

A close-up photograph of a person's hand holding a silver pen, pointing at a bar chart displayed on a tablet screen. The chart features several horizontal bars in shades of olive green and brown, set against a blue grid background. The person is wearing a blue suit jacket. The text 'CHELMSFORD CITY COUNCIL Auditor's Annual Report' is overlaid in yellow on the left side of the image.

# CHELMSFORD CITY COUNCIL Auditor's Annual Report

Year ended 31 March 2024

7 April 2025

7 April 2025



Audit and Risk Committee  
Chelmsford City Council  
Civic Centre, Duke St,  
Chelmsford  
CM1 1JE

Dear Audit and Risk Committee Members

2023/24 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Chelmsford City Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Council's any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Risk Committee meeting on 11 June 2025.

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Encl

# Contents

01

Executive Summary



02

Audit of the financial statements



03

Value for Money Commentary



04

Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

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

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



# Executive Summary

## Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Council and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an auditor's annual report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

## Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 24 May 2024. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- the 2023/24 financial statements;
- Conclusions in relation to going concern; and
- the consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- if the Annual Governance Statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- any significant matters or written recommendations that are in the public interest; and
- if we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.


## Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Executive Summary (continued)

## 2023/24 Conclusions

Financial statements	<p>Disclaimed – Due to the disclaimers of opinion on the prior years, delays in receiving associated audit evidence and the limited time between the backstop dates we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council's financial statements for the year ended 31 March 2024.</p> <p>We therefore issued a disclaimed 2023/24 audit opinion on 27 February 2025.</p>
Going concern	<p>Due to the opinion being disclaimed for 2023/24, we were not able to conclude on whether the use of going concern basis of accounting is appropriate.</p>
Consistency of the other information published with the financial statements	<p>Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.</p>
Value for money (VFM)	<p>We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary in Section 03.</p>
Consistency of the Annual Governance Statement	<p>We were satisfied that the Annual Governance Statement was consistent with our understanding of the Council.</p>
Public interest report and other auditor powers	<p>We had no reason to use our auditor powers.</p>
Whole of Government Accounts	<p>We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our audit certificate until these procedures are complete.</p>
Certificate	<p>We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Chelmsford City Council.</p>



# Executive Summary (continued)

## Value for Money

## Scope

Auditors are required to be satisfied that Chelmsford City Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

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

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

# Executive Summary (continued)

## Value for Money (continued)

## Reporting

Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services		
Governance: How the Council ensures that it makes informed decisions and properly manages its risks		
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	Arrangements related to Chelmer Waterside Development, the Council's largest development scheme, which impacts on all three criteria.	No significant weakness identified



# Executive Summary (continued)

## Independence

---

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members 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 the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2024

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)

---



## 02 Audit of the financial statements

# Audit of the financial statements

## Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.


On 27 February 2025, we issued a disclaimed audit opinion on the financial statements. Due to the disclaimers of opinion on the prior years, delays in receiving associated audit evidence and the limited time between the backstop dates we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council's financial statements for the year ended 31 March 2024.

We reported our audit scope, risks identified and detailed findings to the 26 February 2025 Audit and Risk Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant and higher inherent risk areas. The findings for each of the identified areas are set out in the Audit Results Report in Appendix A. We did not identify any internal control issues and areas for improvement in the control environment.

Significant risk	Conclusion
Misstatements due to fraud or error	<p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p> <p>Our journal testing focused on inappropriate capitalisation of revenue expenditure (fraud risk) did not identify any issues.</p>
Inappropriate capitalisation of revenue expenditure	<p>We have completed our work on capital additions and have not identified any additions that were incorrectly capitalised.</p> <p>Initial testing of REFCUS did not identify items which did not meet the statutory definition. However, as this is a fraud risk area, we must test additional samples to obtain assurance on the balance. Due to the backstop date, we have not been able to undertake further work to conclude on the material accuracy of REFCUS. We will undertake further work on this area as part of the rebuilding assurance processes in 2024/25.</p> <p>Our testing of year end journals did not identify any movements from expenditure to capital outside of the normal course of business.</p>

