Covering Note

This is a covering introduction for the **Annual Governance Statement 2025/2026** (AGS), to indicate the current status of the document.

The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), produced framework guidance "Delivering Good Governance in Local Government Framework 2016" which is used as a guide in compiling the AGS. CIPFA issued a supplementary Addendum in 2025 to update Chapter 7 of the Framework which applies to the FY 2025/2026 onwards.

The current status of ***this document is draft***. It is unaudited and will be updated and amended as needed. The draft AGS is prepared in accordance with regulation 6(1)(b) and published as required by: http://www.legislation.gov.uk/uksi/2015/234/regulation/15/made. The final version will be approved by the **Audit and Corporate Governance Committee** in advance of the Statement of Accounts in accordance with regulation 6(2)(b). The final backstop date for approval of the final accounts is 31 January 2027, although we anticipate to conclude this earlier depending on the progress of the external audit.

CIPFA guidance states the AGS should reflect relevant governance matters from the 2025/2026 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. Items highlighted in yellow will be updated when information is available and finalised.

Cambridge City Council
Annual Governance Statement 2025/2026

Executive Summary

This Annual Governance Statement provides an assessment of the effectiveness of the Council's governance, risk management, and internal control arrangements for the 2025/2026 financial year.

The Council concludes that its governance arrangements were effective during the year and are fit for purpose, supporting the delivery of our priorities.

The Council has a well-established and mature system of governance, underpinned by its Local Code of Governance and supported by a strong assurance framework. This includes the work of Internal Audit, External Audit, Statutory Officers, and ongoing risk and performance management. The results of this review, and the evidence on which this conclusion is based, are set out in the Review of Effectiveness.

Looking ahead, the Council recognises that the scale and complexity of Local Government Reorganisation presents a significant governance challenge. This will require continued focus on: maintaining robust decision-making and oversight arrangements during transition; ensuring clarity of roles, responsibilities, and accountability; and sustaining organisational capacity and resilience. We are actively preparing for these changes through collaborative working with partner authorities, alongside strengthening our governance arrangements to support a smooth and effective transition.

The Council is committed to continuous improvement in governance. Where we have identified opportunities for improvement from our review of effectiveness, these are included in the Annual Governance Statement. We are satisfied that any planned actions will continue to improve our governance arrangements and will monitor their implementation and operation throughout the year and report their progress as part of our next review.

Councillor Katie Thornburrow

Leader of the Council

Robert Pollock

Chief Executive

Introduction and purpose

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.

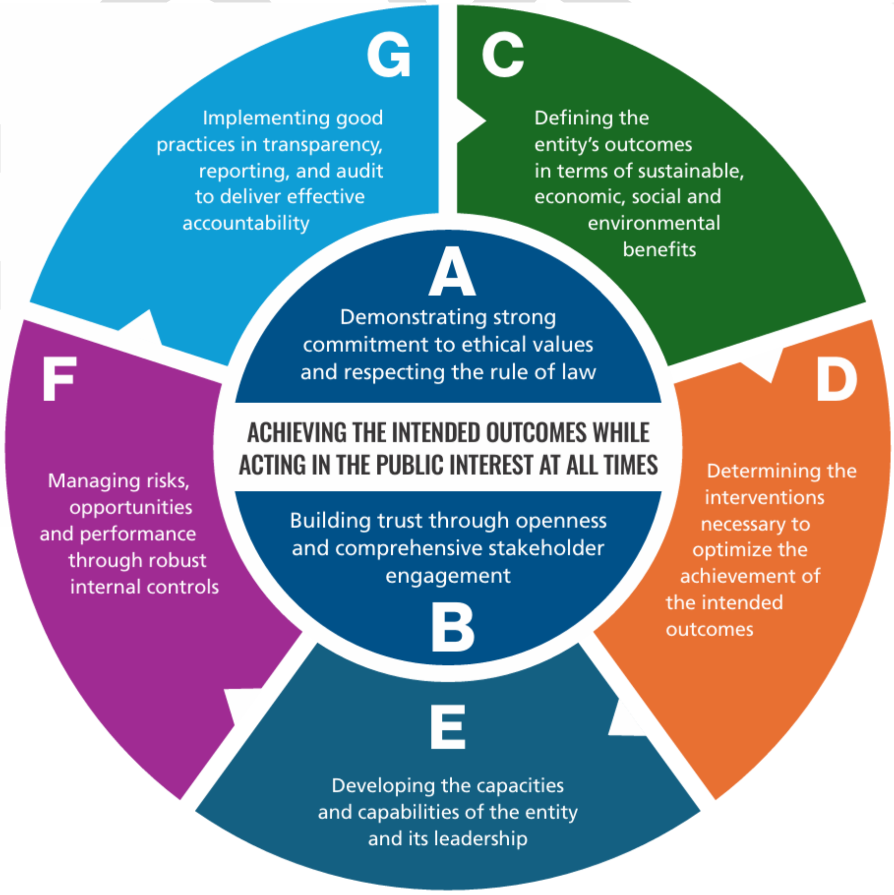
Definition of Corporate Governance

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

Our Governance Framework

Our Governance Framework comprises the culture, values, systems, policies and processes in the Council. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

