

Chelmsford City Council

Auditor's Annual Report
Year ended 31 March 2025
17 November 2025



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

17 November 2025

Dear Audit and Risk Committee Members

2024/25 Auditor's Annual Report

We are pleased to attach our draft 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 2024/25.

This report is intended to draw to the attention of the Chelmsford City Council's any relevant issues arising from our work up to the date of issuing the report. 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 Committee meeting on 26 November 2026.

The [EY UK 2025 Transparency Report | EY - UK](#) 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

Debbie Hanson

Partner, For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>)

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

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA 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 the 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 the 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 Auditor's Annual Report summarises the year's audit work, including value for money commentary and confirmation of the financial statement opinion. It also references any use by the auditor of their additional powers and duties under the Local Audit and Accountability Act 2014. In line with the NAO Code of Audit Practice 2024 ("the 2024 Code") and Auditor Guidance Note 03 (AGN 03), this report provides an overview to Chelmsford City Council and the public, detailing current recommendations and a review of prior years' actions, including our assessment of whether they have been satisfactorily implemented.

Auditors must issue their draft Auditor's Annual Report to those charged with governance by 30 November each year, reflecting the audit position and value for money assessment at that time, even if the 2024/25 audit is ongoing.

Responsibilities of the appointed auditor

We have undertaken our 2024/25 audit work (which is substantially complete) in accordance with the Audit Plan that we issued on 22 April 2025. We have complied with the 2024 Code, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- whether the financial statements give a true and fair view of the financial position of the Council and its expenditure and income for the year; and
- have been prepared properly in accordance with the relevant accounting and reporting framework.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Chelmsford City Council;
- the use of additional powers and duties, for example making written recommendations under Section 24 and Schedule 7 of the Act or making a report in the public interest; and
- if we identify a significant weakness in the Chelmsford City 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 the preparation of the financial statement, including the narrative statement and governance statement, in accordance with the CIPFA Code and for having internal controls in place to ensure these financial statements are free from material error. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (cont'd)

2024/25 conclusions

Financial statements	<p>As reported in our 2023/24 Auditor's Annual Report dated 7 April 2025, we issued a disclaimer of opinion on 27 February 2025 on the Council's 2023/24 financial statements under the arrangements to reset and recover local government audit.</p> <p>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.</p> <p>We therefore anticipate issuing a disclaimed 2024/25 audit opinion.</p>
Going concern	<p>Our assessment of the entity's ability to continue as a going concern is still in progress at the time of writing this report.</p>
Consistency of the other information published with the financial statements	<p>Our audit is still in progress at the time of writing this report therefore we are not yet in the position to conclude on this area.</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>

Executive Summary (cont'd)

2024/25 conclusions (cont'd)	
Additional powers and duties	We had no reason to use our auditor powers at the time of writing this report.
Whole of Government Accounts	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission as the audit is still in progress and 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.
Certificate	The certificate will be issued upon completion of the audit.

Executive Summary (cont'd)

Value for money scope

Under the 2024 Code, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

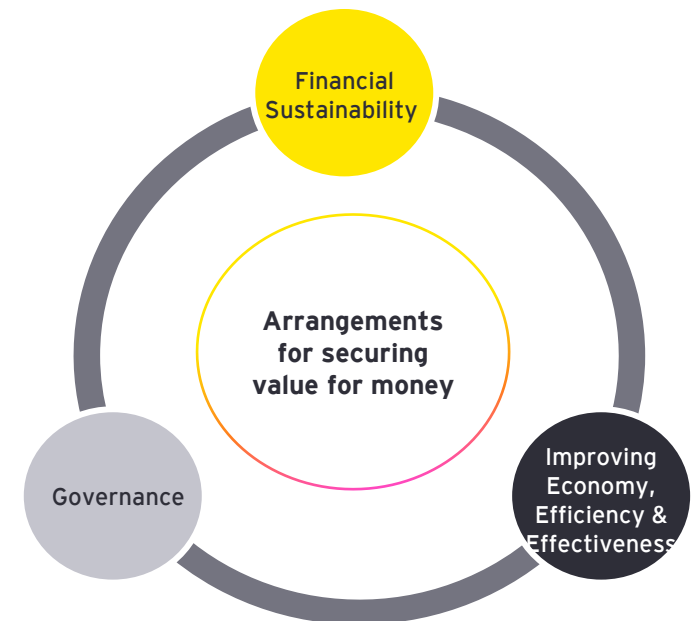
We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's report on the financial statements.

