (using modern methods and specifications), depreciated to reflect the actual condition of the existing asset (i.e. the proportion of its total useful life remaining).

Depreciation	An expense recognised to reflect the consumption of property, plant and equipment. It is generally charged on a straight-line basis over the useful life of the relevant asset.
Discount rate	The rate used to discount future cash flows (for example future pension payments) to their value at today's prices.
Effective interest rate (EIR)	The rate which exactly discounts the future cash flows arising from a financial instrument to the amount at which it was originally recognised – essentially representing the average interest rate over the life of the instrument.
Enhanced cash funds	A managed investment fund, similar to a money market fund, but generally offering slightly higher potential returns in exchange for slightly higher levels of risk in terms of the security and liquidity of its investments.
Fair value	The price at which an asset could be sold, or liability settled, in an orderly transaction between market participants (i.e. knowledgeable, willing parties operating at arm's length).
Finance lease	A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee. The lease period tends to cover most or all of the useful life of the asset, and the value of lease payments made over the duration of the lease tends to approximately equal the value of the asset at the start of the lease.
Financial asset	An asset which represents cash, or the right to receive cash (or cash equivalents) in the future, for example fixed term deposits, investments in pooled investment vehicles, loans and trade debtors.
Financial instrument	A contract which gives rise to a financial asset in one entity and a financial liability in another.
Financial liability	A liability which will require the Council to pay out cash (or cash equivalents) in the future, for example borrowings and trade creditors.
Going concern	A basis of accounting which assumes that the Council will continue in existence for the foreseeable future.
Group	Includes the Council and all other entities which it controls (subsidiaries). The Group Financial Statements also incorporate the Council's share of the profits of its joint ventures.
Impairment	A reduction to the value of a non-financial asset as a result of its recoverable amount falling below its carrying value on the Balance Sheet, for example because it has been damaged or become obsolete. Impairments can also apply to financial assets, for example when there is an expectation that amounts due to the Council in the future will not be paid (credit losses).
Intangible assets	Assets without physical substance, which are expected to benefit the Council over the course of more than one year, for example software licences.
Joint venture	A separate entity which is deemed to be jointly controlled by the Council and at least one other investor, where strategic decision making is by unanimous consent. The Council's share of any profits is included in the Group Financial Statements.
Minimum revenue provision (MRP)	A charge to the General Fund which must be made each year for the repayment of borrowing (internal and external) undertaken to fund historic capital expenditure. Effectively this is to ensure that the Council has sufficient capital resources available to renew or replace assets at the end of their lives. The charge must be set in accordance with statutory guidance, which ensures that it is prudent.
Money market funds	Managed investment funds consisting of highly liquid, short-term investments such as cash, cash equivalents, and short-term debt-based securities with high credit ratings. They are designed to offer high liquidity and very low risk to investors.



Non-current assets	Assets which are expected to benefit the Council over the course of more than one year, for example property, plant and equipment, intangible assets and investment property.
Operating lease	A lease which does not in substance transfer ownership of an asset to the lessor (i.e. the opposite of a finance lease). In practice these tend to be short in nature (as compared to the total useful life of the asset). Since land is deemed to have an infinite useful life, all leases of land are classified as operating leases.
Outturn	Actual income or expenditure amounts as opposed to budgeted amounts.
Past service cost	A change in the Council’s net pension liability as a result of changes to the pension scheme which affect the pension entitlement earned by employees in previous years.
Pooled investment vehicle	A managed investment fund which takes investment from a large number of investors and pools this together in order to maximise returns and diversify risk. Investors can buy and sell units in these funds, which generate returns through the payment of dividends, increase in the underlying value of units, or both. Under statutory provisions, any change in value of pooled investment fund units is not recognised in the General Fund until it is realised (i.e. the units are sold).
Preceptor	Another local authority who is not a billing authority, and on whose behalf the Council collects council tax (i.e. Cambridgeshire County Council, Cambridgeshire and Peterborough Police and Crime Commissioner, Cambridgeshire and Peterborough Fire Authority, and Cambridgeshire and Peterborough Combined Authority)
Provision	A liability which represents a future obligation as a result of a past event, but where the timing or amount of the obligation is uncertain. An example is the settlement of business rates appeals, whose outcome is unknown and outside of the control of the Council.
Restricted grants	Grants which can only be spent on particular purposes (for example a specific service), under the terms of the grant agreement.
Revenue expenditure	Expenditure which is not capital, i.e. spending on the day to day running of the Council such as staff costs and general supplies and services.
Revenue Expenditure Funded from Capital under Statute (REFCUS)	Expenditure which is revenue in nature, but which statute permits to be funded from resources usually earmarked for capital use. This includes capital grants to third parties (such as Disabled Facilities Grants to residents).
Section 106 (S106) contributions	Contributions from developers agreed as part of planning conditions, for example to provide infrastructure improvements to support new housing development.
Soft loan	A loan made at a below-market interest rate (which could be nil), generally made in pursuit of service interests (for example the provision of interest-free home improvement loans to eligible residents).
Subsidiary	A separate entity which is deemed to be controlled by the Council, and whose results are therefore included in the Group Financial Statements.

Abbreviations

CFS	Cash Flow Statement
CIC	Community Interest Company
CIES	Comprehensive Income and Expenditure Statement
CIP	Cambridge Investment Partnership
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer price inflation
HRA	Housing Revenue Account
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS	Local Government Pension Scheme
LLP	Limited Liability Partnership
MHCLG	Ministry of Housing, Communities and Local Government
MIRS	Movement in Reserves Statement
RICS	Royal Institution of Chartered Surveyors
PSF	Per square foot

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# Cambridge City Council

Audit Results Report

Year ended 31 March 2025

**11 February 2026**



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



Shape the future  
with confidence



Civic Affairs and Audit Committee  
Cambridge City Council  
The Guildhall  
Peas Hill  
Cambridge  
CB2 3QJ

11 February 2026

Dear Civic Affairs and Audit Committee

### 2024/25 Audit Results Report

We attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Civic Affairs and Audit Committee. We will update the Civic Affairs and Audit Committee at its meeting scheduled for 23 February 2026 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2024/25 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Cambridge City Council (the Council's) accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the Management team for supporting this process.

The Civic Affairs and Audit Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by Management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Civic Affairs and Audit Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements; and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so. We draw Civic Affairs and Audit Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

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

We welcome the opportunity to discuss the contents of this report with you at the Civic Affairs and Audit Committee meeting on 23 February 2026.

The [2025 Transparency Report](#) for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 30 June 2025.

Yours faithfully

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 (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>)

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

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

This report is made solely to the Civic Affairs and Audit Committee and Management of Cambridge City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Civic Affairs and Audit Committee and Management of Cambridge City 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 Civic Affairs and Audit Committee and Management of Cambridge City 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

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# Executive Summary – Context for the audit

## Context for the audit - Measures to address local audit delays

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

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

MHCLG has worked collaboratively with the FRC and other system partners, to develop and implement measures to clear the backlog. The approach to addressing the backlog consists of three phases:

- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This has now been delivered.
- Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2024/25 financial statements is 27 February 2026. This process of rebuilding assurance will take several years to achieve. The NAO, supported by the MHCLG and the FRC, are responsible for issuing guidance and have been liaising with audit firms to understand the complexities involved and to seek to ensure a more consistent approach for restoring assurance for disclaimed periods. The NAO has now published its Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 setting out considerations for rebuilding assurance following the issue of disclaimed audit opinions under the backstop arrangements. The guidance predominantly focuses on the rebuilding of assurance over reserves, where it is more difficult to obtain assurance because of the way in which they accumulate over successive years. It also continues to recognise that the approach needed to rebuild assurance will differ authority to authority and will need to be considered in the context of both inherent risk factors which all authorities subject to recently disclaimed opinions will share, and factors specific to each individual authority's system of internal control and financial reporting. We will continue to consider the impact of this on our audit approach. In 2024/25 we have continued to audit the closing balance sheet and in-year transactions, which allows the build back of assurances over a large number of balances within the financial statements where audit procedures can be completed for successive years.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 01 May 2025 Audit Completion Report we issued a disclaimer of opinion on the Council's 2022/23 and 2023/24 financial statements under these arrangements to reset and recover local government audit. In 2024/25, we have continued to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, we have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances. As a result of the disclaimer of opinion on the 2023/24 financial statements, we do not have assurance over some brought forward balances from 2023/24 where we did not gain assurance (the opening balances). This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2024/25 audit opinion.

Appendix A sets out the current position of Cambridge City Council in rebuilding to return to a position of full assurance on its financial statements as compared with the timeline envisaged by the NAO's LARRIG 01. This is informed by the summary of the assurances we have gained from our 2023/24 and 2024/25 audit procedures, set out at Appendix B.



# Executive Summary – Context for the audit

## Scope update

In our Audit Plan issued on 28 April 2025 to the Civic Affairs and Audit Committee, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- **Changes in materiality:** We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross revenue expenditure on services, we have updated our overall materiality assessment to £3.64 million (Audit Plan – £3.90 million). This results in updated performance materiality, at 50% of overall materiality, of £1.82 million, and an updated threshold for reporting misstatements of £0.182 million.
- **Change in risk assessment:** In our Audit Plan, we initially identified the implementation of IFRS 16 Leases as an area of focus, as we did not expect IFRS 16 to have a material impact on the financial statements based on Management's initial assessment. However, following our review of the draft financial statements, we have assessed that the impact is material, and therefore we have elevated the risk to inherent risk.

## Value for Money

In our Audit Plan dated 28 April 2025, we reported that we had completed our Value For Money (VFM) risk assessment and we had identified risks of significant weakness in respect of the following:

- The Council's ability to prepare and publish draft financial statements in line with the deadlines set by the 2015 Accounts and Audit Regulations (for 2024/25 this deadline being the 30 June 2025).
- The Council's failure to deliver outcomes of Rent Standards and breach of the Welfare Reform and Work Act 2016 (the Act).

Having updated and completed the planned procedures for VFM, we have concluded that neither of the above risks of weakness are a significant weakness in the Council's arrangements.

We identified an additional risk of significant weakness in relation to the capacity and capabilities within the finance team to support the delivery of the 2024/25 audit. We have concluded that this risk does represent a significant weakness in the Council's underlying arrangements. See Section 03 of the report for further details.

## Audit differences

We highlight the following misstatements greater than £0.182 million which have been corrected by Management that were identified during the course of our audit:

### Factual misstatement

- **Balance Sheet – Property, Plant, and Equipment (PPE):** Land values of a number of assets revalued in 2024/25 were not updated in the Fixed Asset Register (FAR). This resulted to an understatement of PPE balance by £10.61 million.
- **Balance Sheet – Property, Plant, and Equipment (PPE):** Our review of the FAR identified that the land values for two assets which are not owned by Council were incorrectly recognised as PPE as at 31 March 2025. Therefore, PPE balance was overstated by £6.78 million.
- **Balance Sheet – Investment Property:** Our review identified fair value of one asset revalued in 2024/25 was not updated in the Fixed Asset Register. This resulted to an understatement of IP balance by £0.395 million.

# Executive Summary (cont'd)

## Audit differences (cont'd)

**Balance Sheet – Investment Property:** Our review of the valuation of one investment property identified that the Valuer used an incorrect combined income figure in their calculation, resulting in an overstatement of the asset's value by £0.190 million.

For further information on these audit differences please see Section 05 of this report.

## Status of the audit

Our work in respect of the Council's financial statements audit is near completion.

The audit commenced on the 10 November 2025. There were areas of the audit that we were unable to conclude as working papers and requested evidence were not provided in line with the agreed audit timetable and were generally not to the expected standard to support an audit. We have communicated these areas throughout the report and in our summary of assurances Appendix B.

The following items relating to the completion of our audit procedures were outstanding at the date of this report.

Closing procedures:

- Final Manager and Engagement Partner reviews.
- Subsequent events review;
- Agreement of the final set of financial statements;
- Receipt of signed Management Representation letter;

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the financial statements which could influence our final audit opinion.

# Executive Summary (cont'd)

## 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, as the Council falls below the £2 billion threshold for full audit procedures. We therefore have no matters to report as a result of this work.

We were made aware, during our 2024/24 audit, of an instance of non-compliance with laws and regulations in relation to rent setting on the Council's housing stock. This has required us to complete extended procedures in order to assess the risk to the both the financial statements and our Value for Money responsibilities.

If non-compliance with laws and regulations has occurred and could have a material impact on the financial statements, we may, in the ordinary course of an audit, modify our audit opinion to refer to those matters. We will then determine whether we need to consider exercising any other power or duty.

We have performed sufficient further audit procedures to determine the impact on the financial statements. We have no matters to report as a result of this work and are not modifying our audit opinion in relation to this issue.

# Executive Summary (cont'd)

## 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 the Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Risk	Status of our work
Misstatement due to fraud or error	We have been unable to complete our planned procedures in relation to testing of journal entries as Management was unable to provide evidence to support any of the selected sampled journal transactions. See page 13 for further detail.
Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure and revenue expenditure funded from capital under statute (REFCUS)	We have completed our testing of REFCUS transactions and have no matters to report.  We have not completed our testing of Property, Plant, and Equipment (PPE) additions as the Council was unable to provide corroborating evidence to support 20% of the sampled transactions. See page 14 for further detail.
Investment Property Valuations	Our work identified discrepancies between the rent data provided by the Council and the information used by the valuer in their valuation calculations. For three samples, the Council was unable to provide lease agreements to corroborate the rent data used. We have raised recommendations on this matter in Section 06.  In addition, our review identified that the fair value of one asset revalued in 2024/25 was not updated in the Fixed Asset Register. This resulted to an understatement of IP balance by £0.395 million  EY Real Estate's review of the valuation of one Investment Property identified that the Valuer used an incorrect combined income figure in their calculation, resulting in an overstatement of the asset's value by £0.190 million.  We have been unable to complete our planned procedures for testing of Investment Property valuations as the Council have not provided corroborating evidence and responded to our queries to support the sampled assets within the agreed timeframe. As a result, we have been unable to conclude our work and have partial assurance on this area.
Pension Valuation	We have completed our work on this area and have no matters to report.
IFRS 16 Implementation of Leases	We have completed our work on this area and have identified a number of disclosure misstatements which Management agreed to amend in the updated financial statements.
Bad debt provision and recoverability of receivables	We have been unable to complete our planned procedures in relation to this area as the Council was not able to provide working papers to support the calculation of Bad Debt Provision by the agreed deadline. See page 18 for further detail.
Group Accounting	We have completed our work on this area and have no matters to report.