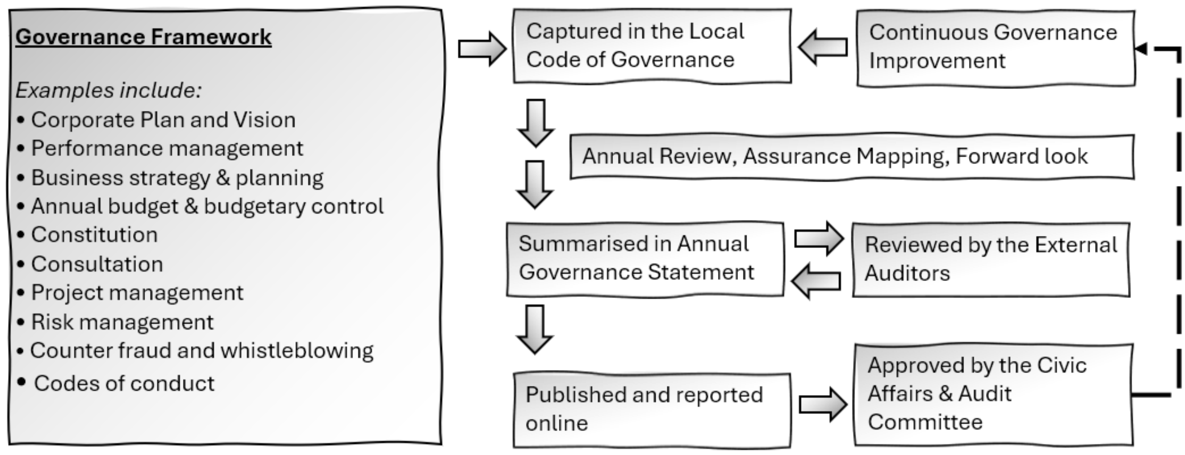
It is recorded in our Local Code of Governance and mapped to seven principles of good governance, showing how the governance principles are put into practice.



CIPFA / SOLACE publication 'Delivering Good Governance in Local Government Framework'.

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.

Good governance is dynamic and the Council is committed to improving governance on a continuing basis through a process of evaluation and review.



We conduct an annual review of the governance arrangements and publish an Annual Governance Statement (AGS) each financial year. This enables us to demonstrate whether, and to what extent, the Council complied with its Local Code of Governance.

Our Governance Framework has been in place at the Council for the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts.

Our Core 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.

Corporate Plan

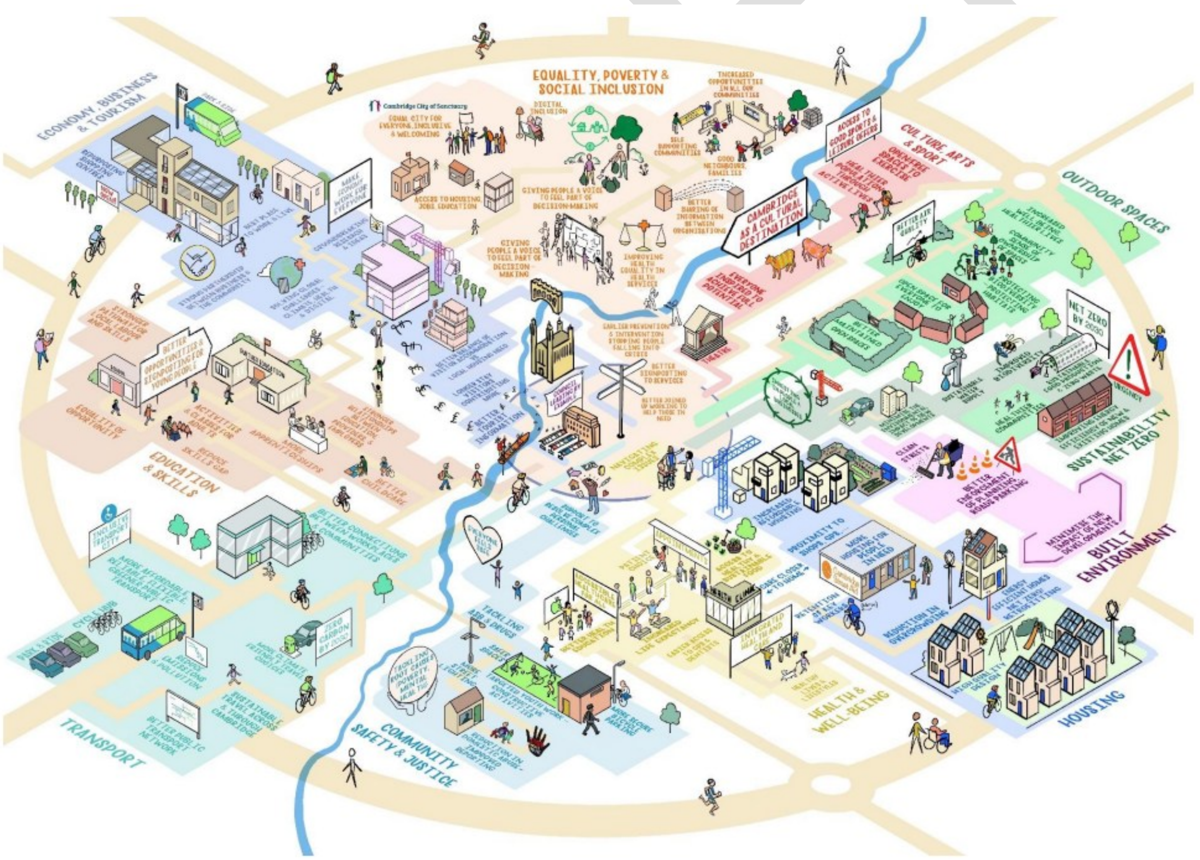
The Council has a Vision for ‘One Cambridge, Fair for All”.