The specified reporting criteria are:

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

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 officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council's management and the finance team.



Executive Summary (cont'd)

Reporting

Our commentary for 2024/25 is presented in Section 03. This section provides a summary of our understanding of the arrangements at the Council, as determined from our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2024/25 and up to the date of issuing this draft Auditor’s Annual Report, which must be issued by 30 November. The recommendations we have agreed upon with the Council are included in Appendices A and B.

The final version of this report will be issued alongside the signed audit report concluding on the 2024/25 year.

In compliance with the 2024 Code, we are required to provide commentary against the three specified reporting criteria. The table below outlines these criteria, indicates whether a significant risk of weakness was identified during our planning procedures, and details our current conclusions regarding any significant weaknesses within your arrangements.

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

Executive Summary (cont'd)

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 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2025

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 2025:

[EY UK 2025 Transparency Report | EY - UK](#)



02 Audit of financial statements

Audit of 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.

Our audit of the 2024/25 financial statements is currently in progress. We will report our findings in our Audit Results Report to the January 2026 Audit and Risk Committee.

Financial Statement reporting assessment

Management, and the Audit and Risk 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 over-page sets out our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures.

Where we have been unable to undertake all planned procedures, this is likely to extend the timetable to recover assurance on the Council's financial statements.

In addition, 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 is set out on page 14. 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.

Audit of financial statements

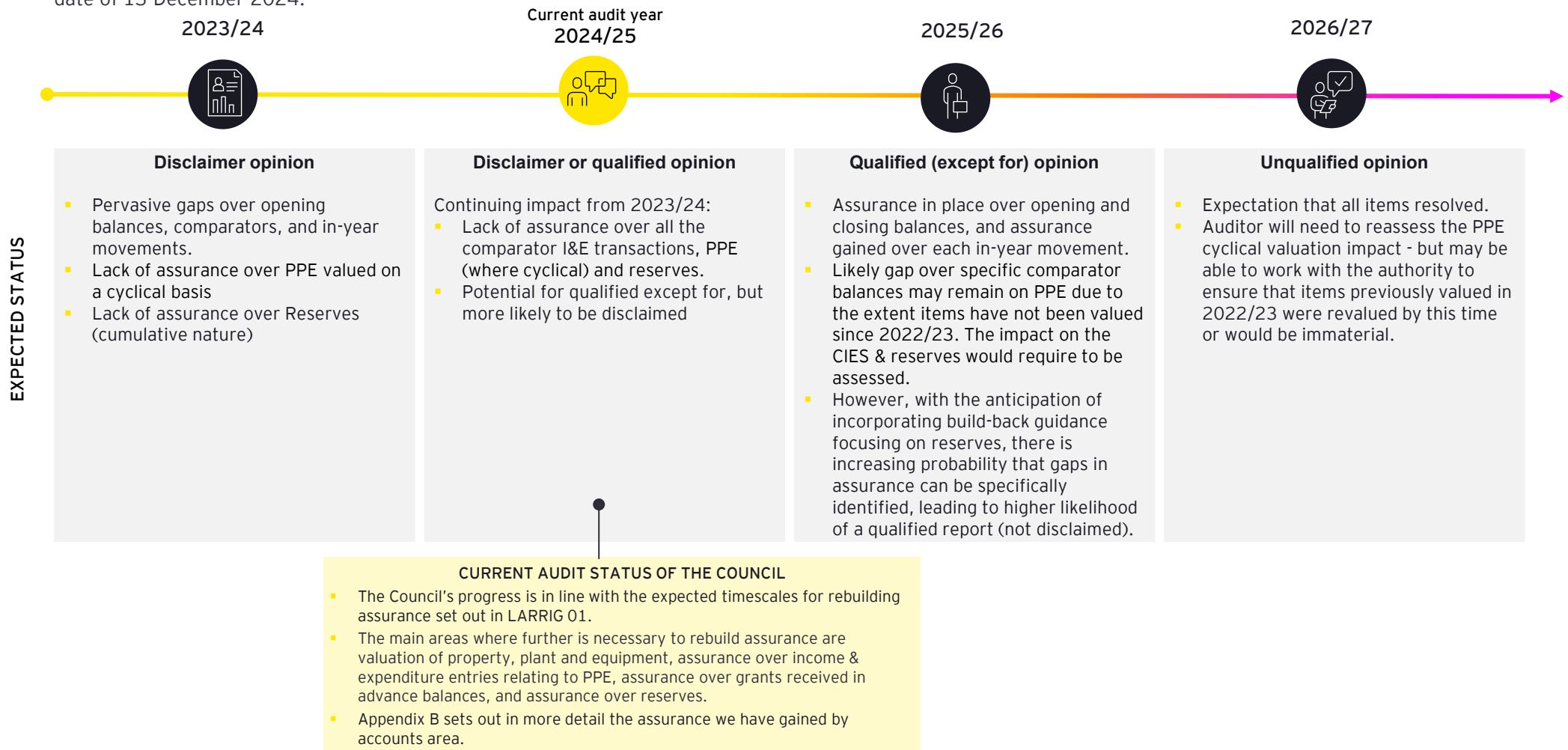
Financial statement reporting assessment