# Executive Summary (cont'd)

## Areas of audit focus

Risk	Status of our work
Provision for Housing Revenue (HRA) Liabilities	We have completed our work on this area and have no matters to report.
Council Dwellings Valuation	We have completed our work on this area and have no matters to report.
Valuation of Land and Buildings	<p>We have completed our work on this area and have identified two misstatements to report:</p> <ul style="list-style-type: none"><li>Land values of a number of assets revalued in 2024/25 were not updated in the Fixed Asset Register (FAR). This resulted to an understatement of Property, Plant &amp; Equipment (PPE) balance by £10.61 million.</li><li>Our review of the FAR identified that the land values for two assets, which are not owned by Council were incorrectly recognised as PPE as at 31 March 2025. Therefore, the PPE balance was overstated by £6.78 million.</li></ul>

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

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

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

## Control observations

We have adopted a fully substantive audit approach, so have not tested the operation of controls at the Council.

However, we have identified a number of control findings which we would like to bring to your attention, please see Section 06 of this report for further information.

## Independence

Please refer to Section 08 for our update on Independence.

# Executive Summary (cont'd)

## Factors impacting the execution of the audit

Management, and the Civic Affairs and Audit Committee, as the Council's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and Management's responsiveness to issues identified during the audit. The table below sets out our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures.

Area	Status			Explanation
	R	A	G	
Timeliness of the draft financial statements	Effective			The financial statements were published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations.
Quality and completeness of the draft financial statements	Effective			There were few non-material internal inconsistencies, typographical and arithmetic errors in the draft financial statements that should have been detected through internal quality review prior to publication.
Delivery of working papers in accordance with agreed client assistance schedule	Ineffective			Working papers and supporting evidence were not provided in line with the agreed timetable.
Quality of working papers and supporting evidence	Ineffective			Working papers and supporting evidence were generally not to the required standard to support the audit. See Section 6 - Assessment of Control Environment for further details.
Timeliness and quality of evidence supporting key accounting estimates	Ineffective			There have been significant delays in receiving the required supporting working papers for the audit from the Council. The documentation was not provided within the agreed timetable.  The absence of timely, supporting working papers, has impacted our ability to perform all of our planned audit procedures. As reported in Appendix B, key audit procedures in a number of areas are incomplete because essential evidence was not made available for review. The timely provision of working papers is a critical component of an effective audit process, ensuring that planned work can be completed efficiently and that any emerging issues can be addressed promptly.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			The primary finance team member responsible for the financial statements has not been available to support the audit process due to long term leave. In addition, we have experienced delays in obtaining responses and evidence from other members of the finance team. As a result, certain areas have been significantly delayed. We expect to raise a scale fee variation in respect of this. See Section 08 for further details.
Volume and value of identified misstatements	Requires improvement			We have identified a number of material misstatements as a result of our work which have been corrected by Management. See Section 05 for details of corrected misstatements. We also consider this further in our VFM reporting. See Section 03.
Volume of misstatements in disclosure	Effective			A limited number of misstatements in disclosure were detected in our work.




## 02 Areas of Audit Focus



# Areas of Audit Focus

## Significant Risk

### Presumptive risk of management override of controls

 Fraud Risk

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

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

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

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

#### Our planned response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- ▶ Identified fraud risks during the planning stages of the audit.
- ▶ Inquired of Management regarding fraud risks and the controls implemented to address them.
- ▶ Gained an understanding of the oversight exercised by Those Charged with Governance over management's fraud-related processes.
- ▶ Discussed fraud risks with Those Charged with Governance, including risks specific to the entity's business sector and operating environment.
- ▶ Considered whether related party relationships and transactions presented fraud risk factors that could lead to material misstatement.
- ▶ Assessed the effectiveness of management's controls designed to mitigate fraud risks.
- ▶ Determined an appropriate audit strategy to respond to the identified fraud risks.
- ▶ Performed mandatory procedures regardless of identified fraud risks, including testing journal entries and other adjustments made during financial statement preparation.
- ▶ Undertook procedures to identify significant unusual transactions.
- ▶ Considered the presence of management bias in key accounting estimates and judgments.

#### What else did we do?

Evaluated whether additional audit procedures were necessary beyond those listed above and concluded that procedures under 'Inappropriate capitalisation of revenue expenditure' were required (see following page).


#### What are our conclusions

We selected a specific set of journals for testing this risk, however, the Council were unable to provide the required sample evidence and respond to our queries within the agreed timeframe. As such we have been unable to complete our planned procedures in this area and are unable to obtain assurance at 31 March 2025.

# Areas of Audit Focus (cont'd)

## Significant Risk

Inappropriate capitalisation of revenue expenditure and revenue expenditure funded from capital under statute (REFCUS)

 Fraud Risk

## Our planned response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- ▶ Tested Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised was clearly capital in nature.
- ▶ Assessed whether the capitalised spend clearly enhanced or extended the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Considered whether any development or other related costs that have been capitalised were reasonable to capitalise, i.e., the costs incurred were directly attributable to bringing the asset into operational use.
- ▶ Tested REFCUS expenditure to ensure that it was appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- ▶ Identified and understood the basis for significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

## What are our conclusions

We have completed our REFCUS testing and did not identify any issues.

We have been unable to complete our testing of Property, Plant & Equipment additions as the Council has not provided corroborating evidence or respond to our queries to support the sampled transactions (for 20% of our sample items) within the agreed timeframe.

As a result, we have been unable to conclude our work and have no assurance on this area.

## What is the risk?

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

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

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

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

# Areas of Audit Focus (cont'd)

## Significant Risk

### Investment Property Valuations

#### What is the risk?

The Council's Investment Property portfolio is a material balance (£171 million at 31 March 2025) disclosed on the Council's Balance Sheet.

Individual asset markets may react differently to ongoing uncertainties and considerations must be given to ensure sufficient and appropriate market data is used for valuations in 2024/25. There is a significant level of judgement around assumptions within valuations, especially where these assumptions rely on market data or income-based measures, given difficulties in estimating future income.

#### Our planned response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- ▶ Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2024/25 to confirm that the remaining asset base is not materially misstated;
- ▶ Test accounting entries have been correctly processed in the financial statements;
- ▶ Review financial statement disclosures to ensure that adequate disclosures have been made in relation to estimation uncertainty.

#### What are our conclusions

Our work identified discrepancies between the rent data provided by the Council and the information used by the valuer in their valuation calculations. For three samples, the Council was unable to provide lease agreements to corroborate the rent data used. We have raised recommendations on this matter in Section 06.

In addition, our review identified the fair value of one asset revalued in 2024/25 was not updated in the Fixed Asset Register. This resulted to an understatement of Investment Property balance by £0.395 million.

For one of the sampled assets (Market Square) selected for valuation testing, EY Real Estates identified that the Valuer had used an incorrect combined income figure in their calculation. This resulted in overstatement of the asset's value by £0.190 million which would fall outside a reasonable range. The Valuer has confirmed that the income figure used was incorrect. EY Real Estates have recalculated the asset valuation using the correct income and concluded that the updated valuation now falls within their expected value range.

We have been unable to complete our planned procedures for testing of Investment Property valuations as the Council have not provided corroborating evidence and responded to our queries to support the sampled assets within the agreed timeframe. As a result, we have been unable to conclude our work and have partial assurance on this area.

# Areas of Audit Focus (cont'd)

## Significant Risk

### Pension Valuations

#### What is the risk?

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

The Council's Pension Fund net asset is a material estimated balance and the Code requires that this amount be disclosed on the Council's balance sheet. Under IAS 19, there is a limit on the size of the Net Pension Asset that can be recognised on the Balance Sheet. This is referred to as the asset ceiling. As a result of the complexities involved in determining the asset ceiling, we have identified pension fund assets as a significant risk.

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

#### Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- ▶ Liaise with the auditors of Cambridgeshire County Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council.
- ▶ Assess the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors and considering any relevant reviews by the EY actuarial team.
- ▶ Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model.
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS 19.
- ▶ Assess whether any pension asset has been recognised in accordance with IAS 19 and IFRIC 14 and our understanding of the Local Government Pension Scheme.
- ▶ Engage EY specialist to assess the Council's asset ceiling calculations.

#### What are our conclusions

We have completed our work on this area.

We received the Pension Fund auditor assurances on 3 December 2025. The auditor noted immaterial timing differences in the investment valuations and immaterial variances relating to the Council's contributions and benefits paid. These did not have a material impact on the Council, and we confirmed that the Council had correctly recorded the amounts in its accounting records.

Overall, the Pension Liability estimate remains reasonable.

# Areas of Audit Focus (cont'd)

## Risk of Material Misstatement (Inherent Risk)

### IFRS 16 Implementation of Leases

#### What is the risk?

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/25 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee, these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g., RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

In our Audit Plan, we have indicated this as an area of focus as our initial planning procedures indicate that the impact of IFRS 16 to the financial statements is not material. Upon review of the draft financial statements, we have identified that the impact is material and therefore elevated our risk assessment to inherent risk.

#### Our response to the key areas of challenge and professional judgement

In response to this risk, we planned to undertake the following procedures:

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

#### What are our conclusions

We have completed our work in this area and have identified a number of disclosure misstatements which Management agreed to amend in the financial statements.

Further, we have identified that for one assumption, used by the Council's valuer in the valuation of Right of Use Assets (for net income generated by car parks), that it was based on forecasted figures instead of historical actual data. The valuer noted that they relied solely on the information provided by the Council. We have been unable to obtain a clear explanation from either the Council or the valuer regarding the accuracy or basis of the net income figures supplied for the valuation. However, this did not result to a material error. We have raised a recommendation in Section 06.

# Areas of Audit Focus (cont'd)

## Risk of Material Misstatement (Inherent Risk)

### Bad debt provision and recoverability of receivables

#### What is the risk?

The provision for bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation at year end and assess the appropriateness of this estimation technique. Given that there might be some subjectivity to the recoverability of debtors the Council will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.

#### Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Reviewed the calculation of the bad debt provision for reasonableness and accuracy; and
- ▶ Considered the recoverability of debts in testing a sample of trade receivables;

#### What are our conclusions

We have been unable to complete our planned procedures on this area as the Council was not able to provide a supporting working paper to support the calculation of the Bad Debt Provision within the agreed timeframe.

In addition, the Council was not able to provide a detailed Debtors listing against which we could assess this provision.

As a result, we have been unable to conclude our work and have no assurance on this area.

# Areas of Audit Focus (cont'd)

## Risk of Material Misstatement (Inherent Risk)

### Group Accounting

#### What is the risk?

The Council prepares Group Accounts and will therefore need to undertake its annual assessment of the group structure to determine the procedures it needs to undertake to consolidate the relevant component entities.

#### Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Reviewed the Council's assessment of its group structure;
- ▶ Considered the need to liaise with the component auditors to understand any risks that they are recognising;
- ▶ Evaluated any risks at component level on the group accounts; and
- ▶ Reviewed the consolidation adjustments and group accounts.

#### What are our conclusions

We have completed our work in this area and no matters to report.



# Areas of Audit Focus (cont'd)

## Risk of Material Misstatement (Inherent Risk)

### Provision for Housing Revenue (HRA) Liabilities

#### What is the risk?

The Council identified a historic breach of regulations relating to rental charges on housing stock. This involves misinterpretations in how rent has been calculated and charged, which has led to the overcharge of rent to some tenants.

Consequently, the Council will need to refund overpayments of rent to current and previous tenants. The refund will involve computations which include assumptions and judgments. Therefore, we have raised this as an inherent risk.

There are also completeness considerations attached given the length of time that the cases span over and the availability of Council records to identify all overpayment instances.

#### Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Considered and reviewed the computation performed by the Council;
- ▶ Assessed the completeness of information available to the Council to make a reliable estimate; and
- ▶ Challenged the judgements and assumptions made by the Council in doing the computation.

#### What are our conclusions

We have completed our work in this area and no matters to report.

# Areas of Audit Focus (cont'd)

## Risk of Material Misstatement (Inherent Risk)

### Council Dwellings Valuation (HRA)

#### What is the risk?

Council dwellings represent a significant balance in the Council's accounts (£831.33 million at 31 March 2025) and are subject to valuation changes, impairment reviews and depreciation charges.

As the value of council dwellings are significant, and the outputs from the its valuer are subject to estimation, there is a higher inherent risk balances may be under/overstated or the related accounting entries incorrectly posted.

#### Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Considered the work performed by the Council's valuers (Wilkes Head & Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample tested key asset information used by the valuer in performing their valuation;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested accounting entries have been correctly processed in the financial statements.

#### What are our conclusions

We have completed our work in this area and no matters to report.