We produce a Corporate Plan, which included four key priorities for 2025/2026:

- 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.

For more information about the Council please visit our State of the City web page which provides helpful information about the Cambridge area. Our latest report and dashboard provide a data-led overview of what Cambridge is like economically, socially, and environmentally.



Role and responsibilities

All of the Council is responsible for developing and complying with its Local Code of Governance. There are a variety of governance structures which are included in our Code of Governance. Some of the key roles include:

Governance structures	Roles and responsibilities
Council	All 42 members of the city council meet formally at least five times a year. Their main responsibilities are setting the budget and policy framework for decision making.
Cabinet	The Cabinet takes most day-to-day decisions in line with the Budget and Policy Framework approved by the Council. Most decisions are taken collectively by Cabinet, but individual lead Cabinet members also have delegated powers to make decisions affecting their service areas where it is expedient for them to do so.
Leadership Team	Our management structure includes a Leadership Team 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 and Audit Committee	The Civic Affairs and Audit Committee is responsible for corporate governance, including: electoral issues; audit and regulatory financial matters; civic and democratic process; miscellaneous regulatory responsibilities.
Civic Affairs Committee	This Committee reviews the Council's Constitution, including proposals for substantive changes for consideration by the Council. It also considers changes to electoral arrangements, setting ethical standards and monitoring the Councils Code of Conduct.
Overview and Scrutiny: Performance, Assets and Strategy Services, Climate and Communities	Overview and scrutiny committees are responsible for scrutinising decisions made by the cabinet before and after they have been implemented and for holding the executive to account. They can also 'deep dive' into new strategies or policies before they are adopted. We have two overview and scrutiny committees that consider: Planning and Transport; Finance and Resources; Housing; and Climate Action and Environment; Communities; Safety, Wellbeing and Tackling Homelessness; Open Spaces & City Services; Culture, Economy & Skills.
Housing Advisory Board	The Board is a body of Tenant and Leaseholder representatives and Councillors which supports the Cabinet's decision-making process and performance.
Employment Committee	The Employment Committee oversees the appointment of senior management, re-gradings and disciplinary and grievance issues. It is one of the Council's Regulatory Committees, which are bodies which have decision-making powers and report to full Council.

A new structure was implemented from the beginning of the 2025/2026 municipal year. You can visit our website for more information about the Council and our Committees.

Our Assessment of Effectiveness

Review of effectiveness

The effectiveness of our core arrangements 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, plus independent assurance and comments from auditors, other review agencies and inspectorates.

If we identify any arrangements are not operating effectively, there are opportunities for improvement, or if we expect governance needs to develop to meet the future needs of the Council, we will reflect these in our assessment.

Our review concludes that each of the core arrangements in our local code are operating effectively overall, with opportunities for improvement identified and set out below.

The section below includes key sources of assurance that supplements our continuous review of the Governance Framework.

Internal Audit

The Chief Audit Executive 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.

The audit opinion was regularly communicated to the Civic Affairs and Audit Committee throughout 2025/2026. The reports outlined the key findings of the internal audit work undertaken during the year, 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. 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 and reported to Audit and Corporate Governance Committee.

It is the opinion of the Chief Audit Executive 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 2025/2026, and this remains at a similar level to the previous year.

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 the Cambridge Investment Partnership with Hill Investment Partnerships in 2017. Information about the current projects are 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.