Area	Status			Explanation
	R	A	G	
Timeliness of the draft financial statements	Effective			The financial statements were published by the 30 th June 2025 deadline set out in the Accounts and Audit Regulations.
Quality and completeness of the draft financial statements	Effective			The financial statements produced were complete and of a good quality, though our procedures identified some casting/formatting/spelling errors and internal inconsistencies.
Delivery of working papers in accordance with agreed client assistance schedule	Effective			Key working papers were submitted in accordance with the agreed timetable. At the commencement of the year-end audit, only a limited number of working papers remained outstanding.
Quality of working papers and supporting evidence	Requires improvement			Working papers and supporting evidence were generally of a good standard, However we have encountered challenges in certain areas, particularly with the debtors and creditors working papers. Selecting samples from the provided listings is not straightforward and often necessitates multiple iterations and several discussions with management.
Timeliness and quality of evidence supporting key accounting estimates	Effective			Timely responses were provided and the quality of evidence supporting key accounting estimates were generally of a good standard.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective			Access to the finance team was good and responses to audit queries were timely and effective.
Volume and value of identified misstatements	Effective			At the time of writing this report, a small number of immaterial misstatements were identified during the course of our work.
Volume of misstatements in disclosure	Effective			At the time of writing this report, a relatively small number of misstatements in disclosure were detected in our work.

Audit of financial statements

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.





03 Value for Money commentary

Value for Money

The Council's responsibilities for value for money

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

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

Our responsibilities

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

	Significant risk identified	Significant weakness identified
 Financial sustainability How the Council plans and manages its resources to ensure it can continue to deliver its services.	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No
 Governance How the Council ensures that it makes informed decisions and properly manages its risks.	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No
 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.	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No



VFM commentary: Financial Sustainability

Financial sustainability: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Financial Sustainability sub-criteria set out in AGN03:

- 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;
- How the body plans to bridge its funding gaps and identifies achievable savings;
- How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- 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; and
- How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Significant risks identified during planning procedures

Within our Audit Planning Report, we noted that we had yet to complete our detailed value for money planning, but that one area of focus would likely be on the Council's financial sustainability arrangements. We have now completed our risk assessment procedures and did not identify any risks of significant weakness in the Council's arrangements for financial sustainability. In prior year, there were also no significant weaknesses identified and no outstanding recommendations relating to prior year.

