



Scan the code above or visit  
[www.nwleics.gov.uk/meetings](http://www.nwleics.gov.uk/meetings) for a full copy of the  
agenda.

Meeting	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Time/Day/Date	6:30 pm on Wednesday, 12 November 2025
Location	Stenson House, London Road, Coalville, LE67 3FN
Officer to contact	Democratic Services (01530 454512)

### AGENDA

Item	Pages
<b>1. APOLOGIES FOR ABSENCE</b>	
<b>2. DECLARATION OF INTERESTS</b>	
Under the Code of Conduct members are reminded that in declaring interests you should make clear the nature of that interest and whether it is a disclosable pecuniary interest, registerable interest or other interest.	
<b>3. MINUTES</b>	
To confirm and sign the minutes of the meeting held on 6 August 2025.	<b>3 - 6</b>
<b>4. OUTSTANDING ACTIONS UPDATE</b>	
To consider any outstanding items from previous meetings.	<b>7 - 8</b>
<b>5. COMMITTEE WORK PLAN</b>	
To note the Committee's work plan.	<b>9 - 10</b>
<b>6. 2023/24 AUDIT COMPLETION REPORT</b>	
The report of the Head of Finance.	<b>11 - 46</b>
<b>7. AUDITOR'S ANNUAL REPORT - 2023/24 AND 2024/25</b>	
The report of the Strategic Director of Resources.	<b>47 - 78</b>
<b>8. STATEMENT OF ACCOUNTS UPDATE</b>	
The report of the Strategic Director of Resources.	<b>79 - 82</b>

<b>9.</b>	<b>ANNUAL GOVERNANCE STATEMENT 2024/25</b>	
	The report of the Head of Finance.	<b>83 - 112</b>
<b>10.</b>	<b>DRAFT ACCOUNTING POLICIES 2024/25</b>	
	The report of the Head of Finance.	<b>113 - 134</b>
<b>11.</b>	<b>TREASURY MANAGEMENT UPDATE REPORT - QUARTER 2</b>	
	The report of the Head of Finance.	<b>135 - 150</b>
<b>12.</b>	<b>INTERNAL AUDIT PROGRESS REPORT</b>	
	The report of the Audit Manager.	<b>151 - 192</b>
<b>13.</b>	<b>CORPORATE RISK UPDATE</b>	
	The report of the Strategic Director of Resources.	<b>193 - 232</b>
<b>14.</b>	<b>STANDARDS AND ETHICS REPORT - QUARTER 2</b>	
	The report of the Head of Legal and Support Services.	<b>233 - 240</b>

Circulation:

Councillor R Sutton (Chair)  
 Councillor P Moulton (Deputy Chair)  
 Councillor R Boam  
 Councillor D Cooper  
 Councillor D Everitt  
 Councillor R Johnson  
 Councillor G Rogers  
 Councillor J G Simmons  
 Councillor N Smith  
 Councillor A Wilson  
 Mrs E Hutchinson  
 Mr P Montgomery

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 6 AUGUST 2025

Present: Councillor R Sutton (Chair)

Councillors P Moulton, D Cooper, D Everitt, R Johnson, G Rogers, J G Simmons, N Smith and A Wilson

Officers: Mr A Barton, Ms K Beavis, Mrs A Crouch, Ms K Hiller, Ms B Leonard and Mr P Stone

#### **81. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors R Boam and R Johnson

#### **82. DECLARATION OF INTERESTS**

There were no interests declared.

#### **83. MINUTES**

Consideration was given to the minutes of the meeting held on 4 June 2025.

It was moved by Councillor P Moulton and seconded by Councillor N Smith and

RESOLVED THAT:

The minutes of the meeting held on 4 June 2025 be confirmed as accurate records of proceedings.

#### **84. COMMITTEE WORK PLAN**

Consideration was given to the inclusion of any items on the work programme.

Inclusion of reports from external auditors was requested by a member for the next Committee.

The work plan was noted.

#### **85. STATEMENT OF ACCOUNTS UPDATE**

The report was presented by the Strategic Director of Resources.

A discussion followed. It was explained to the Committee that other local authorities in the country had generally met audit deadlines, with one other authority in a similar position and that external auditors were working over the summer to provide results for years 2024/25 for those other local authorities, but a full audit assurance was not expected until 2027/28.

Members and the Strategic Director of Resources discussed a number of questions and concerns with regard to the reconciliation and control work for the 2023/24 accounts. It was explained that Mazars', the previous external auditor, was engaged to assist with this and that their role was limited with no broader financial tasks. The decision to use Mazars was based on value for money, compared to agency costs.