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 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 Greater Cambridge Shared Planning Service was awarded "Planning Authority of the Year" by the Royal Town Planning Institute (RTPI) Awards for Planning Excellence.

The 3C ICT service is a joint service provided to Cambridge City Council (CCity), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC). The service is 'sponsored' by HDC, with all staffing arrangements delivered under HDC terms and conditions, and to a Partnership Agreement, which was renewed in 2025. The 3C ICT service was subject to external review in 2024 and "Year One Success Criteria" were established against which the service would be re-evaluated against. A Chief Information Digital Officer (CDIO) role was established in December 2024 to deliver the remediation activity within the Partner Councils. As part of the ICT Remediation Programme, also known as the CDIO Programme, an internal audit was undertaken by HDC's audit partner, RSM, which generated two Management Actions. This was reported to our Performance, Assets and Strategy Overview and Scrutiny Committee in March 2026. An approach to addressing the Management Actions was agreed and would be subject to review by the 3C Shared Services Board. The "Year One Audit" reported that the introduction of a Chief Digital and Information Officer has improved governance, leadership and service performance across the shared service. It also identified areas where further work is needed to address feedback from the November 2025 ICT Customer Survey, and to enable effective delivery of LGR Transition activity.

The Local Government and Social Care Ombudsman (LGSCO) resolve complaints in the public sector and provides annual statistic on performance. In 2025-2026 the LGSCO received 24 complaints about our services. Of these 24 complaints, 11 were outside of the ombudsman's jurisdiction, and 11 were "assessed and closed"; and 2 referrals were investigated and upheld. Information is included in our Annual Customer Feedback Report which is published on our website. No public interest reports were published.

Cambridge City Council was recognised by CDP as an 'A' list city for the third year running for our work to mitigate and adapt to climate change – being one of only 120 A list cities worldwide. Achieving an 'A' score places Cambridge among leaders demonstrating transparency, ambition, and bold action in addressing climate change. CDP operates the world's only independent environmental disclosure system, with over 1,000 cities, states and regions reporting environmental data through CDP in 2025.

Regulator of Social Housing

We had an inspection carried out by the Social Housing Regulator in October 2025, and Cambridge City Council has received a Consumer C2 grading. The regulator noted the council's "respectful, fair and positive culture towards tenants". This is a core principle for how housing services, and wider services, are delivered by the council. As part of the inspection, they updated the earlier Judgement regarding compliance with the Rent Standard as we are now compliant.

This confirms that the council, as a landlord, is delivering a service to its tenants that is compliant with the national standards set out by the regulator. Some areas for improvement were identified, which the regulator also acknowledged are already being addressed by the Council.

The Regulator acknowledged substantial improvement across all Consumer Standards since 2023 within the areas we were already engaged with them on. The Regulator will continue engagement via a Provider Improvement Process, on a bi-monthly reporting and assurance cycle.

External Audit

EY has been appointed as our external auditor for the 2025/2026 financial year. Their audit results report (ISA260) are presented to the Audit & Corporate Governance Committee upon completion of their work.

In March 2024, the Public Sector Audit Appointments (PSAA) reported that 646 audit opinions remained outstanding across the Local Government sector for financial years 2015/16 to 2022/23. In response, the Ministry of Housing, Communities and Local Government proposed a sector wide backstop deadline, and legislation was approved to allow accounts to be signed without a full external audit. This includes the option to issue a "Disclaimed Opinion" to help clear the national backlog and restore timely financial reporting in future years. When announcing this policy, the Government emphasised 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."

EY issued their Audit Results Report for the 2024/2025 Financial Year in February 2026, summarising their audit work and providing recommendations for improvement. The accounts for this period were approved by the Civic Affairs and Audit Committee in February 2026.

EY issued their Audit Results Report for the 2025/2026 Financial Year in To be confirmed in final version. The accounts for this period were approved by the Civic Affairs and Audit Committee in To be confirmed in final version.

The Council has now approved all outstanding accounts in line with the new backstop deadlines set by MHCLG.

Public Services Network

The Council completed the Cabinet Office compliance verification process for the (PSN), and a was awarded certification. The PSN is a secure government network that enables the Council to access and share information with central government and other public bodies. Maintaining PSN compliance is essential to support delivery of key services that rely on access to government systems. Failure to maintain compliance could result in restricted access to these systems, increased risk to information security, and potential disruption to service delivery. Certification provides assurance that the Council's IT systems, data handling and security controls meet the required national standards for protecting sensitive information.

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.

Statutory compliance

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

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.

Committee Assurance

Annual reports from Committees are presented to "Those charged with Governance" (which is our full Council) summarising the work undertaken during the year and providing assurance on the effectiveness of governance, risk management and internal controls in their respective area. The Civic Affairs and Audit Committee annual report was presented to Council in June 2026. This report supports collective oversight and accountability and informs the Council's overall assessment of governance effectiveness.