# Areas of Audit Focus (cont'd)

## Risk of Material Misstatement (Inherent Risk)

### Valuation of Land and Buildings

#### What is the risk?

Other Land and Buildings (OLB) represents a significant balance in the Council's accounts (£112.32 million at 31 March 2025) and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end balances held in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

#### Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Sampled test key asset information used by the valuer in performing their valuation;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code. We will consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Reviewed assets not subject to valuation in 2024/25 to confirm that the remaining asset base is not materially misstated; and
- ▶ Tested accounting entries have been correctly processed in the financial statements.
- ▶ Engaged EY Real Estate as our internal specialist to review one asset sample of the valuation, assumption and conclusion reached by the external valuers.

#### What are our conclusions

We have completed our work on this area and have two matters to report. Our testing of the valuation of assets identified the following misstatements:

- Land values for a number of assets revalued in 2024/25 was not updated in the Fixed Asset Register (FAR). This resulted to an understatement of Property, Plant & Equipment balance by £10.61 million.
- Our review of the FAR identified that the land values for Grafton East Car Park and Grafton West Car Park, which are not owned by Council, were incorrectly recognised as PPE as at 31 March 2025. Therefore, PPE balance was overstated by £6.78 million.

EY Real Estates did not identify any issues with the valuation of the sampled asset.



# 03 Value for Money

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# Value for Money

## The Authority's responsibility for Value for Money (VFM)

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

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

## Risk assessment and status of our work

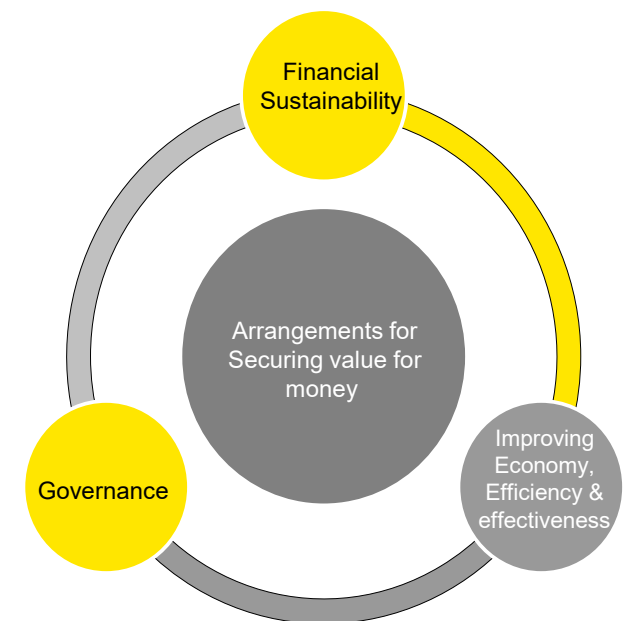
We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Value for Money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

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

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

We have completed our detailed risk assessment VFM work and identified three risks of significant weakness as documented on the next page.



# Corporate Governance (cont'd)

## Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?	What arrangements did this impact?
The Council's ability to prepare and publish draft financial statements in line with the deadlines set by the 2015 Accounts and Audit Regulations (for 2024/25 this deadline is 30 June 2025)	<b>Governance:</b> How the body ensures effective processes and systems are in place to support its statutory financial reporting requirements.  This risk did not result in a significant VFM weakness.
The Council's failure to deliver outcomes of Rent Standards and breach of the Welfare Reform and Work Act 2016 (the Act)	<b>Governance:</b> How the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards are met.  This risk did not result in a significant VFM weakness.
Capacity and capability of the Finance Team to support the audit process	<b>Governance:</b> How the body ensures effective processes and systems are in place to support its statutory financial reporting requirements.  We will be reporting a significant weakness in respect of this risk in our audit report, a draft of which is included within Section 04.

We will issue our VFM narrative commentary, including the findings in relation to the risks of significant weakness, in our final 2024/25 Auditor's Annual Report which we expect to issue in March 2026.



# 04 Audit Report

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE CITY COUNCIL

### Disclaimer of Opinion

We were engaged to audit the financial statements of Cambridge City Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2025. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- the related notes 1 to 33 to the Council's financial statements and the related notes 1 to 6 to the Group financial statements including material accounting policy information,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 5,
- Collection Fund and the related notes 1 to 3.

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 2024/25.

We do not express an opinion on the accompanying financial statements of the Council. 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) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date').

Our planned audit work in the current year was focused on transactions in the year and the current year balance sheet.

Due to the disclaimers of opinion on the financial statements in the prior years, delays in receiving associated audit evidence and inability to support the audit in advance of the backstop date, we have not been able to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council's financial statements for the year ended 31 March 2025.

Therefore, we are disclaiming our opinion on the financial statements.

The audits of the financial statements for the years ended 31 March 2023 and 31 March 2024 for Cambridge City Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 9 December 2024 and 14 May 2025, respectively.

## Matters on which we report by exception

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

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 have nothing to report in these respects.

In respect of the following, we have matters to report by exception

### Report on the Group and the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Group and the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in relation to the specified reporting criteria of the Group and the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2025.

### Significant weaknesses in arrangements

#### In relation to governance

#### Our judgement on the nature of the weaknesses identified

The Council lacked the necessary expertise and capacity within its Finance Team to appropriately support the external audit process, specifically in its ability to produce supporting working papers and evidence required for the audit.

#### The evidence on which our view is based:

Working papers and supporting evidence were not provided in line with the agreed timetable and did not meet the expected quality requirements.

#### The impact on the Council:

Failure to improve the Council's processes to produce good quality financial information will impact its ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

## Draft audit report

### Our draft opinion on the financial statements

#### The action the body needs to take to address the weakness:

The Council should strengthen its approach to preparing financial statements and supporting the audit process. The Finance Team must:

- Ensure a thorough understanding of the Local Government accounting framework and the CIPFA Code of Practice;
- Deepen its knowledge of the Council's financial operations to support accurate reporting;
- Maintain sufficient capacity of skilled professionals with appropriate training to produce high-quality audit-ready working papers; and
- Provide timely and effective support throughout the audit cycle.

The issue above is evidence of weaknesses in proper arrangements for governance, including ensuring the Council has effective processes and systems in place to support its statutory financial reporting requirements.

#### **Responsibility of the Chief Finance Officer**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on pages 19, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, includes the Group and the Council 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 2024/25, 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 Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council 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.

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

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

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

We are independent of the Group and the Council 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.

The description of the auditor's responsibilities is included directly within the audit report as it is not appropriate to include it within an appendix or to refer to the description on the FRC's website. The description of the responsibilities itself is shortened significantly.

# Audit Report

Draft audit report

Our draft opinion on the financial statements

## *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 November 2024, as to whether Cambridge City 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 Cambridge City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

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 Cambridge City 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 cannot formally conclude the audit and issue an audit certificate until the National Audit Office, as group auditor, has confirmed that no further assurances will be required from us as component auditor of the Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts 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 Cambridge City 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 85 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 Group and the Council and the Group and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Date: 24 February 2026

**Mark Hodgson (Key Audit Partner)**  
Ernst & Young LLP (Local Auditor)  
Cambridge

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# 05 Audit Differences

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# Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted differences

We highlight the following misstatements greater than £0.182 million which have been corrected by Management that were identified during the course of our audit:

### Factual Misstatements

- **Balance Sheet - Property, Plant, and Equipment:** Land values of a number of assets revalued in 2024/25 was not updated in the Fixed Asset Register (FAR). This resulted to an understatement of PPE balance by £10.61 million.

**Balance Sheet - Property, Plant, and Equipment:** Our review of the FAR identified the land values for two assets not owned by Council were incorrectly recognised as PPE as at 31 March 2025. Therefore, PPE balance was overstated by £6.78 million.

**Balance Sheet - Investment Property:** Our review identified fair value of one asset revalued in 2024/25 was not updated in the Fixed Asset Register. This resulted to an understatement of IP balance by £0.395 million.

- **Balance Sheet - Investment Property:** Our review of the valuation of one investment property identified that the Valuer used an incorrect combined income figure in their calculation, resulting in an overstatement of the asset's value by £0.190 million.

### Disclosure differences

A limited number of other disclosure and presentational items have been highlights to Management for amendment. We do not deem these to merit inclusion in this report.

### Uncorrected differences

There were no uncorrected misstatements.



# Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control (including group-wide or at components).

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

## Summary of control observations and recommendations

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Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
<b>Delays in receiving key working papers</b> There were delays in receiving key working papers and responses to queries throughout the audit, many of which were not provided in line with the agreed timescales. In several cases, the working papers provided were incomplete, required further clarification, or did not meet the format and evidential standards necessary to enable us to perform our planned procedures efficiently. These delays created substantial disruption to the audit timetable, increased the amount of rework required, and limited our ability to progress audit testing in accordance with the project plan. The cumulative impact of these issues has materially affected our ability to obtain audit evidence on a timely basis and complete the audit as scheduled.	High			We recommend that the Council strengthens its year-end closedown and audit preparation processes to ensure that all required working papers are prepared to the expected standard and provided in line with the agreed timescales. Management should implement clear internal ownership for each working paper, introduce quality checks prior to submission, and embed realistic internal deadlines to ensure that documentation is complete, accurate, and ready for audit review. Improving the timeliness and quality of working papers will support a more efficient audit, reduce the need for repeated requests and rework, and help ensure the audit can progress in accordance with the planned timetable.	Response from Management - TBC
<b>Property, Plant &amp; Equipment (PPE) valuation agreement to Fixed Asset Register (FAR)</b> Agreement of the PPE valuation schedules to the FAR identified several instances where assets land values had not been updated in FAR which resulted to asset valuation of £nil as at 31 March 2025. The carrying values of these assets was recorded as downward revaluation movement. This resulted in a material misstatement as reported in Section 05.	High			A comprehensive review of the Council's fixed-asset accounting routines should be undertaken to ensure that appropriate rigour is consistently applied and that the accounting treatment for all asset transactions is accurate and compliant.	Response from Management - TBC

# Assessment of Control Environment

## Summary of control observations and recommendations (cont'd)

Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
<b>Debtors and Creditors listing</b> The Council's 31 March 2025 debtors listing (amounting to £17.22 million) and creditors listing (amounting to £43.28 million) contained opening balances, which Management were unable to cleanse for audit purposes. As a result, we were unable to complete our planned procedures for these areas.	High			We recommend that the Council performs a review of all creditor and debtor balances to ensure that opening balances are understood and cleansed so that the balance only contains year-end amounts.	Response from Management - TBC
<b>Agreement of Fixed Asset Register (FAR) to Property, Plant and Equipment (PPE) Note within the financial statements</b> We obtained the FAR for PPE and reconciled the closing balances to the financial statements. However, we have not been able to agree the in-year movements in any of the asset categories to the figures reported in the PPE note within the financial statements. The Council have not responded to our queries in relation to the variances identified and therefore we have not been able to conclude our work on this area.	Medium			We recommend that the Council have robust review process in place to ensure that all in-year movements are fully reconciled to the figures reported in the financial statements.	Response from Management - TBC
<b>Bank reconciliation</b> Our review of the Council's bank reconciliation identified a reconciling item, amounting to £2.8 million, which the Council was unable to provide any evidence and explanation to support it. We cannot therefore conclude on its appropriateness as a reconciling item in the bank reconciliation.  The issue has arisen due to the individual responsible for preparing bank reconciliation as part of the year-end closing process has since left the Council, resulting in difficulties in obtaining the necessary documentation and clarification.	Medium			We recommend that the Council ensure that all key reconciliations have proper documentation and corroborating evidence to support the process. This should be kept centrally and remain accessible regardless of staff turnover.	Response from Management - TBC

# Assessment of Control Environment

## Summary of control observations and recommendations (cont'd)

Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
<b>Valuation of Investment Properties and Right of Use Assets</b> We have been unable to obtain a clear explanation or corroborating evidence from either the Council or the Valuer regarding certain assumptions used in the valuation of Investment Properties and Right of Use Assets. In addition, we identified discrepancies between the rent data provided by the Council and the information used by the Valuer in their valuation calculations.	Medium			We recommend that the Council and the property valuer work together to address the findings from our audit. The Council should ensure that valuation assumptions are supported by accurate and verifiable data. A clear process should be in place to review and validate information provided and used by the Valuer.	Response from Management - TBC

Grading	Definition
High	Matters and/or issues considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.
Moderate	Matters and/or issues considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
Low	A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.



# 07

## Other Reporting Issues

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# Other Reporting Issues

## Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Cambridge City Council financial statements 2024/25 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Cambridge City Council financial statements 2024/25 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

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## Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the NAO.

The Council falls below the £2 billion threshold for audit procedures within the NAO group instructions. We will confirm this position within the Assurance Statement to the NAO at the point of issuing our Audit Report. However, we cannot issue our Audit Certificate until the NAO has confirmed no further procedure are required.

## Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) 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 are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State.

We have given serious consideration to the need to issue Statutory Recommendations under Schedule 7, given our assessment of the Council's financial reporting (Page 10) and the significant weakness we are reporting for the capacity and capability of the Finance Team to support the audit process under our Value for Money responsibilities (Page 24).

However, if we are not satisfied with the pace and substance of improvements in addressing our Recommendation 1 (Page 31) as part of the 2025/26 audit, we would be minded to issue Statutory Recommendations at that point, given the inability to support the audit process.

We have concluded that we will not issue Statutory Recommendations under Schedule 7 at this point, or that we need to issue a report in the public interest.



# 08

## Independence

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# Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

## Relationships

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## Services provided by EY

There are no services provided by EY from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.



# Independence

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.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

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- Officers meeting the agreed timetable of deliverables;
- Our financial statements 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.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	2024/25	2023/24
	£'s	£'s
Scale Fee - Code Work	200,163	174,191
Proposed scale fee variation	Note 2	Note 1
<b>Determined Scale Fee</b>	<b>TBC</b>	<b>174,191</b>

*All fees exclude VAT*

(1) PSAA Ltd has used its fee variation process to determine the final fee the Council had to pay for the 2023/24 audit. These have now been determined and concluded and are less than the initial published scale fee, due to the Government's Reset agenda and disclaimed audit opinions.