# Audit of the financial statements (continued)

Significant risk	Conclusion
Risk of error in valuation of property, plant and equipment specifically other land & buildings, surplus assets and investment property	<p>Our testing has provided assurance over the material accuracy of the valuation of investment property and surplus assets as at 31 March 2024 for assets revalue in year. In relation to other land and buildings, there were four samples where testing could not be completed within the available timeframes due to the need for additional information to be provided in relation to the valuation inputs of the sampled properties. We have no matters to report on the other land and buildings samples tested.</p> <p>We do not have full assurance over the overall value of PPE (other land &amp; buildings and surplus assets) and investment property in the Council's Balance Sheet at 31 March 2024. This is because we do not have assurance over additions, disposals and valuations in 2021/22 and 2022/23 due to the opinion on those years being disclaimed. Therefore, we do not have assurance over the completeness and accuracy of movements in 2021/22, 2022/23 and the resulting asset base for 2023/24.</p>
Inherent risk	Conclusion
Pension liability valuation	<p>We have received the IAS 19 assurance response from the Essex Pension Fund auditor. The Council's share of the differences in the testing of investment assets by the Essex Pension Fund auditor is £233,990 resulting to understatement of investment assets. This is not material to the Council.</p> <p>We have reviewed the assessment of the Pension Fund actuary by PwC and EY Pensions and have followed up on relevant points and have not identified any issues.</p> <p>We were supported by our EY Pensions team to review the IAS19 reports and asset ceiling calculation. Their work required additional data from the actuary which due to timeframes will not be received before the backstop date and therefore we will rebuild the assurance on this area in 2024/25.</p> <p>We have agreed the Council's IAS 19 disclosures to the actuaries' report and ensured these are fairly stated in the accounts.</p>
Heritage assets - completeness and existence	<p>We have reconciled the assets listing with the value of heritage assets to the disclosure in the financial statements and have no matters to report.</p> <p>However, we have not been able to test the existence and completeness of heritage assets due to timeframes and the level of audit work required due to the nature of asset base. It was therefore agreed that we will rebuild the assurance on this area in 2024/25.</p>



# Audit of the financial statements (continued)

Inherent risk	Conclusion
Minimum revenue provision (MRP) calculation	We have reviewed the calculation of Capital Financing Requirement and Minimum Revenue Provisions. Based on the information provided to us, we are satisfied that the Council's MRP Policy is compliant with the statutory guidance issued by MHCLG.

Area of focus	Conclusion
IFRS 16 leases disclosures	We assessed and reviewed the work of the Council in relation to IFRS 16 and we have nothing to report based on the work completed.



## 03 Value for Money Commentary

# Value for Money Commentary

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

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the year ended 31 March 2024.

*Our risk assessment identified a risk of significant weakness in arrangement relating to Chelmer Waterside Development, Council's largest development scheme. As this risk impacted on all three vfm criteria, commentary on this has been included on page 18 of this report.*

The Council has a number of processes supporting its delivery of services and the budget, such as the budget setting and the Medium-Term Financial Strategy (MTFS). The fundamental aim of the Council's MTFS is to maintain a sustainable financial position against a background of continuing financial uncertainty and reduced government funding as well as to support the delivery of the ambitions in the local plan. Council sets out MTFS for the next 5 years, 2023/24 – 2027/28, which provides a financial framework to support delivery of the Council's priorities.

The MTFS continues to forecast a gap between the Council's need to spend and the available resources. While the budget for 2023/24 has been balanced by using a mix of cost savings, income generation, higher fees and charges, increased use of reserves, and a Council tax increase, there remains a budget gap in future years amounting to £3.467 million in 2024/25, £2.691 million in 2025/26, £0.884 million in 2026/27, and £1.307 million in 2027/28.

The Council has established and continually updates its strong system of budget monitoring and financial control, with regular reporting both at Executive and Scrutiny level via the Audit & Risk Committee (year-end review), Overview and Scrutiny Panel (mid-year review), and Cabinet. The robustness of the financial management arrangements of the Council take into account several financial risks and assumptions including the efficiency and savings, economic structural changes such as level of income projection, inflation, energy forecast, pay, revenue budget growth, housing service costs, cost of living crisis and impact on demand, government funding, extended producer responsibilities (EPR), and business rate retention.