Significant events and our forward look on governance

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 they can also impact our strategic outcomes, financial and organisational resilience, stakeholder engagement and accountability.

Global events

The financial year 2025/2026 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 war, supply chain and financial pressures, continue to impact us locally. This highlights the systemic risks beyond the Council's control that can have a significant impact on achieving intended outcomes for the residents of Cambridge City. The continued pressures illustrate how important 'good governance' has been to enable and sustain a whole system response.

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 operated 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.

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.

The new Governance model has been operating since May 2025.

Local Government Reorganisation

Local Government Reorganisation[1] 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.

We engaged our residents by providing information on our website. The seven Cambridgeshire councils ran an initial joint survey in June and July 2025 asking residents for general feedback about local government and their future priorities. During September and October 2025, we asked "*whether you support a new unitary council for Cambridge and South Cambridgeshire*". Overall, the survey received 889 responses, with 69% of respondents expressing support for a future unitary that is created based on the current boundaries of Cambridge City Council and South Cambridgeshire District council. A highlight of the responses can be found on our website, plus a full breakdown of results can be found on our engagement platform. We submitted our preferred option to Government (known as 'Option B'). This would create a new unitary Council for Greater Cambridge and another for North Cambridgeshire and Peterborough – with local leaders saying they offer financial security, deliver up to £43 million savings a year and respect local identities. In total, four proposals were submitted to Government by the Cambridgeshire and Peterborough councils.

Cllr Cameron Holloway, Leader of Cambridge City Council, said: "This is a once-in-a-generation opportunity to create new councils that work for the longer-term, and we want to get this right. Option B is the most financially sustainable of the options put forward locally, and therefore also the one best placed to deliver high quality services to residents. A single council for the fast-growing Greater Cambridge area would help to streamline governance and enable us to better manage the pressures that come with growth. We want our area to continue to contribute to the country and the world, economically and through research and innovation, but growth here also needs to work for local residents. With a new council focused on Greater Cambridge, we could more effectively plan for supporting new and existing communities, public services, key infrastructure, good jobs, and vibrant natural habitats."

[1] English Devolution White Paper - GOV.UK

Government ran a consultation in advance of making a final decision expected in 2026. New unitary councils are then due to begin operating in a shadow capacity from May 2027 (following elections to the new unitaries), with full implementation expected on 1st April 2028 (known as 'Vesting Day'). We have developed a Frequently Asked Questions page which will be updated throughout the process.

Centrally Led Development Corporation for Greater Cambridge

On 4th February 2026 the Ministry for Housing Communities and Local Government (MHCLG) launched a public consultation on the establishment of a Centrally Led Urban Development Corporation for the Greater Cambridge area.

MHCLG proposed that the new Development Corporation would become the local planning authority for major planning decisions above a certain threshold, as well as on larger development sites – transferring that responsibility from the Greater Cambridge Shared Planning (GCSP) service which Cambridge City and South Cambridgeshire District councils share.

The Development Corporation would be set up for a period of 25 years and be based upon an 'Urban Development Area' mirroring the geography of Cambridge City and South Cambridgeshire Councils' administrative areas.

An Extraordinary Full Council meeting was held to discuss the proposal which would be run by a board with most of its members appointed by Government, rather than elected. At that meeting, Members expressed concerns regarding the potential impact on local democratic accountability and planning responsibilities.

A government decision was announced on Tuesday 2 June 2026. This confirmed plans to create a Greater Cambridge urban development corporation, taking responsibility for strategic developments (where 'strategic' is yet to be defined fully, but will have a minimum size of 250 homes and/or significant commercial buildings).

The government also announced that the corporation will replace the councils' role in preparing Local Plans after the conclusion of the current emerging Greater Cambridge Local Plan.

Legislation to enact the government's plans was laid in Parliament on 4 June, through a Statutory Instrument.

Impact on our governance arrangements

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

Where our governance needs to improve

Our governance arrangements continue to be fit for purpose in accordance with our framework.

The review process helps us to identify opportunities to improve the governance arrangements over the next twelve months, identified in the action plan below.

Theme	Details
Develop capacity and capability of entity: Local Government Reorganisation	Local Government Reorganisation will create a new unitary council in our area. Governance will be established through legislation known as a 'Structural Changes Order', laid in Parliament by the government in Autumn 2026. This order will put in place arrangements to close the district council and establish the new unitary. Governance will be established first in the guise of a 'voluntary joint committee', then a 'joint committee' (both made up of existing district/county council members) and the from May 2027 a 'shadow executive' (made up of members elected to the new unitary council at elections to be held in May 2027). At the same time, officers from across the council are starting to formalise governance arrangements for the transition from a district to a unitary, including in our area, establishing a joint Steering Group between Cambridge City Council and South Cambridgeshire District Council. At the point when the unitary geography is announced, other councils will be invited to join this steering group. On a countywide basis, an Implementation Director has been appointed jointly by all seven councils to oversee the transition across Cambridgeshire & Peterborough. We have started to undertake discovery work with colleagues across all Councils in Cambridgeshire and Peterborough in advance of Government issuing their expected decision in summer of 2026. We will continue to prepare for Local Government Reorganisation and keep residents and stakeholders updated. Our FAQ: Local government reorganisation webpage is regularly reviewed.