In response to a question from a Member, it was maintained that the financial management and governance of the Council was sound. Prior to Covid, the Council always submitted its Statement of Accounts on time. During Covid, the finance teams

were allocated other priorities which exacerbated its ability to close the accounts in a timely manner. The Director of Resources explained that the Council performs well against the Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code and confirmed good practices were in place but disruptions such as COVID and system transitions had negatively impacted reporting timelines. Furthermore, the Director of Resources referred Members to the report presented by Azets to the Committee on 4 June 2025 which sets out the timetable and approach for rebuilding assurance.

Another challenge faced by the Finance Team was explained to be recruitment and retention. It had been difficult to recruit to technical roles. The Council used agency staff, but retention was challenging due to pay and post-COVID work preferences (e.g. a preference for having more agency over schedule). A member emphasised the Committee's responsibility to scrutinise and understand the reconciliation work. It was agreed that the Strategic Director of Resources would provide regular updates, in detail, to the Committee.

Members were thanked for their comments, and the report was noted.

## **86. TREASURY MANAGEMENT UPDATE REPORT - QUARTER 1**

The report was presented by the Head of Finance.

A discussion followed regarding a proposal made at the last full Council meeting to consider becoming a debt-free Council. There were mixed views among Members: some supported the use of reserves for service provision and saw value in prudent borrowing. However, concerns about future borrowing, which included current low interest rate vs. future uncertainty, restrictions on borrowing to generate income and external risks such as central government funding reforms, were raised.

The Committee were informed that the Council had begun an initial analysis on the proposal and that decisions would be transparent. The process would involve external Treasury Management Advisors, Corporate Scrutiny Committees, Cabinet and full Council before any decisions would be made.

Members were thanked for their comments, and the report was noted.

## **87. INTERNAL AUDIT PROGRESS REPORT**

The report was presented by the Audit Manager.

Following the presentation, Members discussed tracking and implementations of outstanding recommendations. It was explained that a new progress tracker format was introduced to improve transparency and monitoring, and updates would be provided quarterly.

### Housing Compliance

The Strategic Director of Communities was in attendance to answer questions from the Committee on the housing compliance audit. It was explained that limited assurance was given due to gaps in documentation as opposed to statutory compliance. A new Computer-Aided Facility Management system was being considered in hope that it could track compliance to the desired level. Issues with gas safety compliance, due to tenant access problems, have improved using legal warrants to gain entry.



Corporate Complaints

In response to a question about 'unreasonable' complaints, it was explained by the Strategic Director of Resources that assessments were made using Ombudsman codes and handled by experienced staff.

IT Security Management

A member enquired about security, specifically phishing emails. It was explained by the Strategic Director of Resources that despite strong firewalls, a very small amount of phishing emails can still be received. To mitigate this, IT staff regularly undertook regular phishing tests and training for staff and Councillors.

Rent Accounting

It was assured by the Audit Manager that anti-fraud and anti-money laundering procedures were in place. The Strategic Director of Communities explained that there was estimated to be £500,000 in arrears from former tenants actively being chased by Officers and that there were no unusually large debts; most were small and historic. If tenants had positive balances, a refund was issued following checks.

Finance Audit Recommendations

It was explained by the Audit Manager that a new format was implemented to group similar recommendations across financial audits. This would align implementation dates for clarity and progress updates would be provided quarterly to the Committee.

Concerns were raised about system permissions allowing officers to raise and approve their own purchase. The Audit Manager informed the Committee that exception reports were used to monitor this.

Extended Recommendations

In response to a question from a member, the Audit manager informed the Committee that the Capital Programme Management recommendations are on track for September 2025.

Members were thanked for their comments, and the report was noted.

**88. ANNUAL AUDIT OPINION**

The report was presented by the Audit Manager.

A discussion followed with an acknowledgement, from a Member, that there was positive work in progress; and it was encouraging to see. The Audit Manager responded that the Senior Leadership Team were actively working to improve governance using multiple initiatives and that close collaboration between them and managers was essential. It was also explained that significant time had been spent on developing strategies, especially around key financial systems.

Members were thanked for their comments, and the report was noted.

**89. MANAGEMENT RESPONSE TO ANNUAL AUDIT OPINIONS**

The report was presented by the Strategic Director of Resources.

In response to enquiries from a Member, the Strategic Director of Resources explained that despite the acceleration of Local Government Reorganisation, existing resources were being utilised to manage this as there was no additional funding. While it added pressure, it wasn't considered a distraction from core governance and procedural work which remained a top priority.