General Fund reserves balances at 31 March 2024 were £29.668 million, of which £15.032 million was earmarked. General Fund reserves are forecast to be £13.101 million, £14.271 million and £13.376 million in 2024/25, 2025/26 and 2026/27 respectively. The Council has plans to hold a minimum level of reserves of £9 million as set out by the Section 151 officer in the Medium-Term Financial Strategy. The Council holds a number of earmarked reserves to provide for future expenditure such as pension deficit payments, to guard against specific risk such as the reserve to support revenue costs of abortive capital projects, and to hold uncertain income until it is fully realised (Business Rates Retention income).

The Council has a revenue and capital monitoring process. Audit and Risk Committee receives Revenue Outturn report to review the key variances and actions identified. This enables the Council to identify any financial shortcomings or potential savings throughout the year. During 2023/24 senior managers were given a detailed monthly report whereas Management Team and Cabinet Members received an informal quarterly report identifying actions to address any overspends where possible. The Council only takes borrowings if needed.

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

# Value for Money Commentary (continued)

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

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the year ended 31 March 2024.

*Our risk assessment identified a risk of significant weakness in arrangement relating to Chelmer Waterside Development, Council's largest development scheme. As this risk impacted on all three vfm criteria, commentary on this has been included on page 18 of this report.*

The Council produces an Annual Governance Statement (AGS) each year and this includes an annual review of the effectiveness of the system of internal controls included in the Council's published Statement of Accounts. The preparation and publication of the Annual Governance Statement in accordance with 'CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016)' fulfils the statutory requirement for the annual review of the effectiveness of systems of internal control and also meets the requirement for 'preparation in accordance with proper practice'. In line with the CIPFA/SOLACE framework, this statement is "an open and honest self-assessment", which describes key elements of the Council's governance arrangements, covering key corporate systems and the range of activities for which the Council is responsible, describes processes applied in reviewing their effectiveness, and lists actions proposed to deal with significant governance issues identified.

Internal audit plays a vital role in providing independent, objective assurance and consulting services to the Council (via the Audit & Risk Committee, Chief Executive, S151 Officer, External Audit and senior managers), relating to these arrangements, which are designed to add value and improve the Council's operations. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.

The Audit Services Manager is responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance statement. The annual opinion will also conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Internal Audit is satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control.

In giving this opinion, it should be noted that assurance can never be absolute. The opinion takes into account the outcome of work during 2023/24. Of the nine reviews conducted, four were given substantial assurance, three were moderate, one limited and one where only a management letter was provided. The four audit reviews where substantial assurance were received consists of Council tax and Housing Benefit', 'UK Shared Prosperity Fund', 'Council Surveillance', and 'Parks and open spaces - Income/hire including allotments'. Moderate assurances were given to 'Safer Recruitment and Payroll', 'Members allowances and expenses', and 'Theatres - Box office income/food & beverages'. The overall audit opinion provided to the Council as a result of these reviews carried out by the Internal Audit for 2023/24 was 'Moderate Assurance'. Overall, the Council's systems for control, risk and governance are generally adequate with some improvement required to address areas of weakness and non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk.

The Council also has a Counter Fraud Strategy which acknowledges the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption. Actions required to deliver and implement the Strategy are set out in a corresponding action plan, which included updating the Council's Fraud Risk Register and Anti bribery and corruption risk register. The risk of fraud is also monitored via the Council's Principal Risk Register to proactively identify, understand and manage the risks inherent in Council's services and associated with Council's plans and strategies, to encourage responsible, informed risk taking within risk appetite and reduce exposure to a tolerable level using a justifiable level of resources. Whistleblowing policy is also available to staff, key stakeholders and the general public via the Council's website.

*Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.*

# Value for Money Commentary (continued)

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

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the year ended 31 March 2024.