(2) The revision to ISA (UK) 315 will impact on our scope and approach and require us to enhance the audit risk assessment process, better focus responses to identified risks and evaluate the impact of IT on key processes supporting the production of the financial statements. We expect to charge addition fee for this. The scale fee also may be impacted by a range of other factors which will result in additional work, which include but are not limited to:

- Reduced materiality level
- New accounting standards, for example full adoption or additional disclosures in respect of IFRS 16
- Audit adjustments, including disclosure amendments
- Control observations and recommendations
- Value For Money risks of significant weakness
- Overall audit evidence provided did not meet the requirements expected. The quality of working papers and evidence has not allowed us to conclude on significant number of areas.

The 2024/25 work is now substantially complete. We will consider the additional hours required to perform the procedures set out above and other areas of the audit which have required additional audit resource to complete the audit. We will share with Management our assessment of this before submitting to PSAA Ltd for determination.

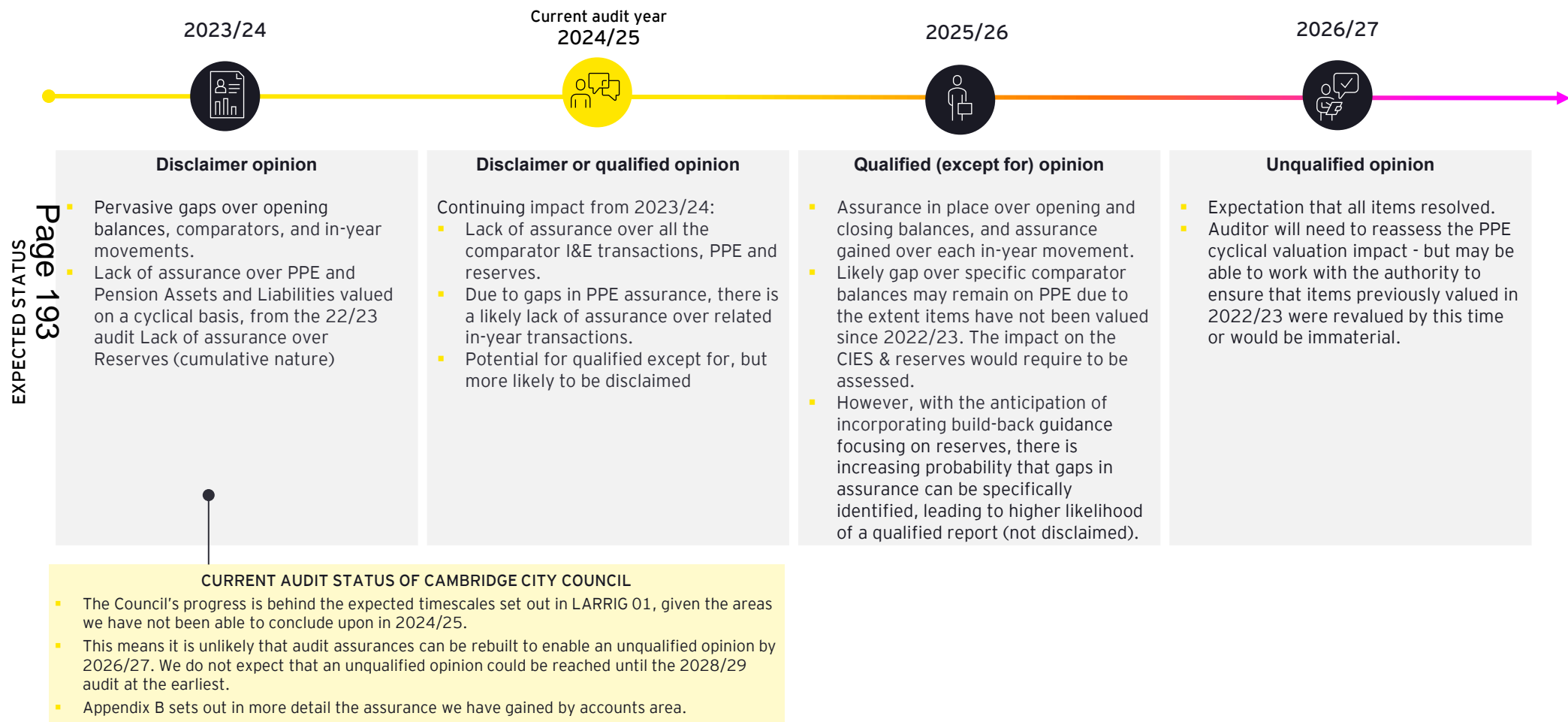


# 09 Appendices

# Appendix A – Progress to full assurance

## Progress to full assurance

Set out below is the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.



# Appendix B – Updated summary of assurances

## Summary of Assurances

The table below summarises the audit work we have completed on the 2023/24 and 2024/25 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Short-term Debtors	None	None	We were unable to complete our planned audit procedures in this area and have obtained no assurance over the closing balance at 31 March 2025. This is due to the Council's 31 March 2025 balance of Short-term debtors amounting to £17.22 million contained opening balances which the Council was unable to cleanse for audit purposes. We have reported this in Section 06. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.
Borrowings/Leases (short term & long term)	None	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Cash and Cash Equivalents	None	Partial	We have not completed our planned audit procedures in this area and have obtained partial assurance over the closing balance at 31 March 2025. The Council was unable to provide evidence and explanation for a reconciling item amounting to £2.8 million to support its appropriate accounting treatment. We have reported this in Section 06.
Short-term Creditors (including Receipts in advance)	None	None	We were unable to complete our planned audit procedures in this area and have obtained no assurance over the closing balance at 31 March 2025. This is due to the Council's 31 March 2025 balance of Short-term creditors amounting to £43.28 million contained opening balances which the Council was unable to cleanse for audit purposes. We have reported this in Section 06. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.
Investments (Short term and long term)	None	Substantial	We have completed our planned audit procedures in this area and have obtained substantial assurance over the closing balance at 31 March 2025.
Leases (IFRS 16)	N/A	Substantial	We have completed our planned audit procedures in this area and have obtained substantial assurance over the closing balance at 31 March 2025.
Long Term Debtors	None	Substantial	We have completed our planned audit procedures in this area and have obtained substantial assurance over the closing balance at 31 March 2025.

# Appendix B – Updated summary of assurances

## Summary of Assurances (continued)

Account area`	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Investment Property (including CIES transactions)	None	Partial	We were unable to complete our planned audit procedures in this area and have obtained partial assurance over the closing balance at 31 March 2025. The Council or the Valuer were unable to provide explanation or corroborating evidence from regarding certain assumptions used in asset valuation calculation. We have reported this in Section 06.
Pension Scheme Valuation (including CIES transactions)	None	Partial	We have completed our planned audit procedures in this area and have obtained partial assurance over the closing balance at 31 March 2025. This is because we have not performed audit procedures in relation to the 2022/23 Pension Fund triennial review.
Property, Plant and Equipment (including CIES transactions)	None	Partial	We have not completed our planned audit procedures in this area and have obtained limited assurance over the closing balance at 31 March 2025. This is due to the variances noted from our reconciliation of figures within the FAR to the PPE notes to the financial statements. We have reported this in Section 06. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.  We were able to complete our work on PPE valuations as at 31 March 2025 and have obtained assurance on this area.
Provision for HRA Liabilities	None	Substantial	We have completed our planned audit procedures in this area and have obtained substantial assurance over the closing balance at 31 March 2025.
Provisions (including NDR appeals held in the collection fund)	None	None	We were unable to complete our planned audit procedures in this area and have obtained no assurance over the closing balance as at 31 March 2025. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.
REFCUS	None	Substantial	We have completed our planned audit procedures in this area and have obtained substantial assurance over the 2024/25 transactions.
Collection fund - Expenditure and other disclosures	None	None	We were unable to complete any of our planned audit procedures in this area and have no assurance over 2024/25 transactions and closing balance as at 31 March 2025. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.
Collection Fund - Income	None	None	We were unable to complete any of our planned audit procedures in this area and have no assurance over 2024/25 transactions and closing balance as at 31 March 2025. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.
Group Statements and Notes	None	Partial	We have completed all planned procedures for 2024/25 however, as we do not have assurance over the opening balance sheet balances at 1 April 2024, we do not have assurance over the in-year movements or prior year comparatives for the Group Accounts.

# Appendix B – Updated summary of assurances

## Summary of Assurances (continued)

Account area`	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
HRA - Expenditure	None	None	We were unable to complete any of our planned audit procedures in this area and have no assurance over 2024/25 transactions and closing balance as at 31 March 2025. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.
HRA - Income	None	None	We were unable to complete any of our planned audit procedures in this area and have no assurance over 2024/25 transactions and closing balance as at 31 March 2025. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.
Net cost of services - Employee costs	None	Substantial	We have completed our planned audit procedures in this area and have obtained substantial assurance over the 2024/25 transactions.
Net cost of services - Housing services expenditure	None	None	We were unable to complete our planned audit procedures in this area and have no assurance over 2024/25 transactions. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.
Net cost of services - Other expenditure	None	None	We were unable to complete our planned audit procedures in this area and have limited assurance over 2024/25 transactions. The Council was unable to provide the requested evidence for 15 sampled transactions within the agreed timeframe.
Net cost of services - Other income	None	None	We were unable to complete our planned audit procedures in this area and have limited assurance over 2024/25 transactions. The Council was unable to provide the requested evidence for 17 sampled transactions within the agreed timeframe.
Net cost of services - Grant Income	None	None	We were unable to complete our planned audit procedures in this area and have limited assurance over 2024/25 transactions. The Council was unable to provide the requested evidence for 8 sampled transactions within the agreed timeframe.
Taxation and non-specific grant income	None	Partial	We were unable to complete our planned audit procedures in this area and have limited assurance over 2024/25 transactions. We gained assurance over £12 million of the £41 million balance, as the Council was unable to provide the requested evidence for 5 sampled transactions within the agreed timeframe.
Finance & Investment income and expenditure	None	None	We were unable to complete our planned audit procedures in this area and have no assurance over 2024/25 transactions. The Council was unable to provide the requested working papers and evidence within the agreed timeframe.

# Appendix B – Updated summary of assurances

## Summary of Assurances (continued)

Account area`	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Reserves - Usable and Unusable Reserves (including Movement in Reserves Statement)	None	None	We were unable to complete all our planned audit procedures in this area and have limited assurance over the 2024/25 transactions and the 31 March 2025 balance. This is due to the Council being unable to provide the requested working papers within the agreed timeframe. Until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the Useable and Unusable Reserves of the Council reported in the financial statements.
Cash flow Statement	None	Partial	We have completed all planned procedures for 2024/25 however, as we do not have assurance over the opening balance sheet balances at 1 April 2024, we do not have assurance over the in-year movements or prior year comparatives for the Cash flow Statement.
Officers Remuneration and Exit Packages	None	Partial	We were unable to complete all our planned audit procedures in this area and have partial assurance over the 2024/25 transactions and the 31 March 2025 balance. This is due to the Council being unable to provide the requested evidence within the agreed timeframe, relating Pension strain for one employee in the Officer Remuneration table and 4 in the Exit package note.
All other disclosures	None	Partial	We have completed our planned audit procedures in this area and have obtained assurance over the 2024/25 transactions and 31 March 2025 closing balances. However, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinion in 2022/23 and 2023/24, we are unable to obtain assurance over the disclosures reported in the Council's financial statements. We have provided more information on our proposed approach for rebuilding of assurance in Appendix A.



# Appendix C – Required communications with those charged with governance

## Required communications with those charged with governance

There are certain communications that we must provide to those charged with governance. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: <ul style="list-style-type: none"><li>▪ The planned scope and timing of the audit</li><li>▪ Any limitations on the planned work to be undertaken</li><li>▪ The planned use of internal audit</li><li>▪ The significant risks identified</li></ul> When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Plan - April 2025 - Civic Affairs and Audit Committee
Significant findings from the audit	<ul style="list-style-type: none"><li>▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li><li>▪ Significant difficulties, if any, encountered during the audit</li><li>▪ Significant matters, if any, arising from the audit that were discussed with management</li><li>▪ Written representations that we are seeking</li><li>▪ Expected modifications to the audit report</li><li>▪ Other matters if any, significant to the oversight of the financial reporting process</li></ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee

# Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▪ Whether the events or conditions constitute a material uncertainty related to going concern</li> <li>▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▪ The appropriateness of related disclosures in the financial statements</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee
Misstatements	<ul style="list-style-type: none"> <li>▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▪ The effect of uncorrected misstatements related to prior periods</li> <li>▪ A request that any uncorrected misstatement be corrected</li> <li>▪ Material misstatements corrected by management</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee
Fraud	<ul style="list-style-type: none"> <li>▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▪ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> <li>▪ Management;</li> <li>▪ Employees who have significant roles in internal control; or</li> <li>▪ Others where the fraud results in a material misstatement in the financial statements.</li> </ul> </li> <li>▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud</li> <li>▪ Any other matters related to fraud, relevant to Audit Committee responsibility.</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee

# Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▪ Non-disclosure by management</li> <li>▪ Inappropriate authorisation and approval of transactions</li> <li>▪ Disagreement over disclosures</li> <li>▪ Non-compliance with laws and regulations</li> <li>▪ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▪ The principal threats</li> <li>▪ Safeguards adopted and their effectiveness</li> <li>▪ An overall assessment of threats and safeguards</li> <li>▪ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee
External confirmations	<ul style="list-style-type: none"> <li>▪ Management's refusal for us to request confirmations</li> <li>▪ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▪ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▪ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee

# Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee
Group Audits	<ul style="list-style-type: none"> <li>An overview of the type of work to be performed on the financial information of the components</li> <li>An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>Written representations we are requesting from management and/or those charged with governance</li> </ul>	
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee
Auditors report	<ul style="list-style-type: none"> <li>Key audit matters that we will include in our auditor's report</li> <li>Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit Results Report - February 2026 - Civic Affairs and Audit Committee

# Appendix D – Regulatory update

## The English Devolution and Community Empowerment Bill – Audit Measures

### Background

On 16 December 2024, the Government published the English Devolution White Paper. The White Paper outlines how England is one of the most centralised countries in the world and contends that over-centralisation is holding back the prosperity of the regions. As a result, there is an intention from Government to widen and deepen devolution to local areas across England. The English Devolution and Community Empowerment Bill (the Bill) is intended to provide the legislative framework to do this by setting out a standardised framework of devolved powers, duties and functions. The bill is in six parts:

- Part 1 introduces the new devolution architecture for England, centred around the new category of “strategic authorities” (SAs). These are organisations designated by Government to have responsibility for strategy development and programme delivery over larger functional economic areas.
- Part 2 outlines the powers and duties which existing and future SAs will have, and the new process by which new powers and duties can be conferred on SAs by Government in the future.
- Part 3 is focused on measures designed to strengthen local government and communities.
- Part 4 is intended to strengthen the accountability of the local government sector by reforming the local audit system, including the establishment of the Local Audit Office (LAO) as the body responsible for overseeing local audit.
- Part 5 concerns the banning of upwards only rent review clauses for commercial leases to prevent vacant shops and regenerate high streets in communities across England.
- Part 6 contains the technical sections related to the Bill, including on regulations, commencement and extent.