Members were thanked for their comments, and the report was noted.

## **90. REVIEW OF CORPORATE GOVERNANCE POLICIES**

The report was presented by the Strategic Director of Resources.

A Councillor raised concerns about the sensitivity of surveillance and the importance of ensuring proper oversight. This was alleviated by the Strategic Director of Resources explaining that Officers involved in surveillance or investigatory work received specific training relevant to their responsibilities.

Members were thanked for their comments, and the report was noted.

## **91. CORPORATE RISK UPDATE**

The report was presented by the Strategic Director of Resources.

A discussion followed, with Members expressing the importance of implementing a robust financial system. Assurance was given that regular updates on the finance system will be provided alongside future reports.

The Committee were also assured that Officers regularly attended training and simulation exercises for serious incidents, which included involvement with the Local Resilience Forum.

Members acknowledged the importance of maintaining visibility on financial and emergency preparedness risks.

Members were thanked for their comments, and the report was noted.

## **92. STANDARDS AND ETHICS REPORT - QUARTER 1**

The report was presented by the Head of Legal and Support Services.

In response to a Member enquiring about the reasons behind an increase in Freedom of Information requests it was explained that Officers involved in the requests could not request reasons, but there could be an increase due to those making requests using them to support an individual case.

The report was noted.

## **93. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN REVIEW LETTER**

The report was presented by the Head of Legal and Support Services.

The report was noted.

The meeting commenced at 6.30 pm

The Chair closed the meeting at 8.30 pm

## Audit and Governance Committee

### Outstanding Actions

Key: Green = completed, Amber = working towards completion,

Red = to be completed



Meeting Date	Agenda Item	Action	Comments	Responsible Officer	Target dates/ rationale for delays	Last Updated
6/8/2025	4	To include reports from Azets in the Workplan	Reports to be received from Azets, added to the Committee's Work Plan.	Paul Stone/ Beth Leonard		14/08/2025
6/8/2025	5	To provide an update on the Statement of Accounts each meeting	Statement of Accounts has been added to the Committee's Work Plan.	Paul Stone		14/08/2025
6/8/2025	7	To circulate the latest tracking of tenant arrears monitoring	Circulated to Audit and Government Committee.	Andy Barton		14/08/2025

Agenda item 4.

This page is intentionally left blank

**AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME** (as at 04/11/25)

Issue	Report Author	Meeting at which will be reported
<b>4 February 2026</b>		
Internal Audit Progress Report	Kerry Beavis, Audit Manager	4 February 2026
Treasury Management Update Report - Quarter 3	Anna Crouch, Head of Finance	4 February 2026
Draft Accounting Policies 2025/26	Anna Crouch, Head of Finance	4 February 2026
Corporate Risk Update	Paul Stone, Strategic Director of Resources (Section 151 Officer)	4 February 2026
Annual Review of the Code of Conduct Complaints Arrangements	Emma Lant	4 February 2026
Standards and Ethics Report - Quarter 3	Emma Lant	4 February 2026
Annual Review of the Council's Constitution	Emma Lant	4 February 2026
Annual IT Health Check Report	Sam Outama, ICT Team Manager	4 February 2026
<b>17 February 2025</b>		
Annual Governance Statement 2025/26	Anna Crouch, Head of Finance, Paul Stone, Strategic Director of Resources (Section 151 Officer)	17 February 2026
2024/25 Audit Findings Report Report of the External Auditor	Anna Crouch, Head of Finance	17 February 2026
<b>April 2026</b>		
2025/26 Annual Audit Plan Report of the External Auditor	Anna Crouch, Head of Finance	29 April 2026
Internal Audit Progress Report	Kerry Beavis, Audit Manager	29 April 2026

Issue	Report Author	Meeting at which will be reported
Internal Audit Annual Plan	Kerry Beavis, Audit Manager	29 April 2026
Internal Audit Charter	Kerry Beavis, Audit Manager	29 April 2026
Internal Audit Strategy	Kerry Beavis, Audit Manager	29 April 2026
Corporate Risk Update	Paul Stone, Strategic Director of Resources (Section 151 Officer)	29 April 2026
Audit and Governance Committee Annual Report	Paul Stone, Strategic Director of Resources (Section 151 Officer)	29 April 2026
Standards and Ethics Report - Quarter 4	Emma Lant	29 April 2026
SIRO (Senior Information Risk Officer) Annual Report	Laurent Flinders, Information Governance Officer	29 April 2026
Draft Member Code of Conduct Annual Report	Emma Lant	29 April 2026
<b>June 2026</b>		
Treasury Management Stewardship Report 2025/26  For the Committee to consider the draft Treasury Management Stewardship Report 2025/26 before it is considered by Cabinet.	Anna Crouch, Head of Finance	10 June 2026