Overview of our conclusions

Based on the work performed, the Council had proper arrangements in place in 2024/25 to plan and manage its resources to ensure it can continue to deliver its services.



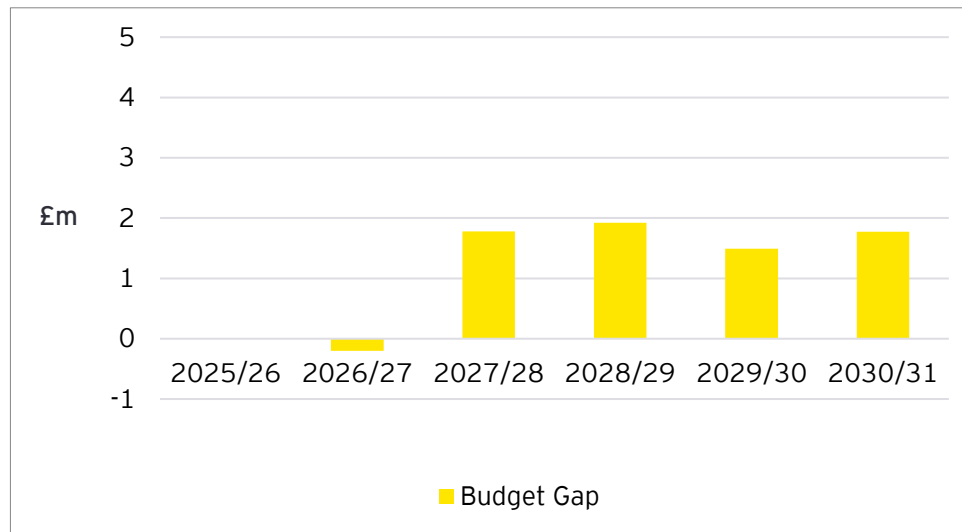
Financial Sustainability considerations

Medium Term Financial Strategy (MTFS)

Chelmsford City Council presented its Medium Term Financial Strategy (MTFS) in February 2025, highlighting ongoing financial uncertainty across the local government sector. A key challenge remains that income growth continues to lag behind rising costs, while Government funding does not increase sufficiently to bridge the gap. In addition, the Council faces increasing service expenditure pressures, particularly in areas such as temporary accommodation to meet social needs. As a result, forecast budget gaps have been identified.

A review of funding gap assumptions was undertaken, and the MTFS was updated in October 2025 and the forecast period extended to 2030/31. The mid-year financial review for 2025/26 includes a risk assessment of changes to Government funding allocations under Fair Funding 2.0, marking the first significant reform in local government funding in 14 years. From 1 April 2026, changes will affect business rate retention, core grants, and housing grants. Based on current assumptions, the cumulative funding gap for 2026/27 to 2030/31 has reduced by £3.919 million, from £10.684 million (as reported in February 2025) to £6.765 million.

Exhibit A: The Council's MTFS outlines a cumulative gap of £6.765 million by 2030/31





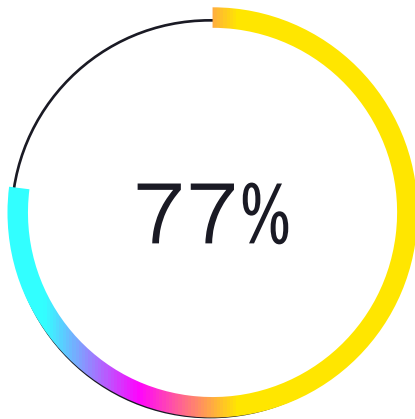
Financial Sustainability considerations

Savings plans

The Council's 2024/25 budget includes planned savings of £0.944 million. These savings form part of the cost reduction and income generation strategies developed by Directors and Cabinet Members to help address the budget shortfall.

The outturn report presented to Cabinet in July 2025 confirms that £0.221 million of planned savings were not achieved, with the Council delivering £0.723 million, representing 77% of the savings target.