The draft legislation can be found in full at [English Devolution and Community Empowerment Bill](#).

### Part 4 of the Bill - Reforming local audit

The Bill is intended to overhaul the local audit system as is part of the wider measures to address the backlog in local government audit previously considered by this report. Specifically:

- The LAO will be established with the aim of radically simplifying the current audit system and bringing functions together under a single organisation with a clear remit. The LAO will be responsible for coordinating the system, standard setting, contracting, quality oversight and reporting. It will also support and enable wider measures to address pressing challenges, including reforms to financial reporting; strengthening audit capacity and capability; and establishing public provision of audit to support the private market.
- The LAO will be responsible for audit quality and the regulation of audit providers. Regulatory powers can be delegated.
- The LAO will be responsible for auditor appointment to all local audits other than for NHS bodies, will set indicative fees, publish those fees and make final determinations on the fees to be paid. The ability of local authorities to appoint their own auditors is removed.
- Audit firms will be required to nominate ‘lead individuals’ and have pre-approval of their own eligibility criteria.
- The responsibility for production of the Code of Audit Practice passes from the NAO to LAO. The LAO is also able to determine technical standards that auditors must follow.
- Statutory guidance for Audit Committees will be developed by LAO in conjunction with the Local Government Association, CIPFA and other relevant bodies.

We will continue to keep you updated as these arrangements develop.

# Appendix E – DRAFT Management representation letter

## Draft Management representation letter

[To be prepared on the entity's letterhead]

[Date]

Mark Hodgson  
Ernst & Young  
One Cambridge Square  
Cambridge  
CB4 0AE

This letter of representations is provided in connection with your audit of the consolidated and parent Authority financial statements of Cambridge City Council ("the Group and Council") for the year ended 31 March 2025. 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 Council financial position of Cambridge City Council as of 31 March 2025 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and the Council, the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

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 Council, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and parent Council financial statements. We believe the consolidated and parent Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and parent Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The material accounting policy information adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 for the Group and for the Authority that are free from material misstatement, whether due to fraud or error.
5. We confirm the Group and Council does not have securities (debt or equity) listed on a recognised exchange.

# Appendix E – DRAFT Management representation letter (continued)

## Draft Management representation letter (continued)

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

1. We acknowledge that we are responsible to determine that the Group and Council'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 Council financial statements may be materially misstated as a result of fraud.
4. 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 Council (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 Council financial statements
  - Related to laws or regulations that have an indirect effect on amounts and disclosures in the consolidated and parent Council financial statements, but compliance with which may be fundamental to the operations of the Group and Council's business, its ability to continue in business, or to avoid material penalties
  - 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. We have disclosed to you the use of all applications or tools using artificial intelligence, including generative artificial intelligence, that are reasonably likely to have a direct or indirect material effect on the consolidated and parent Council financial statements.
3. All material transactions have been recorded in the accounting records and are reflected in the consolidated and parent Council financial statements.
4. We have made available to you all minutes of the Group, Council, Cabinet and Audit Committee through the year through to the date of this letter.
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council'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 year end. These transactions have been appropriately accounted for and disclosed in the consolidated and parent Council financial statements.
6. 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 the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.



# Appendix E – DRAFT Management representation letter (continued)

## Draft Management representation letter (continued)

6. We have disclosed to you, and the Group and Council 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) unauthorised 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 unauthorised access to our information technology systems is reasonably likely to have a material effect on the consolidated and parent Council 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 consolidated and parent Council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note X to the consolidated and parent Council financial statements all guarantees that we have given to third parties.
4. No other claims in connection with litigation have been or are expected to be received.

### E. Going Concern

1. Note 33 to the consolidated and parent Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

### F. Subsequent Events

1. Other than described in Note 6 to the consolidated and parent Council financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Council financial statements or notes thereto.

### G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Council, subsidiary undertakings and associated undertakings.

### H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the Annual Governance Statement for 2024/25 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2024/25 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

# Appendix E – DRAFT Management representation letter (continued)

## Draft Management representation letter (continued)

3. 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 and reflected in the consolidated and parent financial statements.

### J. Ownership of Assets

1. Except for assets recognised as right-of use assets in accordance with IFRS 16 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, other than those that are disclosed 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.

### K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the value of the Council and Group's share of the pension fund assets and liabilities and the value of subsidiary company buildings 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.

### L. Estimates

1. We confirm that the significant judgments made in making the fair value of PPE, Investment Properties, provisions, and pension fund asset and liabilities have taken into account all relevant of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the above accounting estimates.
3. We confirm that the significant assumptions used in making the above accounting estimates appropriately reflect our intent and ability to carry out our statutory services on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
5. We confirm that appropriate specialised skills or expertise has been applied in making the above accounting estimates.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

# Appendix E – DRAFT Management representation letter (continued)

## Draft Management representation letter (continued)

### M. Retirement benefits

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

### N. Reserves

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

### O. Contingent Liabilities

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

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

- Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

Yours faithfully,

\_\_\_\_\_  
(Chief Financial Officer)

\_\_\_\_\_  
(Chair of the Civic Affairs and Audit Committee)

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## REPORT TITLE: Civic Protocols and engagement

**To:**

Civic Affairs and Audit Committee (23 February 2026)

**Report by:**

Dan Kalley, Democratic Services Manager

Tel: 01223 457011 Email: [dan.kalley@cambridge.gov.uk](mailto:dan.kalley@cambridge.gov.uk)

**Wards affected:**

All

Director Approval: Robert Pollock confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to the Committee.

## 1. Recommendations

1.1 It is recommended that the Civic Affairs and Audit Committee:

1. Comment on the Civic functions of Cambridge City Council and provide feedback to support their current development.
2. Note the current flag flying protocol and provide any comment to officers.
3. Note that further reports on the Council's Civic functions, particularly in light of Local Government Reorganisation, will be presented to the committee at an appropriate time.
4. Recommend to Full Council that the City's Coat of Arms can be used by No.104 (City of Cambridge) Squadron Royal Air Force Air Cadets .
5. Support the honouring of the Mayoress or Consort moving forward for their work in supporting the Mayor during their year in office.

## 2. Purpose and reason for the report

- 2.1 The Civic Affairs and Audit Committee have within their terms of reference oversight of Civic functions at Cambridge City Council.

The Civic Office maintains support and assists the Mayor in carrying out their civic duties once elected for the Municipal Year. It is part of the Executive Office that support the Leader, Mayor and Chief Executive discharge their official duties.

This report draws the Committee's attention to the Civic Handbook (Appendix 1), which is updated annually, including to reflect best practice and guidance issued by the National Association of Civic Officers (NACO). Officers are currently consolidating information relating to mayoral events and civic activity into a central electronic database to ensure that procedures, records, and institutional knowledge are preserved for future councils and residents.

Also attached to the report is the flag flying protocol which was presented to the Civic Affairs Committee in late 2024, which has been in force since then. (Appendix 2).

There is ongoing work around the role of the Civic Office and Mayor in light of Local Government Reorganisation. It is proposed that a further report is presented to the committee as details become clearer on the future of a new unitary authority for the area.

- 2.2 This is also an opportunity for the committee to review how the Mayoress or Consort is recognised. There is currently no formal recognition in place.

### **3. Background and key issues**

- 3.1 The importance of the Civic Office and the Mayor is one which is held in high regard by members of the Council, especially in light of the standing Cambridge has across the world.
- 3.2 There is a wealth of information gathered over the years which helps officers carry on the traditions of the Mayor. It is important at this time to review that information and ensure

that it is held digitally for future generations, and available to inform the civic functions of a new unitary authority for the area.

- 3.3 Officers at this stage are reviewing information and compiling it in a usable order before making provision to retain it in a safe manner, which will be predominantly in electronic form.

### 3.4 **Local Government Reorganisation**

As part of proposals submitted to central Government the City Council has briefly outlined some of the key implications of reorganisation including proposals to continue the civic role and function of the Mayoralty. Further information can be found on pages 97 – 107 of the proposal - [Local Government Reorganisation Proposal](#)

- 3.5 The City Council's LGR proposal, 'Option B', includes a recommendation to retain the mayoralty and for city status to be transferred to a Greater Cambridge council. The mayoralty, insignia and civic regalia would be transferred through specific clauses in the Structural Change Order (SCO) creating the new council (see page 101).

- 3.6 In terms of conferring city status on the new unitary this would be through the issuance of fresh Letters Patent, through the Monarch under the Royal Prerogative with advice from ministers. There are precedents for this approach in both Brighton and Wolverhampton in 2001.

- 3.7 In terms of honouring those members who have served long terms on the City Council the proposal would be for this to continue as part of a new unitary authority, so that members who distinguished themselves on the City Council do not go unnoticed.

### 3.8 **Flag Flying protocol**



The protocol was agreed in late 2024 as the Council's policy on flags that are flown from the Guildhall and assets managed by the Council. This follows guidance from central government and is in line with other local authorities.

### **3.9 No.104 (City of Cambridge) Squadron Royal Air Force Air Cadets**

The 104 Squadron has a long history with the City Council.

In 1939, Sir Arthur Marshall in close partnership with the Mayor of the City of Cambridge, founded 104 Squadron Air Training Corps (ATC) the Mayor of Cambridge for the good of the young people of the town (it was still a town at the time, City status not being bestowed until 1951 by his Majesty King George IV).

Since that time the squadron has grown in strength and stature with a formidable reputation within the RAF and wider armed forces, as well as across the City.

The Squadron provides positive experiences that would otherwise be hard to find for young people anywhere else. It has supported countless young people into careers both in and out of the armed services by instilling confidence, discipline, teambuilding with a determination to succeed.

The 104, provide a Cadet to the Mayor of Cambridge at each full Council AGM and thereafter to accompany the Mayor on civic occasions as deemed appropriate. They also make available a seat on the Civilian Committee to the Mayor or their delegate which provides an institutional link which has existed since the formation of the Squadron and it is envisaged this is to be continued in the future.

To sustain and embed this relationship, building on the Freedom of the City bestowed upon the 104 in May 1999, the following proposals are recommended:

- Formal permission for the 104 to continue using the Cambridge City Coat of Arms on their cap badge – the coat of arms was bestowed by Elizabeth 1<sup>st</sup> in a charter signed by her Majesty in 1575.

- For the City Council to formally recognise 104 Squadron in its Civic handbook

It is recommended that the use of the Coat of Arms is a decision taken by Full Council at the AGM in May 2026.

### 3.10 **Recognition of Mayoress or Consort**

The Mayoress or Mayor's Consort plays a pivotal role in supporting the work of the Mayor during their term of office. The committee is asked to consider if there is an appropriate way to recognise their role. A number of authorities present the Mayor's Consort/Mayoress with a gift at the Annual meeting, which can range from flowers to a small gift.

Should the committee agree that this is an appropriate step officers will investigate options then consult the Mayor and Chief Executive before setting some basic guidance and a modest cost limit in the Civic Handbook.

## 4. **Corporate plan and Council Vision**

- 4.1 The history and foundations of Cambridge City Council are brought to life in part through the Council Vision and Corporate Plan. However, what these cannot adequately articulate is the historic importance of the role the Mayor of Cambridge has fulfilled to further the democratic and civic life of the city for all residents for a period stretching back over 800 years.

[Our vision - Cambridge City Council](#)

[Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council](#)

## 5. **Consultation, engagement and communication**

- 5.1 The Civic Affairs and Audit Committee play a vital role in bringing forward any work that is being undertaken to uphold and enhance the role of the Civic office.

Officers have consulted NACO on key aspects of Civic life. Previous Mayors have also provided support and practical experience of ensuring civic events are well-run and received by residents.

## **6. Anticipated outcomes, benefits or impact**

- 6.1 Further reports can be presented to the Committee as officers compile documentation on Civic events and this committee are best placed to review and provide assistance to officers moving forward.

## **7. Implications**

### **7.1 Relevant risks**

No risks resulting from the report. It is important to note that the Council will need to work with members and neighbouring authorities before the new Unitary is in operation. This is to ensure that the Civic function is maintained and relevant for the communities it serves, whilst ensuring the history and heritage is kept.