*Our risk assessment identified a risk of significant weakness in arrangement relating to Chelmer Waterside Development, Council's largest development scheme. As this risk impacted on all three vfm criteria, commentary on this has been included on page 18 of this report.*

The Council has a Local Plan which sets out the strategic priorities in place that addresses how things are changing, what issues need to be addressed and what opportunities will be created. This will ensure that the Local Plan recognises Chelmsford's spatial characteristics in planning for its future development. The strategic priorities are as follows:

- Addressing the Climate and Ecological Emergency
- Promoting smart, active travel and sustainable transport
- Protecting and enhancing the Natural and Historic Environment, and support an increase in biodiversity and ecological networks
- Ensuring sustainable patterns of development and protecting the Green Belt
- Meeting the needs for new homes
- Fostering growth and investment and providing new jobs
- Creating well designed and attractive places, and promoting the health and social wellbeing of communities
- Delivering new and improved strategic and local infrastructure
- Encouraging resilience in retail, leisure, commercial, and cultural development

In addition, a Local Development Scheme (LDS) is developed to set out what Local Plan related documents the City Council intend to prepare and a timetable for their production and consultation in the period. Chelmsford City Council's first LDS was adopted in 2006 and has since been subject to eight previous reviews.

The Council has also a number of strategic partnerships such as Safer Chelmsford Partnership and South Essex Parking Partnership (SEPP), among others. In each case, the Council forms these partnerships based on a contract which contains specific requirements in terms of service delivery and KPIs to monitor performance.

The Council has a Code of Conduct, which governs the standards of behaviour expected of elected members and a Code of Ethics and Standards for staff which applies to officers. The Council also has procurement policies and procedures and provides training for all officers.

*Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.*

# Value for Money Commentary (continued)

Council's value for money arrangements on Chelmer Waterside Development, Council's largest development scheme

No significant weakness identified

We have identified a potential risk of significant weakness in relation to the Council's arrangement for the Chelmer Waterside Development, the Council's largest development. We have reviewed the Council's value for money arrangements in each of the reporting criteria:

- **Financial Sustainability:** How the Council plans and manages its resources to ensure it can continue to deliver its services  
The Council has a capital monitoring process which covers the Chelmer Waterside Development. This is also considered when setting the budget during the year.  
  
The project manager submits a monthly report on all the elements of spending which make up the Chelmer Waterside Scheme. The report outlines the progress updates, key issues and cost updates, which set out the current position on forecast cost and spend to date versus budget and funding. Costs presented in the report are consistent with the planned capital expenditure per the budget. The scheme is currently funded from grants and Community Infrastructure Levy. Reductions in the overall capital programme costs have meant that no borrowing has been needed for Chelmer Waterside Development to date. No capital receipts from this scheme have been included in the financial forecasts.
- **Governance:** How the Council ensures that it makes informed decisions and properly manages its risks  
The Council has established a Project Panel to provide strategic oversight for the project. The Panel will receive regular project updates and make necessary recommendations to Cabinet in relation to any key decisions linked to the project. A Project Team will report to the Chelmer Waterside Project Panel in terms of the day-to-day delivery of the three elements of the project.  
  
A risk management strategy for the Project is in place and monitored by the Project Board. A project manager has been appointed to help Council in monitoring the progress of the project, identifying key risks and forecasting and managing the costs. The overarching risk management strategy is covered within the progress report submitted by the project manager.  
  
The Council had also considered legal and professional advice to support the decision-making process in relation to the development. The Council had undertaken further due diligence to ensure that potential risks have been identified, evaluated, and mitigated.
- **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  
Regular capital expenditure and resources monitoring is undertaken which includes Chelmer Waterside. This monitoring includes reviewing all the forecast capital spending and funding streams available. This enables judgements to be made as to whether there are sufficient resources available to fund the capital spend and whether there may be requirements for borrowing.  
  
The capital financing requirement is monitored regularly along with prudential indicators, which are reviewed and when necessary, changes approved. The cost of financing the capital spend (MRP and interest) is reported with the revenue budget. The capital expenditure programme is reviewed as part of the monitoring and budget setting. Changes identified impacting prudential indicators are reported to Council.