Theme	Details
Develop capacity and capability of entity: Urban Development Corporation	A government decision was announced on Tuesday 2 June 2026 that confirmed plans to create a Greater Cambridge Urban Development Corporation. The Development Corporation will establish a board, which will include the leader of South Cambridgeshire District Council, Cambridge City Council, Cambridgeshire County Council and the Mayor of the Combined Authority. These members together will be in a minority on the board. It is expected that work currently undertaken by the Greater Cambridge Shared Planning Service will transfer to the Development Corporation, with the potential for SCDC/City employees to transfer through a TUPE or other arrangement (although the details of this are as yet very unclear). This will lead to a split in planning responsibilities between the City Council (or its successor unitary authority) and the Development Corporation. There is a risk this will affect the financial viability and sustainability of the service as currently provided. We are working through these issues with colleagues from the Ministry of Housing and Local Government.

How we have improved our governance arrangements

Progress on previous actions

This section provides an update on the actions identified from our previous reviews. Governance actions are typically strategic or high level and can often span more than one financial year.

Theme	Details
Develop capacity and capability of entity: Local Government Reorganisation	Councils across Cambridgeshire & Peterborough developed and submitted proposals to government in November 2025. We ensured the right level of information was presented to councillors at the appropriate times to enable them to support the decision-making processes and ensure that we selected and presented the best possible option for the future of unitary government in Cambridgeshire & Peterborough for our residents and businesses.
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 have been reviewing 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. Information is published on our website to keep our stakeholders informed. Our Rent and Service Charge Policy was reviewed by our Housing Advisory Board, Cabinet, prior to full Council approval via the Budget Setting Report and MTFS.
Transparency, reporting, audit, accountability: Financial reporting and audit	We have brought our Statement of Accounts up to date in line with the national backstop timetable. Delays since 2021/22 reflected national factors, including audit capacity, revised deadlines and the pandemic. We have worked closely with our external auditors to complete and publish our Statement of Accounts promptly. We have published information about the progress of our accounts on our website, and we will continue to work with our current external auditors to conclude our Statement of Accounts as quickly as possible.
Behave, integrity, ethical values, respect rule of law: New Legislation	The Economic Crime and Corporate Transparency Act 2023 introduced a new "failure to prevent" offence from September 2025. We prepared for the new legislation and engaged with both Officers and Members to promote awareness. We are using tools via our audit and risk process to improve fraud risk identification and prevention.

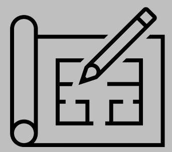
Theme	Details
Develop capacity and capability of entity: New standards	New Global Internal Audit Standards were issued in 2024, and UK Public Sector Application note applied from the 2025/2026 financial year. We worked to implement the new standards and updated our Civic Affairs and Audit Committee with our progress. Critical and High-level actions were implemented promptly, and the Committee approved revised Strategy and Charter that reflects the new Standards. New best practice, such as CIPFA Standards toolkit and IIA Topical requirements continue to be issued, and we are adopting these as part of our ongoing Quality Assurance and Improvement Program.
Transparency, reporting, audit, accountability: Quality Assurance of Cambridge Investment Partnership schemes	During 2025 the Cambridge Investment Partnership with Hill Group Ltd, via which the council delivers its home building programme, undertook a review of lessons learned and approach to quality assurance. The process reaffirmed that Hill has robust Quality Assurance systems in place, which are continually reviewed and improved based on project experience. In addition to these existing measures, further enhancements have been agreed to ensure the Council’s statutory duties are met and to provide additional assurance to stakeholders. These actions go beyond standard practice and reflect a proactive approach to compliance and accountability.

Other improvements to our Governance Framework

In addition to the ongoing maintenance of our existing governance framework, we completed various activities in the year as part of our continuous improvement.

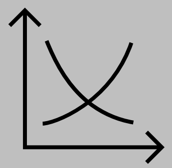
	Principle	Review of effectiveness
A	Behave: integrity, ethical values, respect rule of law 	• Our Housing Advisory Board reviewed the new Housing Revenue Account rent and Service Charge policy, which was then approved by Cabinet. This clearly sets out how rents and charges are calculated for council-owned homes in line with legislation and the Regulator of Social Housing's Rent Standard 2020. We strengthened our governance and assurance by building in legal review from a firm that specialises in Housing and Housing Rents, transparency for tenants and leaseholders, and delegated authority for controlled updates. • Our Housing Advisory Board reviewed the housing compliance policy framework covering key safety areas including fire, gas, electrical, water, asbestos, lift and equipment safety. • Council approved an updated Statement of Licensing Policy following a statutory consultation process. This ensured that feedback from residents, businesses and partners was considered, strengthening transparency and supporting balanced decision making. The updated policy enables us to continue to meet our statutory duties and process licensing applications, while promoting public safety, preventing nuisance and supporting a vibrant local economy.