### **Financial Implications**

- 7.2 None.

### **Legal Implications**

- 7.3 None.

### **Equalities and socio-economic Implications**

- 7.4 None.

### **Net Zero Carbon, Climate Change and Environmental implications**

7.5 None.

### **Procurement Implications**

7.6 None.

### **Community Safety Implications**

7.7 None.

## **8. Background documents**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

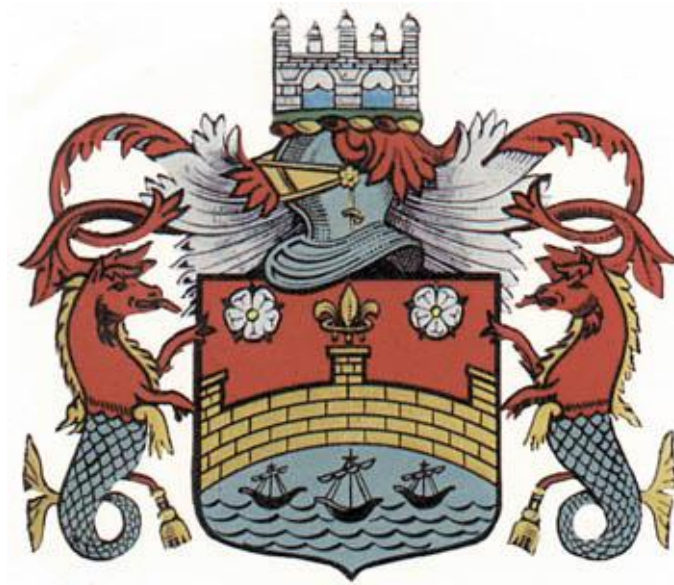
8.1 [National Association of Civic Officers – Handbook guidance](#)

## **9. Appendices**

9.1 Appendix A – Civic Handbook Cambridge City Council  
Appendix B – Flag Flying Protocol

To inspect the background papers or if you have a query on the report please contact Dan Kalley, Democratic Services Manager, tel: 01223 457011, email: [dan.kalley@cambridge.gov.uk](mailto:dan.kalley@cambridge.gov.uk)

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# CAMBRIDGE CITY COUNCIL

## CIVIC HANDBOOK

2025-2026

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## INTRODUCTION

*“A Mayor reaches places and people that other politicians and people cannot because they [Mayors] do not carry political baggage; they are non-political under the normal Civic Mayor system and can therefore go and talk to anyone. They can be instrumental in developing things, and encourage and make them happen where others cannot, because they cannot be accused of some ulterior motive or some other hidden agenda.”*

(Former Mayor of London Borough – LGA Guide on preparing for the role of civic Mayor)

The Mayor’s office is an important element of a council’s governance structure... And while the powers of the civic Mayor may have diminished over the years, the role has retained its importance in the history and cultural heritage of our country. The Mayor is often seen as a symbol of an open society because the role is no longer restricted to an elite group within the population. The ‘first citizen’, as they are sometimes known, can come from any class, gender or ethnic background and has a key democratic role to play.

The civic Mayor also has a duty and privilege to support local initiatives aimed at providing benefit to the council area and its diverse communities. In this role, the Mayor can speak and act in multiple capacities, as ambassador, facilitator, promoter, and encourager. This may involve highlighting relevant causes and helping members of the local community to receive the recognition they deserve. However, it is probably the Mayor’s ceremonial role that most people are familiar with. Mayors are frequently invited to attend events in the community, such as openings and fundraising events organised by voluntary and charitable organisations. All in all, it is potentially a busy year for any Mayoral candidate.

The purpose of this handbook is to provide the Mayor in office and those city councillors interested in considering the role of Mayor, an overview of the role and the support which is available.

There is an array of customs and practice that accompany the role because of Cambridge’s heritage. The resources dedicated for civic and twinning are in place to enable the Mayor to plan an annual programme of quality engagements.

You may also find this weblink to a general resource document on the National Association of Civic Officers website useful - [Civic Ceremonial 5th Edition, Paul Millward - National Association of Civic Officers](#)

## THE MAYOR'S ROLE

“During their term, the Mayor is in the public spotlight more than any other person on the Council. What they say, what they do, is seen and heard by many hundreds or thousands of people in the community – personally and through the media. Not even the Council Leader has such a high profile, except those who have a special ability to communicate with their residents – exactly what the Mayor should be trying to achieve. There is considerable potential in the Mayoralty for reaching out, to encourage, to involve, to support, and to make a real difference in the community. So, shouldn't the best person be chosen for that?”

(LGA guide – preparing for the role of the civic Mayor)

### Focus of the role

- Acting as 'first citizen' of the City of Cambridge at ceremonial and social events.
- To enhance the image of the Council by ensuring the dignity of the office and promoting the accessibility of the office to the public.
- To chair meetings of the Council.
- To actively participate in the Council's initiatives, promoting the council area, supporting its values, aims and vision.

### Duties

#### Ceremonial

To undertake the following ceremonial occasions (on all these occasions the robe and the chain of office is worn, and the Great Mace may be carried by the Sergeant-at-Mace ahead of the Mayor where marked (\*):

- 4 civic church services [Chevin x2, Mott and Remembrance Sunday-the latter at which the Deputy Mayor attends]\*
- 1 Annual Meeting of the Council\*
- 2 Proclamations of Fairs (Midsummer and Reach)\*
- The Mayor's Reception
- The Queenborough Feast
- The Carol Service for Secondary School Pupils at King's College Chapel
- Christmas Eve Carol Service at King's College Chapel (where the Mayor will be invited to read a lesson)

#### Attendance at Meetings

- To chair effectively and without political bias (except when speaking or exercising a vote) meetings of the Council

(4/5 per year) to achieve the efficient and timely despatch of the business of the meeting.

- To be a member of one or more of the Council's committees (this is optional). The Mayor is an ex-officio member of the Civic Affairs Committee.
- To hold honorary membership of several outside organisations and to attend, when possible, meetings and/or events of those organisations.

### Social

- To host events and receptions held at the Guildhall.
- To receive and entertain visitors to the Mayor's Parlour.
- To represent the city at events to which the Mayor will receive an invitation.
- To receive to the city members of the Royal Family and other special guests.
- To give speeches.
- To support up to two **local** charities during the year.
- To support the Council's twinning links with Heidelberg, Germany and Szeged, Hungary.

### Administrative and operational

- To appoint a Mayor's Chaplain to accompany the Mayor on certain occasions in the civic year (*this is optional*).
- To respond to the invitations received to enable the Civic Office to issue replies.
- To be mindful of the Council's Values, to undertake engagements in support of this, and to promote the role of Mayor to reach the full diversity of communities in Cambridge.
- To build a working relationship with the media with a view to ensuring that the Council and the Mayoralty receives a high profile.
- To be personally responsible for all decisions connected with the acceptance or offer of gifts or hospitality and for avoiding the risk of damage to public confidence in local government.
- To abide by the rules of protocol when wearing the Mayoral robe and insignia.
- To ensure that there is a good working relationship with the Deputy Mayor and the Bailiffs.
- To liaise with the County Council Chairman and neighbouring Council civic leaders as appropriate.

### **Staff in the Mayor's Office**

The Mayor receives support from the Executive Assistant to the Mayor.

This post is currently held by [Mel.Jones@cambridge.gov.uk](mailto:Mel.Jones@cambridge.gov.uk) - **01223 457021**. Mel works 30 hours per week Monday-Friday but it would be advisable to raise all matters via [Mayor@cambridge.gov.uk](mailto:Mayor@cambridge.gov.uk) as in her absence, support is also available from the Executive Assistant to the Leader [Kathy.Brown@cambridge.gov.uk](mailto:Kathy.Brown@cambridge.gov.uk) who has access to the inbox.

Ceremonial support is undertaken by staff in the Cambridge Events Team. This team also organise major civic functions i.e. the Mayor's Reception, Remembrance Sunday and reception, Midsummer and Reach Fair Proclamations (and receptions).

## AN ANNUAL PROGRAMME OF QUALITY ENGAGEMENTS

**All Mayors are encouraged to consider the following when accepting an invitation:**

Below is order of rank best to worst of engagements to be accepted first over others, i.e. if promoting council or community, this before socially entertaining colleagues.

Promoting – e.g. council/ partnership initiatives

Community –e.g. local sport/club events

Civic hosting – e.g. receptions, teas

Council/statutory/tradition – e.g. chairing Council meetings, attending Remembrance Day

Charity – e.g. fundraising events

Social – e.g. entertaining work colleagues

Civic circuit – e.g. visiting other local authorities for civic dinners, church services

Under the guidance of the officers, an evaluation is applied to any invitation received. This practice is used nationally and is based on a categorisation developed by the National Association of Civic Officers. This weights and ranks an engagement and can help the Mayor to decide what to focus on when organising the civic diary.

**Therefore, engagements which promotes the Council's values, objectives and/or benefits or supports the local community would, for example, take priority. Purely social events with no real benefit to the local community, should, in most cases, be declined.**

**Invitations from other countries/cities abroad (other than our twinned cities):**

Because of Cambridge's reputation, the Mayor is (increasingly) invited to attend or host events associated with another country's aspirations for links around business in particular. This has increased noticeably with China or from organisations in the UK working on behalf of Chinese interests. The Mayor must carefully consider the value to the local community of any invitation received and must discuss the invitation with the Mayor's Executive Assistant first. There are other supporting agencies/individuals in Cambridge who would in the majority of occasions be more appropriate to respond to an invitation than the City's Mayor.

**Commercial businesses**

Guidance historically has stated that it is deemed unfair for a Mayor to draw publicity, or to otherwise support, one commercial enterprise against others and on that basis, invitations to open a commercial business should be declined.

**The LGA has altered its position on this somewhat; stating that if there is an emphasis on local regeneration or employment then the invitation could be worthy of consideration.**

**If the Mayor is approached directly to attend an event, before accepting the Mayor will discuss the invitation firstly with the Civic Office (to make sure it can be properly accommodated).**

The Mayor is expected to carefully consider each invitation they receive with a view to recognising the “value” of each event to the Council and to the local community.

The following programme is for Mayoral Year 2025/2026

Date	Time	Event
Thursday 22 <sup>nd</sup> May	11am	Annual Meeting of the Council – reception in Large Hall at lunch
Sunday 25 <sup>th</sup> May	9.30am	Mott Sermon, Holy Trinity Church
Wednesday 18 <sup>th</sup> June	6.30pm <b>(TBC)</b>	Proclamation of Midsummer Fair
Wednesday 13 <sup>th</sup> August	All day	The Mayor’s Day Out (40 <sup>th</sup> Anniversary)
Wednesday 1 <sup>st</sup> October	AM	Mayor of Heidelberg – 60 <sup>th</sup> twinning anniversary event
Sunday 5 <sup>th</sup> October	9.30am	Harvest Festival at Great St Mary's inc Chevin Sermon
Sunday 9 <sup>th</sup> November	11am	Remembrance Sunday, War Memorial Hills Road and at Great St Mary's and civic reception, Large Hall
December (TBC)	AM	Carol Service for pupils at Kings College Chapel
Wednesday 24 <sup>th</sup> December	2pm <b>(TBC)</b>	Christmas Eve Carol Service (Festival of Nine Lessons) Kings College Chapel
Friday (TBC) February	6pm	Queenborough Feast (Formal Hall dinner at Corpus Christi College)
Sunday 18 <sup>th</sup> January	11am <b>(TBC)</b>	Chevin service at a church of the Mayor’s choosing
Friday (TBC) March	6.45pm	Mayors Reception
Monday 4 <sup>th</sup> May	Midday	Proclamation of Reach Fair

### THE MAYOR'S RECEPTION

The Mayor's Reception takes place in the Guildhall on a Friday evening usually in March. Around 150-200 people; the invitees incorporate those people with whom the Mayor has had contact through the year and endeavours to reciprocate hospitality the Mayor has received. To this list may be added up to 40 of the Mayor's personal guests.

The reception is funded by a civic hospitality budget and wine/soft drink and food is provided. It usually commences at 6:45 p.m. and ends at around 9:30p.m. Some Mayors have asked for entertainment (local dancing group or group of musicians) to be organised. Restrictions on budget need to be considered; there is also lots of movement and noise from people walking around and talking with fellow guests, so entertainment needs to be chosen carefully.

### MIDSUMMER FAIR

Midsummer Fair used to be proclaimed at 2.30 p.m. on the nearest Wednesday to 20th June, but, since 1998, the proclamation has been made at 6.30 p.m. (timings may be subject to change every year).

The civic party process across Midsummer Common to the area of the dodgems in readiness for the Chief Executive to read the Proclamation. The Mayor makes a speech and ends by officially opening the Fair.

Pennies are thrown to the onlookers following the official part of the proceedings.

The civic party have a ride on the dodgems and any other rides they choose during a tour of the Fair.

Local Mayors and Chairs are invited to take part in this ceremony.

### THE QUEENBOROUGH FEAST

A Feast is held annually at Corpus Christi College to which five councillors, the Mayor and partner and the Mayor's Chaplain are invited. A rota is kept by the Civic Office to ensure fairness.

Corpus Christi College owes its origin to two Cambridge Guilds, that of Corpus Christi and that of the Blessed Virgin, who united with a view to founding a college and eventually sank their identity to it. The two Guilds consisted very largely, although not exclusively, of citizens of Cambridge. Corpus is therefore unique among Cambridge Colleges not only possessing a legal identity with Bodies older than its foundation as a college in 1352, but also in owing that foundation, in the main, to Cambridge citizens. When, in 1948, Lord Queenborough, an Honorary Fellow of the College and formerly Member of Parliament for the Borough, gave to the College a benefaction towards the endowment for a feast, he expressed the hope that representatives of the Corporation and of the citizens of Cambridge, would be entertained at

this, and be the principal guests, in order that the ties between Borough and College might be recognised and strengthened.