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025

<b>Title of Report</b>	<b>2023/24 AUDIT COMPLETION REPORT</b>	
<b>Presented by</b>	Paul Stone Strategic Director of Resources	
<b>Background Papers</b>	<b>Audit and Governance Committee – 23 April 2025</b> <a href="#">External Audit Plan 2023/24</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications to be considered.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	There are no legal implications to be considered.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing and corporate implications to be considered.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To present the External Auditor's Audit Completion Report for year ended 31 March 2024.	
<b>Recommendations</b>	<b>THAT THE COMMITTEE NOTES THE EXTERNAL AUDITOR'S 2023/24 AUDIT COMPLETION REPORT AS SET OUT IN APPENDIX A.</b>	

**1.0 BACKGROUND**

- 1.1 The report attached at Appendix A is the External Auditor's (Azets) Audit Completion Report (ACR) for the year ended 31 March 2024.
- 1.2 The ACR details the audit findings and conclusions. The report covers the issues arising from the annual audit of accounts and any matters which are formally required to be reported under the Code of Audit Practice and International Standard of Auditing (UK and Ireland) (ISA 260) "communication of audit matters with those charged with governance".
- 1.3 Sections highlighted in yellow within the appendix are pending finalisation; an update will be given at the meeting.
- 1.4 A representative from Azets will be present at the meeting.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A well-run council
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon	Not applicable
Consultation/Community/Tenant Engagement:	Not applicable
Risks:	Not applicable
Officer Contact	Anna Crouch Head of Finance <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a>





# North West Leicestershire District Council

2

## Audit Completion Report for Those Charged with Governance

Year ended 31 March 2024

November 2025



Audit and Governance Committee  
North West Leicestershire District Council  
Coalville  
LE67 0FW

November 2025

Dear Audit and Governance Committee Members

### **North West Leicestershire District Council – Completion report for Those Charged with Governance for the year ended 31 March 2024**

This Audit Completion Report summarises the approach and outcomes arising from our audit for the benefit of Those Charged with Governance, as required by International Standard on Auditing (UK) 260, the National Audit Office Code of Practice 2024 (the 'Code') and associated Auditor Guidance Notes. The contents of this report relate only to those matters which came to our attention during the conduct of our audit procedures and have been discussed with management.

We were appointed as auditors to perform the audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), which are directed towards forming and expressing an opinion on the financial statements that have been prepared on behalf of management with the oversight of Those Charged with Governance.

Statutory Instrument (2024) No.907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposed a backstop date of 28 February 2025 by which date we were required to issue our opinion on the financial statements. The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2024, imposed a statutory backstop date of 28 February 2025 for the publication by the Council of their final Statement of Accounts for 2023/24. The Code of Audit Practice (2024) (the Code) issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (the Code) specifies that auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with these statutory reporting timescales.

We were unable to issue our disclaimed opinion on the financial statements for 2023/24 by the backstop date as, at this date, the Council had not produced any financial statements upon which an opinion could be issued. The Council subsequently published the 2023/24 accounts on 29 August 2025 six months after the backstop date. The time constraints mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the audit and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation).

Auditors have to consider whether the time constraints imposed by the backstop date mean that they cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support their opinion and fulfil all the objectives of the ISAs (UK). For 2023/24, the time constraints are further restricted by the fact that the statutory backstop date of 13 December 2024 for outstanding periods to 31 March 2023 – all preceding audit periods – resulted in the issue of disclaimed audit opinions by the Council's predecessor auditor for the financial years ended 2022/23 and 2021/22. The 2021/22 and 2022/23 audits were disclaimed in line with the 13 December 2024 backstop date, resulting in a lack of assurance on the Council's opening balances at 1 April 2023.

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimer of opinion in our auditor's report.

In completing our work for this audit year, we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" and Local Audit Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice (2024), the Statement of Responsibilities (from 2023/24 audits) issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

The responsibilities of the Council and Those Charged with Governance remain unchanged. The Council's Responsible Finance Officer has a responsibility under The Accounts and Audit Regulations 2015 to confirm that the Accountability Statements included in the Statement of Accounts give a true and fair view. Those Charged with Governance have an essential role in ensuring that it has assurance over the quality and accuracy of the financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. The Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) clearly set out what is expected of audited bodies in preparing their financial statements.