Exhibit B: The Council delivered 77% of planned £0.944 million of savings in 2024/25





Financial Sustainability considerations

Reserves position

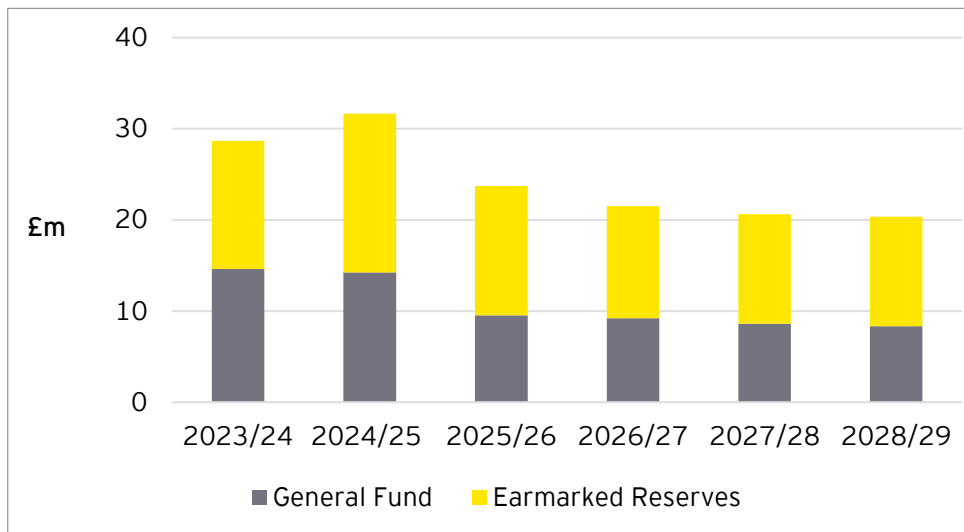
The Council approved the reserves forecast, including proposed use and transfers for 2024/25 and future years, as part of the February 2025 budget setting.

Under the Reserves Strategy, the minimum level of uncommitted general fund reserves is set at £9 million. For 2024/25, as in previous years, reserves exceeding this balance:

- General Fund balance: £14.240 million
- Earmarked reserves: £17.432 million

This position ensures financial resilience and supports the Council's medium-term financial planning.

Exhibit C: The Council's general fund and earmarked reserves actuals and projections





Financial Sustainability considerations

Outturn position

The outturn position for 2024/25 demonstrates a positive improvement in the Council's overall financial standing. Despite overspends in certain areas, strong income performance and non-service level gains resulted in a favourable variance against the approved budget.

At a service level, employee cost overspent by £1.417 million, mainly due to the approved pay award, while other expenditure overspent by £0.958 million. Additional income of £4.402 million resulted in net service underspend of £2.207 million (excluding housing benefit subsidy). After accounting for housing benefit subsidy variation, the net service underspend was £1.632 million. Service level expenditure exceeded budget but was largely offset by additional income generation.

Non-service level variations totalled £2.814 million, comprising of increased interest income, higher business rates income and additional grant income.

Exhibit D: The Council recorded an overall underspend against budget in 2024/25

Area	Budget £m	Expenditure £m	(Underspend) /Overspend £m
Service Level			
Employee Spend	41.743	43.160	1.417
Other Spend	39.207	40.165	0.958
Income	(51.639)	(56.041)	(4.402)
Net Spend (excl HB subsidy)	29.311	27.284	(2.207)
HB Subsidy	(0.167)	0.228	0.395
Net Service Spend	29.144	27.512	(1.632)
Non-service Level (I&E)	9.703	11.887	(2.814)



VFM commentary: Governance

Governance: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Governance sub-criteria set out in AGN03:

- How the body monitors and assesses risk and how the body gains assurance over the effective operations of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- 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, including in relation to significant partnerships;
- 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; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Significant risks identified during planning procedures

Within our Audit Planning Report, we noted that we had yet to complete our detailed value for money planning, We have now completed our risk assessment procedures and did not identify any risks of significant weakness in the Council's Governance arrangements. In prior year, there were also no significant weaknesses identified and no outstanding recommendations relating to prior year.