The Mayor attends the Feast, wearing the robe and chain of office and is asked, during the Feast, to propose the toast to the College which is “Floreat antiqua domus”

## **REACH FAIR**

The Proclamation takes place on the first Bank Holiday Monday in May at 12 noon and dates to a Royal Charter granted by King John in the year 1201.

On arrival at the Village Centre, Reach, the assembled company process to the mound on the village green for the Proclamation. Following the Proclamation, pennies are thrown to the onlookers and then there is about an hour to spare to look around the small fair and, firstly, to watch the maypole dancing.

A buffet lunch is financed from the civic events budget. The Mayor can invite **up to six** personal guests to the lunch.

The Mayor says a few words during the lunch.

## **THE CIVIC CHURCH SERVICES**

It is commonplace in the UK for the Mayoral year to include religious based engagements in the civic calendar. Because of the long history of the civic role in Cambridge, there are some particular engagements for the City’s Mayor. An incoming Mayor (or any councillor who is interested in putting themselves forward as Mayor) can discuss in confidence with the Mayor’s Office any issues that they may have about any of these engagements.

### **Mayoral Sunday (coupled with the preaching of the Mott Sermon)**

This takes place at Holy Trinity Church, on the first or second Sunday of a new Mayoral Year, commencing at 9.30 a.m. It is an Obit Service (i.e. by a request contained in the Will of Mr. Alderman William Mott in 1762). Members and Officers assemble at the Guildhall and process to church for the service. Usually, the Mayor and Members are invited to coffee afterwards at Holy Trinity with the congregation.

### **Harvest Festival Service (coupled with the preaching of the Chevin Sermon)**

This takes place at Great St Mary’s Church on either the first or second Sunday of October usually at 9.30 a.m. It is an Obit Service (i.e. by a request contained in the Will of Mr. Richard Chevin dated 1559). Members and Officers assemble at the Guildhall and process to church for the service. Usually, the Mayor and Members are invited to coffee afterwards at Michaelhouse, Trinity Street.

### **Remembrance Sunday Service**

This takes place at Great St Mary’s Church on the second Sunday in November at 10.55 a.m. Members and Officers



assemble at the Guildhall and process to church for the service. This is followed by a reception in the Guildhall. There is also a parade and service at the war memorial on Hills Road. The Mayor usually attends the service at the War Memorial with the Deputy Mayor at Great St Mary's.

### **The Chevin Sermon**

This is preached (for the second time in the Mayoral year) at a venue of the Mayor's own choosing (usually at the Chaplain's place of worship).

## CHAIRING THE COUNCIL MEETING

The Mayor has the following roles and functions:

- to uphold and promote the purposes of the Constitution, and to interpret the Constitution when necessary.
- to preside over meetings of the Council so that its business can be carried out efficiently and with regard to the rights of councillors and the interests of the community.
- to ensure that the Council meeting is a forum for the debate of matters of concern to the local community and the place at which members who are not on the executive are able to hold the executive to account.
- to promote public involvement in the Council's activities.
- to rule, upon advice from the Council's officers, on disputes as to the meaning of the constitution.

In practical terms, the Council will meet four times a year (May, July, October, February). Preparation notes, covering the Agenda and Mayoral Announcements are produced by Democratic Services for the Mayor to review and comment on in the week before each meeting. In the week of the meeting, the Mayor is briefed by officers and will discuss any queries to ensure that the meeting itself can go as smoothly as possible.

## **SPEAKING AT ENGAGEMENTS**

In recent years, the expectation on the Mayor to give a speech at an engagement has increased. This is something that is reflected nationally, as expectations of the public rise. Even when there have been assurances of no speech required, when it comes to the event, the Mayor can be put on the spot! The Council will arrange for training early in the Mayoral year on dealing with the media and public speaking.

It is important for the Mayor to do some research beforehand on the people they are visiting and to read any briefing papers provided. The Mayor's Executive Assistant can assist as required in composing any speech, however speeches are often much better delivered by the author. A good speech should include Who I am, why I am there and what I am hoping to gain from the event/occasion (Knowledge/understanding etc). Most good speeches are short and punchy!

## GIVING AND RECEIVING CIVIC GIFTS

### Giving

A small supply of gifts is kept by the office which can be used to reciprocate any generosity of visiting groups and individuals if it is considered by the Mayor to be appropriate. These gifts are funded by the civic budget.

On special occasions (e.g. visits of Royalty, twin towns, etc.) a specific gift may be purchased separately the cost of which will be borne by the civic budget.

### Receiving

**You should treat any offer of gift, favour or hospitality that is made to you with caution.** The person or organisation making the offer may be doing, or seeking to do, business with the Council or may be applying to the Council for planning permission or some other kind of decision.

There are no hard or fast rules about the acceptance or refusal of hospitality or tokens of goodwill. For example, working lunches may be a proper way of doing business, provided that the Civic Office approves them, and that no extravagance is involved. Likewise, it may be reasonable for a member to represent the Council at a social function or event organised by outside persons and bodies.

**You are personally responsible for all decisions connected with the acceptance or offer of gifts or hospitality and for avoiding the risk of damage to public confidence in local government.** A good guide is that gifts of more than a nominal value should be accepted on behalf of the Council and not retained personally. Whilst, under the local scheme, the Mayor is not obliged to declare gifts and hospitality, for reasons of transparency, you are recommended to declare gifts and hospitality over an estimated value of £25. Such gifts or hospitality may also still need to be declared as personal interests at meetings. **In the event of any issue and if appropriate, gifts can be donated to the Mayor's Charity Quiz evening to be put towards the raffle.**

## MAYOR'S ALLOWANCE

Civic Affairs Committee reviewed the Mayor and Deputy allowances in July 2019 and agreed that the Mayor's allowance is set at 1x Member Basic Allowance and the Deputy Mayor's allowance at 35% of 1x Member Basic Allowance. Both allowances increase in line with the National Living Wage until next reviewed (2025/26). Additionally, there is a Mayoral chairing allowance of 25% of 1x Basic Allowance. Payments are made in 12 installments based on a financial (not municipal) year from April to March, the first payment will normally be made in June and backdated to April (3 months) followed by 9 further payments (July to March). Payments are made into the Mayor's personal bank account on the 24<sup>th</sup> of each month. It is intended to be used solely on things connected with Mayoral duties, such as:

- Money spent at any event must be paid from the allowance (charity donations at events, raffles)
- Entertaining guests away from the Guildhall (e.g. at a restaurant) and impromptu entertaining/hospitality
- Clothing/grooming costs which can be considerable e.g. on clothing. The Mayoral Chain makes holes in jackets/tops
- Taxi tips, i.e. when the Mayor is taking a taxi to engagements rather than using the Mayor's Car or personal car.
- The Mayor can additionally claim for mileage when using their own vehicle instead of taxis.

There is a budget for hospitality managed by the Democratic Services Manager, which in consultation with the Mayor is used for:

- Events in the Mayor's Parlour/Mayoral hosted events in the Guildhall
- Remembrance Sunday and other ceremonial/church events
- Christmas cards
- Floral tributes
- Visitor gifts

In addition, there is a separate civic budget for the civic receptions held at the Guildhall and the Midsummer and Reach Fairs.

Any underspend at financial year end on the proportion of the budget held by officers will return to Council reserves, not to the incumbent Mayor.

The Mayor will receive regular reports so that hospitality can be planned appropriately and informed by the latest budget information.

Under the employment expenses rule (Section 336-339 Income Tax (Earnings and Pensions) Act 2003, (ITEPA 2003), civic dignitaries may be entitled to a tax deduction for certain expenses, which are incurred wholly, exclusively, and necessarily in the performance of their official duties.

Receipts should be obtained for any expenses, and the Mayor may then ask the tax office to have his/her PAYE code number adjusted to take into account expenses which are deductible for tax purposes. If the Mayor completes a self-assessment tax return, this should include all tax-deductible claims made.

For specific advice on personal tax issues, including what is an allowable tax-deductible expense, you should speak to Her Majesty's Revenue and Customs (HMRC) office or seek independent financial advice.

## THE MAYOR'S CHARITY

The Mayor is asked to nominate up to two charities to support during the year (it can be one). The selection can be made from requests received by the Civic Office or by the Mayor's own personal choice.

It is recommended that a local charity is supported, rather than a nationwide / national charity, as the annual funds raised are minimal, and not enough to make a difference to a huge well supported charity. The Mayor's role with his/her charity(ies) is to raise awareness rather than raising funds. The nationwide charities also have less need for a space in the Guildhall for a fund-raising event and will not always take this option up.

An account is set up by the Civic Office at the beginning of each Mayoral year for this purpose.

The Civic Office will contact the charity (ies) concerned to arrange for publicity material to be displayed at the Guildhall.

The charities can hold a fund-raising event in the Guildhall with the dates determined by the Mayoral diary and the availability of the Large and Small Halls in the Guildhall.

### **Mayoral use of Guildhall Accommodation**

The Mayor is afforded the free use of accommodation in the Guildhall **on up to six occasions** in the Mayoral year. These allocations are used for the Mayor's Reception, Remembrance Sunday, the Mayor's Charity fundraising events, the Mayor's Quiz, and the Annual Council Meeting. Any further events held in the Halls will be charged.

Use of the Parlour should be for official business. Catering and beverages can be organised by the civic office but should only be requested for official engagements with invited guests. If all attendees in the parlour are solely Members, food and drinks should not be served.

### **Taxis**

If the Mayor is not using their own vehicle taxis are booked by the Civic Office. If using their own vehicle mileage can be claimed.

## **The Mayor's Cadets & Chaplain**

***Both positions are optional for the Mayor to fill.***

### **The role of the Mayor's Cadets**

A Mayor's (two) Cadets represent one of the local organisations e.g.:

Cambridge Sea Cadet Unit - St. John Ambulance - Explorer Scout - Cambridge Woodcraft Folk - Air Training Corps  
Army Cadet Force - Girl Guide –

Recent practice is for the cadets to be provided by 104Sqn as this has proved to offer consistency and reliability.

The Mayor's Cadets attend and support the Mayor at full civic ceremonial functions and can encourage youth involvement in civic affairs and raises the profile of local democracy within youth organisations.

### **The role of the Mayor's Chaplain**

The Mayor's Chaplain is chosen by the Mayor and is an honorary title. The role of the Chaplain is to offer spiritual guidance to the Mayor as and when required and to assist in organising the civic service, other civic occasions and suitable thoughts prior to council meetings. The Chaplain is usually seated near to the Mayor at these events.

The Mayor's Chaplain can also act as a focal point for religious or Faith groups in the area and to advise the Mayor on religious and other matters. The residents of the area will not all be of the same belief and the Mayor's Chaplain can explain the differences and similarities of belief and practice. Attending a religious or other service of another faith is the outward show that he or/ she is the Mayor of all the people and of the right to worship freely. It is therefore important that the support that the Chaplain gives to the Mayor helps the Mayor to understand and lead all sections of the community.

### **Christmas Cards**

Most Mayors have chosen to have an official Christmas card. Sometimes cards have been purchased in support of a local charity or appeal; on other occasions a photograph of a Cambridge scene has been reproduced.

Over the years, competitions have been run, for school children to design the card or the Mayor's Charity have been asked to design a card etc.

In the region of 100 cards are printed to send to people with whom the Mayor has had contact through the year and to reciprocate those received by the office. To this figure must be added the number of cards the Mayor requires personally.

**As the cost of the cards and their postage is borne by the Civic Budget, the use of e-cards should be used if appropriate.**



## **WHAT TO WEAR AND WHEN-MAYORAL INSIGNIA**

The rules governing the wearing of the Mayoral insignia varies from council to council. Cambridge City Council follows advice contained in Shaw's publication "Civic Ceremonial" which is the definitive text on civic protocol in England and the following guidelines are in place:

### **Functions where robe and chain are appropriate**

Public functions within the city attended by a member of the Royal Family (subject to arrangement with the organisers)

Annual Ceremonial Council Meeting - held in May

Civic Church Services

King's College Christmas Eve Carol Service

Secondary Schools' Carol Service at King's College Chapel

Civic wreath laying ceremonies

Greeting the High Court Judges

The Mayor's Reception

Proclamations of Reach and Midsummer Fairs

The Queenborough Feast at Corpus Christi College

### **Functions where chain only is appropriate**

Functions outside the city attended by a member of the Royal Family (providing the permission of the relevant Mayor/chairman is given)

Civic receptions

Receiving or entertaining parties of visitors to the Guildhall

Civic receptions in other towns (by agreement)

Meetings where the Mayor presides or officiates

Opening conferences of organisations of a public character

Opening exhibitions arranged by organisations of a public character

Official University functions and ceremonies including Degree ceremonies

Speech days and school prize-giving's and open days

School sports days

School carol services

Memorial services

Hospital visits

Military services

Festival of Remembrance

Inspections of units and depots of the armed forces

Receipt of nominations for elections

Functions of Returning Officer (Parliamentary elections only)

Bazaars, carnivals

Council Meetings

**Functions where the badge only is appropriate**

Functions outside the city except those specifically mentioned above

Private church attendances

Theatre visits

Concerts

Film performances

Dances

Dinners

Lunches

Annual shows of local organisations (except if performing the official opening)

Opening/viewing exhibitions of private organisations

Receptions of private organisations

Sporting events

Visits to factories, works, etc.