	Principle	Review of effectiveness
B	Openness & stakeholder engagement	• Cabinet authorised a public consultation on the Community Infrastructure Levy charging schedule and supporting documents. The consultation will inform a further report to Members before deciding whether to submit the charging schedule to an independent examiner. This will strengthen transparency and accountability by setting clear rates, enforcement powers and community engagement arrangements. • Working jointly with South Cambridgeshire District Council, Cabinet agreed the [Greater Cambridge Draft Local Plan] (Regulation 18) for public consultation, supported by the Sustainability Appraisal, Habitats Regulations Assessment and a comprehensive suite of consultation, equalities, duty to cooperate and evidence documents. The decision followed extensive member engagement, scrutiny input from both authorities, and consideration of proposed amendments, and included clear delegation arrangements for approving any subsequent material or minor changes prior to consultation. This demonstrated effective joint governance, transparency and oversight in progressing a shared strategic plan to meet long-term development, infrastructure, climate and social inclusion objectives to 2045 and beyond. • Our Housing Advisory Board reviewed the Tenant and Leaseholder Involvement Strategy 2026–2028, which aims to strengthen resident engagement and meet regulatory expectations. The Housing Advisory Board emphasised the need for accessible communication and inclusive engagement. We will implement the strategy through an annual action plan and improve how we capture and respond to resident feedback.

Principle		Review of effectiveness
C	Defining outcomes - economic, social, environmental 	• Cabinet approved our new Climate Change Strategy for 2026–2031, setting a clear path to a net zero council and supporting a net zero city by 2030. The strategy was shaped by public engagement and scrutiny, recognising delivery risks while strengthening work with communities and partners to deliver the associated benefits of improved health, wellbeing, and livelihoods for current and future generations. • Cabinet approved the mid-term review of our Biodiversity Strategy, updating actions to reflect consultation feedback and new statutory duties while retaining a clear vision for measurable biodiversity net gain by 2031. The review strengthened community-led delivery, partnership working and transparent reporting, with annual public updates to track progress on habitats, species recovery and nature-based improvements across the city. • Following consultation Cabinet approved our Urban Forest Strategy 2026–2036, setting a clear, evidence-led framework to protect, manage and grow Cambridge's urban forest through a whole-city approach that recognises most canopy is on private and partner-managed land. The strategy replaces our expiring Tree Strategy and strengthens data, transparency and partnership working, with ward-level canopy analysis, a new public tree dashboard and agreed delivery measures and key performance indicators to support fair, climate-resilient outcomes over the next decade. • Cabinet approved the drawdown of £0.8 million from our reserves to formalise the Council's investment in Greater Cambridge Impact, with assurance from the Chief Executive, Chief Financial Officer, and Head of Legal that governance, due diligence and safeguards were in place to manage risk and protect public money. It is a £10 million, ten-year social impact investment vehicle focused on improving the lives of people facing the greatest disadvantage. It will tackle systemic inequality and contribute to inclusive growth in Cambridge and the wider area. • Cabinet approved the Cambridgeshire and Peterborough Local Nature Recovery Strategy (LNRS) to proceed to publication by the Secretary of State. The LNRS is a statutory strategy under the Environment Act 2021, for which the Cambridgeshire and Peterborough Combined Authority (CPCA) is the designated Responsible Body. The Council acted as a supporting authority, contributing to the development of the strategy alongside other local authorities and partners. Cabinet's approval enabled the CPCA-led LNRS to move from development into implementation from 2026, providing a shared, evidence-based framework to guide nature recovery and inform local planning and biodiversity net gain delivery.