*Conclusion: Based on the work performed, the Council had proper arrangements in place to in relation to this development scheme, Chelmer Waterside Development in 2023/24. No significant weakness identified.*



## 04 Appendices

# Appendix A - Summary of arrangements

## Financial Sustainability

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

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>Despite the income and cost pressure from structural changes arising from Covid-19 and the economic environment, the Council has put in place arrangements to manage the available resources effectively to ensure it can continue to fund high quality services. The medium-term financial strategy (MTFS) details the budget setting process to ensure that the Council's resources are managed effectively in order to meet its statutory responsibilities and deliver the aspirations of the Council, over the medium term.</p> <p>The production and drafting of MTFS involves consulting service managers, directors and members to identify issues and risks. This is done by circulating budget packs to every cost centres for the projections.</p>
How the body plans to bridge its funding gaps and identifies achievable savings	<p>The Council's MTFS identifies any budget gaps in future years. This report tries to identify a balanced approach to the use of reserves, reflecting that some significant cost pressures in the budget may be temporary, lasting only 2-3 years. Specific reserves should be established to meet these time-limited cost pressures. The Council acknowledges that the use of reserves is not sustainable in the long term as reserves are finite. However, it is too early to implement all the financial measures needed to move the budget onto a sustainable footing.</p> <p>Nonetheless, the Council will still need to continue to examine options to increase the use of Business Rate Retention Income to support ongoing expenditure, defer capital expenditure, and increase fees and charges for some services.</p>

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

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

Reporting criteria considerations	Arrangements in place
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	This is through the services produce via the Council's finance system budgets for current and future years. These are tested by Accountancy and Management Team (MT). The priorities of the organisation are fed into the budget process by services, MT and Informal cabinet meeting prioritising spend and savings. Bidding for additional capital and revenue resource is prioritised by MT and Members. This is done by circulating budget packs to every cost centres for the projections.
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	Capital investment decisions form part of the budget planning. Capital bids are made by services which enable clear assessment by Management Team (MT) and Members. The Council produces a forecast that allows for capital strategy and plans. The services include in budgets the requirements of their relevant strategies. MT as consultees on the budget ensures compliance with their services priorities and strategies. Service Managers will ensure budget proposals include the implications of operational planning and strategies. MT and Informal Cabinet discuss these at un-minuted meetings.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The Council captures risks by a risk register to proactively identify, understand and manage the risks inherent in the Council's services and associated with Council's plans and strategies, so as to encourage responsible, informed risk taking within the Council's risk appetite and reduce exposure to a tolerable level using a justifiable level of resources. The key element identification of risk is via ensuring services monitor current in year spend and future spending plans.</p> <p>The risk management function assists the Council to identify, understand and manage its risks. The function reports twice a year to the Audit and Risk Committee to enable the Committee to monitor the effective development and operation of risk management in the Council. The Council has also a reserve levels determined by risk assessment.</p>

# Appendix A - Summary of arrangements

## Governance

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

Reporting criteria considerations	Arrangements in place
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Council's risk management framework provide risk information to support decision-making and resource allocation, improve compliance with policies, procedures, laws and regulations and stakeholder expectations and provide assurance to internal and external stakeholders that the Council is well-managed. All decision at Cabinet and Council require consultation with monitoring officer and S151.</p> <p>The Council also utilises the internal audit function to review controls. The Audit Services Manager is responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance statement. The annual opinion will also conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Internal Audit have developed internal audit plan which is based on a prioritisation of the audit universe using a risk-based methodology, including input from the Council's 'Our Chelmsford Our Plan', Principal Risk Register, Fraud Risk Register, AGS Action Plan as well as discussions with Council staff, senior management, plus consideration of local and national issues and risks.</p>
How the body approaches and carries out its annual budget setting process	<p>The Full Council is responsible for setting budgets and policies while the Cabinet is responsible for making day-to-day decisions within the budgets and policies that the Full Council has set. Service managers involvement is done via submission into financial system of current and future year finance, in late summer. Accountancy challenge the budget submissions. Management Team and informal Cabinet discussion of budget position from early summer to final publication of proposals in January. In addition, the Section 151 officer analyses the major risks contained within the budget and provides an opinion on the robustness of the estimates and the adequacy of reserves, in line with statutory requirements.</p>