Overview of our conclusions

Based on the work performed, Chelmsford City Council had proper arrangements in place in 2024/25 to make informed decisions and properly manage its risks.



Governance considerations

Annual Governance Statement

The Council publishes an Annual Governance Statement (AGS) each year, which includes a review of the effectiveness of internal controls as set out in the Council's Statement of Accounts. Preparation and publication of the AGS in accordance with the *CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016)* meets statutory requirements for reviewing internal control systems and ensures compliance with proper practice. In line with the framework, the AGS provides an open and honest self-assessment of governance arrangements. It outlines key corporate systems and responsibilities, explains the processes used to review their effectiveness, and sets out actions to address significant governance issues identified.

The Audit Services Manager concluded that for 2024/25, the Council's control, risk, and governance framework provides Moderate Assurance, meaning systems are generally adequate but need some improvements. Medium-risk issues are not significant overall, and high-risk weaknesses are isolated. No audits were rated as critical or "No Assurance." This opinion is unchanged from 2023/24, and residual risks will be monitored through follow-up in 2025/26.

The AGS provides a comprehensive review of progress against actions identified in the 2023/24 AGS, detailing measures implemented during 2024/25 to address previously reported issues. In addition, the statement outlines key areas requiring further improvement and sets out the framework for monitoring these actions throughout 2025/26 to ensure continued enhancement of governance, risk management, and internal control arrangements.

Risk management

The Council aims to proactively identify and manage risks within its services and strategies, promoting informed risk-taking within its defined risk appetite. Following the 2025 internal restructure, strategic responsibility for risk management moved to the Audit Services Manager, while operational delivery was outsourced to Basildon Council for specialist expertise.

The Principal Risk Register, owned by the Management Team, is the core of the risk management framework and tracks strategic risks requiring senior oversight. Corporate Risk Management collaborates with Risk Owners, Service Managers and Directors to update risks and ensure appropriate mitigation. Progress is reported twice yearly to the Management Team and the Audit and Risk Committee for monitoring and governance.

The Risk Management report presented to the Audit and Risk Committee in September 2025 highlighted several strategic risks currently rated as *very high*. Mitigation actions are in place and are regularly reviewed by Risk Owners, Service Managers and Directors to ensure appropriate measures remain effective. The key risks identified include:

- Local Government Reorganisation and budget and financial position (risk score: 24)
- Building control, information governance, succession planning (loss of key personnel), and A12 widening (risk score: 20)
- Health & safety, cyber security, Chelmer Waterside, and commercial strategy (risk score: 16)