## MEMBERSHIP OF OUTSIDE ORGANISATIONS

The holder of the office of Mayor also takes the following offices:

Cambridge Branch, Britain Australia Society	Patron
Cambridge Community Trust	Patron
Cambridge Society for Mentally Handicapped Children and Adults (MENCAP)	President
Cambridge Sea Cadet Unit	Patron
Cambridge United Nations Association	President
Cambridge Preservation Society	Hon. Member
Cambridge Philharmonic Society	Patron
Cambridge Central Aid Society	President
Cambridge and District Schools Sports Association	Patron
Cambridge & District Chamber of Commerce & Industry	Patron
Cambridge Players' Association	Patron
Cambridge Concert Orchestra	Patron
Cambridge Ethnic Community Forum	Hon. President
Cambridge Pensioners' Voice	President
Relate (Cambridge Marriage Guidance Council)	Patron
Cambridge Society of Tourist Guides	President
City of Cambridge Brass Band	Hon. President
Wolfson College	Hon. Member
CAMMS Ltd (formerly Hot Meals Support Group)	Patron

The Mayoress/Mayor's Consort usually holds the following offices:

City Townswomen's Guilds	President
National Council of Women	President

NB. **It is incorrect for a Mayor/Mayoress to accept the Vice-Presidency/Vice-Chairmanship of any local organisation unless the organisation has a Royal personage as its President/Chairman or the Lord Lieutenant.**

## **HISTORICAL DETAIL**

### **CAMBRIDGE CITY COAT OF ARMS - 1575**

The Arms show three of the important aspects of Cambridge History.

#### **The Castle**

Built by William the Conqueror at about the time of the Domesday book in 1086, when he was trying to crush the last resistance to his reign. The castle was rebuilt during the Civil War when Oliver Cromwell was leading the rebellion against King Charles I.

#### **The Bridge**

The Great Bridge (now called Magdalene bridge). The badge shows a stone bridge which was built in the 1750's, but this soon fell and was replaced by the present cast-iron bridge in 1823.

#### **The Boats**

The boats symbolise the importance to Cambridge of the trade that came down the Fenland rivers and which supplied the Great Stourbridge Fair.

### **MAYORS**

The first recorded Mayor was Hervey FitzEustace, one of the richest men in Cambridge, who lived in a building now known as the School of Pythagoras, part of St John's College. There can be few towns where the house of its first Mayor still survives after 800 years.

Over the centuries there have been many Mayors of significance, ... some for good, and some for bad.

The Mayor, whose large portrait hangs in the Mayor's Parlour, was a particularly colourful character - some say a great villain. His name was John Mortlock III and he lived in Cambridge from about 1725. He first became Mayor in 1787 and must have enjoyed the role as he held the office 13 times - every other year - and in between times was Deputy Mayor to one of his sons or friends. During his period of office many charitable funds disappeared, and much Corporation property was sold off cheaply to his friends and family. He was elected Member of Parliament for Cambridge and for a while was Mayor, Recorder and M.P. at the same time. He had 7 sons who continued the dynasty after his death until a Parliamentary Inquiry of 1833 forced great reforms. John Mortlock III founded the first bank in Cambridge in 1780, in Benet Street.

### **MACES**

Charles 1 presented the small mace - which has lost its head - just as the king did, executed in 1649 by OLIVER CROMWELL. But when King Charles II was restored to the throne in 1660 the body of Cromwell was dug up and his head cut off. That head is here in Cambridge at Sidney Sussex College, where he was a student.

**THE GREAT MACE** (1710) at the time of Queen Anne's reign 1702 - 1714. There are four smaller Maces from the reign of George I (1724)

## **THE MARKET SQUARE**

There has been a Market on this site since medieval times. It is clearly shown on the first Map of Cambridge issued in 1574. Here stood the Guildhall - centre of local government, a fountain, cross, prison and stocks - where wrong doers were imprisoned.

The Market seen today however is the result of a disastrous fire which swept through the centre of the town in 1849. The Church of St Mary the Great, is known as the "University Church" since it was used for official university occasions before the Senate House was built. At one time it stored the University Chest where all their official documents were kept.

In 1382 there was a riot with townspeople protesting against the growing power of the University and an armed mob - some say supported by the Mayor of the time - broke into the chest, took out the documents and burned them in a bonfire on the Market Square.

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## UPDATE TO CITY COUNCIL'S FLAG PROTOCOL

**To:**

Civic Affairs Committee 07/02/2024

**Report by:**

ANDREW LIMB, Assistant Chief Executive

Tel: 01223 - 457004

Email: Andrew.Limb@cambridge.gov.uk

**Wards affected:**

All

### 1. Introduction / Executive Summary

This report proposes updating the list of flags that will be flown at the Guildhall, to reflect requests for additional flags that have been made in recent years. The current protocol was agreed by Civic Affairs Committee in 2019. Since then a small number of flags have been requested to be flown, either through a motion to Council or by the Executive Councillor for Communities. This report simply proposes bringing the formally adopted protocol up to date with those changes.

### 2. Recommendations

That the Committee agree:

(a) to adopt the revised list of flags to be flown over the Guildhall at Appendix A; and

(b) that from time to time additional flags may be flown in special circumstances, where they are consistent with the Council's vision,

objectives and obligations, through agreement of the Leader and Chief Executive at the time.

### **3. Background**

- 3.1 The Council adopted a Flag Protocol to provide clarity and certainty over which flags would be flown, and to reduce the amount of senior officer and member time spent dealing with ad hoc requests. The Council's protocol incorporates the nationally prescribed list and flags that the Council itself has chosen to fly.
- 3.2 Since its adoption, changes to the national list have been made each year to reflect deaths and other changes. Locally, councillors have requested additional flags be flown to commemorate additional events, specifically the Romani flag and Progress Pride flags (including the latter for Pride month in June). These flags have been flown, and this report simply updates the Flag Protocol to reflect these additions.
- 3.3 It is possible that the list of flags to be flown may change again in the future, or that it may be appropriate to fly additional flags to commemorate particular causes or events. It is recommended that Committee agree that this should only be in exceptional circumstances, and should be agreed in each instance by the Leader and Chief Executive at the appropriate time, taking account of fit with the Council's policies, values, objectives and obligations.
- 3.4 In addition to flying flags in accordance with this protocol, the Council has a range of other ways of marking significant dates, campaigns and causes, including illuminating the Guildhall, use of social media and other promotional channels.

### **4. Implications**

#### **a) Financial Implications**

There are no immediate financial implications of this report or recommendation. The Council periodically buys new flags to replace damaged or worn ones. It is generally possible to buy flags for around £20.

#### **b) Staffing Implications**



Raising flags is carried out by members of the Facilities Team. Having an up-to-date protocol gives clarity to members of that team and allows them, members of the corporate communications team and others to be clear on which flags the Council intends to fly so that they can plan ahead and make appropriate preparations.

### **c) Equality and Poverty Implications**

Updating the protocol in this way reflects explicit commitments made in the 'Trans Rights are Human Rights' motion of 22<sup>nd</sup> October 2020 on flag flying, and the commitment in the 'Policing Bill' motion to "Stand in solidarity with Traveller and Gypsy communities in Cambridge and continue to build trust and good relations with them."

### **d) Net Zero Carbon, Climate Change and Environmental Implications**

Nil.

### **e) Procurement Implications**

Minimal – flags can be bought without a formal procurement exercise.

### **f) Community Safety Implications**

Nil.

## **5. Consultation and communication considerations**

It is recommended that the Flag Protocol be published on the Council's website. For those flags on the protocol that the City Council has chosen to fly in support of its policies and values, the Corporate Communications Team will publicise this through the Council's media channels.

## **6. Background papers**

Background papers used in the preparation of this report:

[Report to Civic Affairs, 9<sup>th</sup> October 2019](#)

[Government guidance on Union Flag flying](#)

[Trans rights are human rights: Council motion - Cambridge City Council](#)

[Councillor Healy: Motion on Policing Bill - Cambridge Council](#)

## **7. Appendices**

Revised list of flags to be flown      Appendix A

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Andrew Limb, Assistant Chief Executive, tel: 01223 - 457004, email: [andrew.limb@cambridge.gov.uk](mailto:andrew.limb@cambridge.gov.uk).

**Flag Flying** (Union Flag unless specified, and takes precedence / the superior position where more than one flag indicated for a given period)

<b>9 January</b>	Birthday of the Princess of Wales
<b>20 January</b>	Birthday of the Countess of Wessex
<b>1 February</b>	LGBTQ+ History Month - Progress Pride Flag - For month of February except on days when Union flag is to be flown
<b>10 March</b>	Birthday of Earl of Wessex
<b>March</b>	Commonwealth Day (2nd Monday)
<b>31 March</b>	International Trans Day of Visibility - Progress Pride Flag
<b>9 April</b>	His Majesty's wedding day
<b>23 April</b>	St George's Day – Flag of St George
<b>6 May</b>	Coronation Day
<b>9 May</b>	Europe Day - Where the European flag is flown on this day, the Union Flag should fly alongside the European flag and, on UK government buildings that only have one flagpole, the Union Flag should be in the superior position.
<b>June</b>	Gypsy, Roman and Traveller History Month (Romani flag) For month of June except on days when Union flag / Armed Forces flag is to be flown
<b>June</b>	Pride month – Progress Pride flag to be flown for month of June except on days when Union flag / Armed Forces flag is to be flown
<b>17 June</b>	Official Birthday of His Majesty the King
<b>21 June</b>	Birthday of the Prince of Wales
<b>23-30 June</b>	Armed Forces Week – Armed Forces Flag
<b>17 July</b>	Birthday of the Queen Consort
<b>15 August</b>	Birthday of the Princess Royal
<b>8 September</b>	His Majesty's Accession
<b>21 October</b>	Trafalgar Day
<b>24 October</b>	United Nations Day- UN flag on this day
<b>November</b>	Remembrance Day (2 <sup>nd</sup> Sunday) - Flags should be flown at full mast all day.
<b>14 November</b>	Birthday of His Majesty the King
<b>20 November</b>	International Trans Day of Remembrance – Progress Pride flag
<b>10 December</b>	UN Human Rights Day- Flag for Human Rights

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## REPORT TITLE: Civic Affairs & Audit Committee rolling work programme

**To:**

Civic Affairs & Audit Committee (23 February 2026)

**Report by:**

Sarah Michael, Democratic Services Officer

Email: sarah.michael@cambridge.gov.uk

**Wards affected:**

None

### 1. Recommendations

- 1.1 It is recommended that the Civic Affairs & Audit Committee note the work programme and make any suggestions for future items.

### 2. Purpose and reason for the report

- 2.1 To allow the Committee to review what items are coming forward over a rolling 12-month period and to make suggestions for items to be included at future meetings.

This allows for greater transparency for members of the Committee to be able to assess if the right items are coming forward and to provide challenge to officers on areas that are within the remit of the Committee.

### 3. Implications

#### 3.1 Relevant risks

There are none.

### **Financial Implications**

3.2 There are none.

### **Legal Implications**

3.3 There are none.

### **Equalities and socio-economic Implications**

3.4 There are none.

### **Net Zero Carbon, Climate Change and Environmental implications**

3.5 There are none.

### **Procurement Implications**

3.6 There are none.

### **Community Safety Implications**

3.7 There are none.

## **4. Background documents**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

4.1 There are none.

## **5. Appendices**

5.1 Appendix A – Work programme

To inspect the background papers or if you have a query on the report please contact Sarah Michael, Democratic Services Officer, email: [sarah.michael@cambridge.gov.uk](mailto:sarah.michael@cambridge.gov.uk)

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## Civic Affairs and Audit Committee Rolling Work Programme 2025/26

### Meeting date – 9 March 2026

Report title	Short description & outcome	Link to Terms of Reference	Report author and responsible director
Annual Audit Committee report	Report presented outlining the work of the committee over the past 12 months, to be presented to Full Council once been through Civic Affairs & Audit Committee	3.4.2  To publish an annual report on the work of the Committee, including a conclusion on the compliance with the CIPFA Position Statement.	Jonathan Tully/Dan Kalley
Council Constitution updates	Recommendations on updates to Constitution to be presented before report presented to Annual Meeting in May 2026 where appropriate, including member/officer protocol	3.4.5 (c)  Overview of the Council's Constitution and consideration of proposed amendments or revisions to the Constitution including the Schemes of	Tom Lewis/Dan Kalley

		Delegation, Procedure Rules and Protocols.	
Risk Management update	Periodic review / update of the Councils risk management framework and strategy	3.4.5 a Assurance of the Council's governance, risk management framework and associated control environment and policies including the Council's Risk Register, Risk Management Strategy, 'whistleblowing', and anti-fraud and anti-corruption arrangements.	Jonathan Tully / Stephanie Fisher
Internal Audit update	Provide the Committee with an update on the work programme of the Internal Audit team, including: <ul style="list-style-type: none"> <li>• Update of audits completed.</li> <li>• Plan of upcoming audit work.</li> </ul> Topical governance risk and control matters	3.4.4 d Receive and consider the Charter, resource requirements, plans reports and opinions of the internal auditor; ensuring effective control within the assurance framework.	Jonathan Tully
Whistleblowing Policy	Committee approval of periodic review of the Councils policy that supports colleagues to raise concerns.	3.4.5 a Assurance of the Council's governance, risk management	Jonathan Tully

		framework and associated control environment and policies including the Council's Risk Register, Risk Management Strategy, 'whistleblowing', and anti-fraud and anti-corruption arrangements.	
Counter Fraud policy update	Committee review and endorsement of Counter Fraud Policy, noting work taken in response to new Economic Crime and Transparency Act	3.4.5 a Assurance of the Council's governance, risk management framework and associated control environment and policies including the Council's Risk Register, Risk Management Strategy, 'whistleblowing', and anti-fraud and anti-corruption arrangements.	Jonathan Tully

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