# Appendix A - Summary of arrangements

## Governance (continued)

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

Reporting criteria considerations	Arrangements in place
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	Monthly snapshot information of key financial spend and income are produced. Summary reporting of current year spend is done four times a year to Management Team and Cabinet members which includes identifying financial challenges and undertaking corrective actions.
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	The Council's constitution contains details of their decision-making process. It sets out how they operate, how they make decisions and the procedures that Council follow. Council or committee reports are published via the Council' website, and the contents are available online (wherever possible). System of reports and delegations requires written evidence when deemed a key decision. The Council maximises the use of internal audit function to identify weakness or review decision process may have demonstrated weakness. The Audit and Risk Committee (TWCG) provides independent assurance over the adequacy of the risk management framework and the internal control environment. Amongst other things, the Audit and Risk Committee review the Council's corporate governance arrangements, determine the scope and depth of external audit activity, and also commission work from internal and external audit.



# Appendix A - Summary of arrangements

## Governance (continued)

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

Reporting criteria considerations	Arrangements in place
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>The Council has several policies and procedure manuals relating to its processes and internal control. Training and awareness sessions are provided as necessary and appropriate induction sessions are carried out. Management communicates expected and acceptable behaviour via written codes of conduct for staff and members.</p> <p>The Council has a number of arrangements in place to ensure compliance with laws and regulations:</p> <ul style="list-style-type: none"><li>- The intranet holds the Council's Code of Conduct which Members and staff are expected to follow.</li><li>- Under s5 of the Local Government and Housing Act 1989, the Council has a Monitoring Officer who is responsible for ensuring that the action/inaction by the Council, its committees or officers is not contrary to law.</li><li>- Committee reports have a legal implications section included.</li></ul>

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

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

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	<p>The scrutiny of financial management is undertaken by Internal Audit, Audit and Risk Committee, the Performance review work of the Overview and Scrutiny Committee, the Treasury Management and Investment Sub-committee, and the Risk Management process.</p> <p>Financial monitoring highlights overspends which enables Management Team to challenge service performance. Accountancy undertake analysis of year end position and identify areas where activity is not aligned to budgetary objectives. Overspends on housing in last two years have led to reviews of service activity.</p>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The Overview and Scrutiny Committee will establish time-limited Task and Finish Groups to undertake investigations or reviews. Task and Finish Groups are responsible for undertaking an in-depth review to investigate specific aspects of policy, services or issues of concern to the community. The work undertaken by Task and Finish Groups aims to influence and improve policy and service delivery. Task and Finish Groups will consist of a minimum of two Councillors and take into account cross party representation. Each Task and Finish Group will be required to prepare a final report for submission to the Overview and Scrutiny Committee where future actions and recommendations will be considered and discussed.</p>
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>The Council has a number of strategic partnerships such as Safer Chelmsford Partnership and South Essex Parking Partnership (SEPP), among others. In each case, the Council forms these partnerships based on a contract which contains specific requirements in terms of service delivery and KPIs to monitor performance.</p> <p>Specific individuals are responsible for the management and monitoring of these partnerships and review the KPI's through deep dive sessions and the Task and Finish groups. Corporate plan targets are monitored via the Council EPR system.</p>



# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness (continued)

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

Reporting criteria considerations	Arrangements in place
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The Council does not undertake any material level of commissioning. The procurement of services is managed by Council rules. Compliance with the rules is tested via internal audit and by the procurement team being able to analyse and monitor spend via the Council's financial system. The Procurement Team supports the Council's corporate priorities through enabling officers to purchase goods, services and works in a way which is not just legally compliant, but which also secures value for money.

## EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2025 Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

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

ED None

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

[ey.com/uk](https://ey.com/uk)