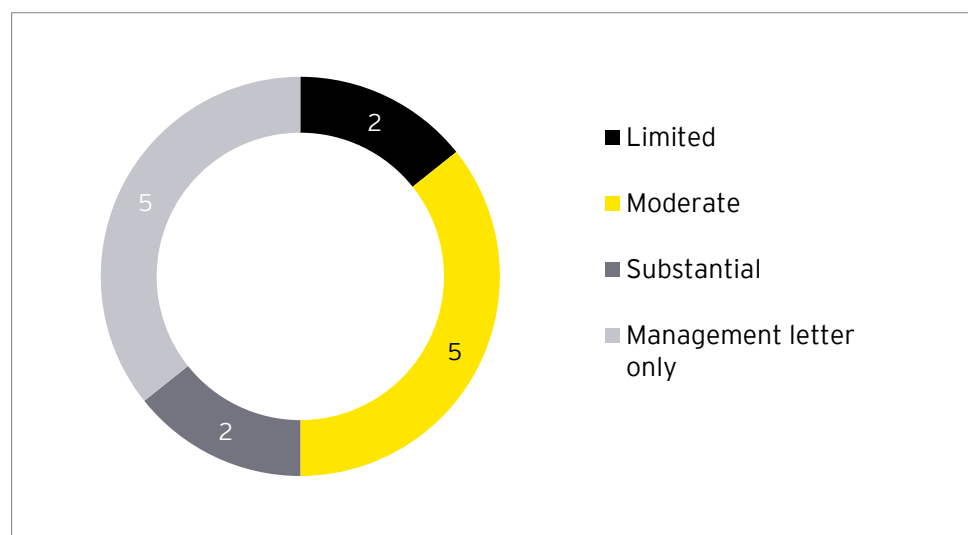
Governance considerations

Internal Audit arrangements

The Council is responsible for maintaining effective risk management, control systems, governance arrangements and accurate accounting records. The Internal Audit function provides independent assurance and advisory services to strengthen these arrangements and improve operations.

The Annual Internal Audit Report, presented to the Audit and Risk Committee in June 2025, summarised audit work undertaken during 2024/25 and highlighted high-risk and priority issues affecting governance, risk management and internal controls. Reviews covered areas including Officer and Member Conflicts of Interest, Corporate Approach to Additional Hours (Overtime), Use of Off-Payroll Workers, Key Financial Systems (Debtors and Accounts Payable), Internal/External Communications, Volunteers, Licensing, Cyber Security and Data Breaches, Corporate Property and Asset Management, Hylands House, Housing Benefit, Payroll (Data Analytics), Garden Waste Advice and Building Control. Based on this work, Internal Audit issued a moderate assurance opinion, confirming that governance, risk and control systems are generally adequate but require improvements to address identified weaknesses and non-compliance. This conclusion reflects that medium-risk weaknesses are not significant in aggregate, high-risk issues are isolated to specific processes and no assignments were classified as critical risk or no assurance.

Exhibit E: Internal Audit's conclusion on the areas reviewed for 2024/25





Governance considerations

Local Government Reorganisation

Local Government Reorganisation is expected to pose challenges for local authorities over the next year. During this period of change, the Council must maintain essential services and fulfil statutory duties. According to MHCLG guidance issued in July 2025, decisions made by the Council prior to reorganisation regarding ongoing service delivery and the medium-term financial strategy should focus on providing value for money for taxpayers and avoid limiting future decisions or sustainability of new councils.

The government has stated that it will issue directions under section 24 of the 2007 Act after Structural Changes Orders are made, specifying a person authorized to give consent on relevant matters and outlining how this authority should be exercised. MHCLG has noted these directions will follow previous precedents, requiring written consent from the successor council for land disposals and contracts exceeding a specified value.

To comply with MHCLG guidance and forthcoming directions, councillors and statutory officers need to be aware of their responsibilities and ensure that appropriate accounting and governance systems are maintained.

Economic Crime and Corporate Transparency Act 2023

The offence of failing to prevent fraud, as introduced by the Economic Crime and Corporate Transparency Act 2023, became effective on 1 September 2025. The Home Office has published statutory guidance (most recently updated in October 2025) which organisations must consider. This guidance outlines the core principles for establishing, reviewing, or enhancing anti-fraud procedures.

The Council's Counter Fraud and Corruption Policy and Strategy was scheduled for update at the end of 2025. At the June 2025 meeting of the Audit and Risk Committee, both the Management Team and the Committee were informed of the new Act coming into force. The revised policy, aligned with the requirements of the new Act, has since been reviewed by the Management Team and will be presented to the Audit and Risk Committee in November 2025 for approval.

Chelmer Waterside Development Update

In the previous year, we identified a potential risk of significant weakness in the governance arrangements for the Chelmer Waterside Development, which is the Council's largest development scheme. Following a detailed review, we concluded that no significant weaknesses were present in those arrangements.

For the financial year 2024/25, we revisited the governance framework and assessed the progress of the scheme. Our review confirms that robust governance arrangements remain in place to oversee the project effectively. These arrangements include appropriate oversight, reporting mechanisms and decision-making processes to ensure accountability and transparency.