	Principle	Review of effectiveness
D	Determine interventions to achieve outcomes	• Cabinet approved a medium-term procurement pipeline for repairs, maintenance and compliance works, and delegated authority to award contracts following proper procurement processes. This approach will improve coordination, strengthen contract management and performance oversight, ensure statutory compliance, and secure better value and more reliable services for tenants. • Cabinet supported the next stage of developing a City Centre Heat Network, agreeing funding for pre-commercial work and delegated authority to bid for national grant funding, following scrutiny input on governance, risk and costs. This is a transformative project to decarbonise a significant portfolio of Council and Academic estates in the city centre of Cambridge. The outline business case shows the scheme could cut carbon emissions by around 93% over its lifetime, improve energy security, and deliver long-term value by decarbonising Council and academic buildings while protecting heritage assets. Connecting a heat network to Council assets would also enable budgetary savings and carbon benefits for our Civic Quarter project. • Cabinet and Full Council approved a £4.4m capital budget to progress the Civic Quarter project, alongside strengthened oversight arrangements ahead of final approval. This included a clear focus on improving financial returns where appropriate, securing external funding, engaging stakeholders, and ensuring value for money through ongoing review of design, costs and delivery plans. • Cabinet and Council approved investment in loan and equity funding to support housing delivery and regeneration through the Cambridge Investment Partnership, with clear governance arrangements including delegated authority for detailed terms. A capital budget was allocated for provision of three new development loan facilities and equity loan facilities to the Cambridge Investment Partnership LLP. The equity will be matched by an equal investment by Hill Investment Partnerships LLP. This approval enables delivery of strategic housing schemes while ensuring appropriate financial oversight, risk management and value for money.

	Principle	Review of effectiveness
E	Develop capacity and capability of entity	• In May 2025 our Civic Affairs and Audit Committee recommended approval of an updated Constitution to ensure our governance arrangements remain lawful, transparent and effective, and aligned with our new Leader and Cabinet model. This strengthens accountability, clarifies decision-making processes and supports improved scrutiny, with arrangements in place for ongoing review and updates. • We have two new Scrutiny Committees: Performance Assets and Strategy, and Services, Climate and Communities. They discussed best practice guidance on pre-scrutiny and post scrutiny and how it can be best incorporated into the Councils governance and developed their work programme and forward plan. • Our new Housing Advisory Board agreed its Terms of Reference following input from tenant and leaseholder representatives, strengthening arrangements for engagement, transparency and support. The final framework clarifies roles, access and communication while ensuring adequate resources, inclusive participation and clear governance oversight. Throughout the year the Board reviewed key policies for compliance and safety, and performance.

	Principle	Review of effectiveness
F	Manage risk & performance, internal control, finance 	• Cabinet approved an updated Risk Management Strategy and Framework, strengthening how we identify, assess and manage risks across the Council, including new requirements arising from the Economic Crime and Corporate Transparency Act. This provides a clear, consistent approach supported by training, systems and regular review, helping ensure risks are actively managed and reported to support effective decision making. • In March 2025 the council developed and approved a new Performance Management Framework. This was implemented in the 2025/2026 financial year with progress updates reported to the Performance, Assets and Strategy Overview and Scrutiny Committee. Quarterly Performance Reports were provided to Cabinet which highlight continued effective service delivery, but also financial pressures, particularly within the Housing Revenue Account, where increased costs for repairs and safety compliance required additional investment and close monitoring. This integrated view of performance, finance and risk supports our oversight and decision making. • We have undertaken both internal and external assessments to strengthen governance, oversight and resourcing to support delivery of regulatory requirements and service improvements. Our new Housing Advisory Board reviewed housing complaints data and how complaints are defined and managed. They reviewed progress on the rent regulation project, including tenant communications and refund arrangements, noting the complexity of the process and the need for clear and fair approaches to tenant claims. The Housing Advisory Board also reviewed the Improvement Plan following inspection, including actions to improve asset management, compliance data and contractor performance. The Board emphasised the need to align the plan with wider Council priorities which will help strengthen governance and oversight arrangements. • The Civic Affairs and Audit Committee reviewed the Internal Audit Strategy, Charter and Code of Ethics. These documents had been prepared under the new Global Internal Audit Standards in the UK Public Sector. Regular reports to the Committee provide updates on implementation of actions to work towards compliance with the new Standards. This provides assurance that the Council supports an effective Internal Audit.

	Principle	Review of effectiveness
G	Transparency, reporting, audit, accountability	• We approved the Council's first Biodiversity Duty Report, covering 2022 to 2025, for submission to central government and publication on our website, meeting our new statutory duty under the Environment Act 2021. This provided clear public accountability on how we are delivering biodiversity net gain, improving access to green space, and addressing equality impacts, with arrangements in place to monitor progress and report again in line with national guidance. • The Civic Affairs and Audit Committee received and approved the final version of the Annual Governance Statement 2024/2025 and the Statement of Accounts 2024/2025 in February 2026. EY presented their Audit Completion Report as detailed in our Review of Effectiveness and this provided assurance that the Council was up to date with the new legislative backstop arrangements. • Our new Civic Affairs and Audit Committee approved its first Annual Report for submission to Council, setting out how it has provided independent challenge and oversight of governance, risk, audit and financial reporting. The report helps the Committee to demonstrate compliance with CIPFA best practice and demonstrates the Committee's impact on strengthening governance arrangements.

Conclusion

We continuously review our governance framework and implement improvements.

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders.

For more information about our Governance arrangements please visit our [website](#).