VFM commentary: Improving economy, efficiency and effectiveness

Improving economy, efficiency and effectiveness: Our audit procedures

Our audit procedures include:

- How financial and performance information has been used to assess performance to identify areas for improvement;
- How the body evaluates the service it provides to assess performance and identify areas for improvement;
- How the body ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess where it is meeting its objectives; and
- Where the body commissions or procures services, how it assesses whether it is realising the expected benefits.

Significant risks identified during planning procedures

Within our Audit Planning Report, we noted that we had yet to complete our detailed value for money planning. We have now completed our risk assessment procedures and did not identify any risks of significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness. In prior year, there were also no significant weaknesses identified and no outstanding recommendations relating to prior year.

Overview of our conclusions

Based on the work performed, the Council had proper arrangements in place in 2024/25 in how it uses information about its costs and performance to improve the way it manages and delivers its services.



Improving economy, efficiency and effectiveness considerations

Partnership working

The Council maintains several key strategic partnerships, including:

- South Essex Parking Partnership (SEPP) - The Council acts as the lead partner in the SEPP, which manages on-street parking enforcement across Chelmsford, Basildon, Brentwood, Castle Point, Maldon and Rochford. This is undertaken on behalf of Essex County Council (ECC), the highways authority, under delegated responsibilities established through a Joint Agreement introduced in 2011. A new agreement, extending the partnership for a further term, was signed by all partner authorities in 2022. The Partnership continues to operate successfully in compliance with the Traffic Management Act 2004 (TMA 2004).
- One Chelmsford Board - The One Chelmsford Board fulfils Chelmsford's statutory role as the Responsible Authorities Group under the Crime and Disorder Act 1998. Membership includes the following statutory partners:
 - Chelmsford City Council
 - Essex Police
 - Essex County Council
 - Essex County Fire and Rescue Service
 - Probation Services
 - Health (Integrated Care Board - ICB)

The Board is chaired by Chelmsford City Council's Chief Executive. The Council's Leader serves as the member representative, and relevant Cabinet Members are invited to attend. The group operates under an agreed Terms of Reference and provides an annual finance report.

Reports from external bodies

Complaints to the Local Government and Social Care Ombudsman (LGSCO)

We reviewed the complaints raised to LGSCO for 2024/25. Between 1 April 2024 and 31 March 2025, the Ombudsman handled 11 complaints relating to the Council.

- 3 complaints were outside the Ombudsman's remit.
- 4 complaints were assessed and subsequently closed.
- The remaining 4 complaints proceeded to full investigation.

Of the 4 investigated cases, 2 (50%) were upheld, compared to an average uphold rate of 66% for similar authorities.

The LGSCO confirmed that compliance outcomes were recorded for both upheld cases, and the Council achieved a 100% compliance rate with all recommendations. This performance is consistent with the average compliance rate of 100% across comparable authorities.



Improving economy, efficiency and effectiveness considerations

External quality assessments

The Council's Internal Audit service underwent an External Quality Assessment (EQA), and the resulting report was issued on 29 January 2025.

Under the Public Sector Internal Audit Standards (PSIAS), an external quality assessment must be conducted at least once every five years. These standards apply to all public sector internal audit providers, whether operating in-house, through shared services, or via outsourcing.

The purpose of the EQA is to provide the Council with an independent opinion on the Internal Audit service's conformance with the PSIAS and the associated Code of Ethics. The assessment must be carried out by a qualified, independent assessor from outside the organisation.

Across London, the London Audit Group has established a system of independently validated self-assessments against the standards, undertaken by suitably qualified individuals. In line with this approach, Chelmsford City Council's Internal Audit service was reviewed in December 2024 by Christopher Martin, Head of Assurance at the London Borough of Barking and Dagenham.

Based on the assessment, supporting evidence, and independent validation, the lead assessor concluded that Chelmsford City Council's Internal Audit service "generally conforms" with the PSIAS. The term 'generally conforms' indicates that the relevant structures, policies, and procedures of the Internal Audit service, as well as the processes by which they are applied, comply with the requirements of the standards in all material respects.

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