Alongside our audit of the financial statements, under the Code we are also required to consider your arrangements for securing economy, efficiency and effectiveness in your use of resources and to report any significant weaknesses we identify, including reporting these in our auditor's report. We consider and report on the adequacy of the Council's financial reporting arrangements and the effectiveness of the Audit and Governance Committee, as the Council's body charged with governance, in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements. We also consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Where, as part of our work, we identify control weaknesses we also report these to you. However, our audit is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

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

We would like to take this opportunity to record our appreciation for the assistance provided by your team during our audit.

Yours sincerely

**Laura Hinsley**  
**Key Audit Partner**

For and on behalf of Azets Audit Services  
on



This report has been prepared for the sole use of the Council's management and Those Charged with Governance. It should not be quoted in whole or in part without our prior written consent and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to any third parties. To the fullest extent permitted by law, we do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

## Your key team members

### **Laura Hinsley**

Key Audit Partner

[Laura.hinsley@azets.co.uk](mailto:Laura.hinsley@azets.co.uk)

### **Helen Parks**

Audit Director

[Helen.parks@azets.co.uk](mailto:Helen.parks@azets.co.uk)

### **Charlotte Amos**

In-Charge Auditor

[Charlotte.amos@azet.co.uk](mailto:Charlotte.amos@azet.co.uk)

## Contents

Executive summary	6
Quality indicators	10
Audit scope and general approach	11
Materiality	12
Significant risks of material misstatement	13
2023/24 work and building back assurance	15
Significant matters	17
Financial statements: other responsibilities	18
Audit adjustments	21
Value for money	22
Independence and ethics	29
<b>Appendices</b>	
Appendix I: Fees	31
Appendix II: PSAA Statement of Responsibilities	33

# Executive summary

This section summarises for those charged with governance the work we performed on the Council's financial statements, our findings on your value for money arrangements and other matters arising from the statutory audit of North West Leicestershire District Council for the year end 31 March 2024.

*Under International Standards on Auditing (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice 2024 ('the Code') we were appointed to report on whether, in our opinion:*

- *The Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the period; and*
- ⇒ *The Council's financial statements, have been properly prepared in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code') 2023/24 and the Local Audit and Accountability Act 2014.*

*We are also required to report on other matters under the Code of Audit Practice (2024), including any significant weaknesses we have identified in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.*

## Context for the audit

Timely, high-quality financial reporting and audit of local bodies is vital. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and that all stakeholders in the sector need to work together to address this. The factors which have led to this situation are widespread and varied. These include the following:

- Increased complexity of financial and other reporting requirements within the sector;
- Increased volume of complex capital and income generation transactions which require specialist accounting and auditing expertise, and which take significantly more time to prepare and audit;
- Lack of capacity within local authority financial reporting professions and audit firms with specialist public sector experience; and
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

The Ministry of Housing, Communities and Local Government (MHCLG), formerly the Department of Levelling Up Homes & Communities (DLUHC), has worked collaboratively with the Financial Reporting Council (FRC) and other system partners including the NAO to develop and implement measures to clear the backlog.

In July 2024, the Minister for MHCLG issued a statement confirming the government's plans to:

- **Reset** and clear the backlog through the setting of a statutory backstop date of 13 December 2024 for any outstanding financial statements for financial years to 2022/23;
- **Recover** assurance over a five-year period to 2027/28 to avoid a recurrence of the backlog through the setting of further backstop dates for financial years 2023/24 to 2027/28; and
- **Reform** the local audit system to address the systemic challenges and embed timely financial reporting and audit.

Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Audit Reset and Recovery Implementation Guidance give effect to the ministerial statement and have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)).

*continued....*

# Executive summary

Statutory backstop dates were published in The Accounts and Audit (Amendment) Regulations 2024, which were approved by Parliament and came into force on 30 September 2024. These regulations were subsequently incorporated into The Accounts and Audit Regulations 2015 (as amended).

Alongside this updated legislation the NAO updated the Code of Audit Practice (the Code) to reflect the statutory backstop requirements. The 2024 Code was approved by Parliament on 14 November 2024. At the same time the NAO issued the Local Audit Reset and Recovery Implementation Guidance (the LARRIGs) to facilitate auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), which were endorsed by the FRC.

The Council's 2021/22 accounts were published on 26 June 2024, and the 2022/23 accounts were published on 31 October 2024. The 2021/22 and 2022/23 audits were disclaimed in line with the 13 December 2024 backstop date, resulting in a lack of assurance on the Council's opening balances at 1 April 2023.

As a result of the system wide implementation of backstop dates we intend to issue a disclaimer of the audit opinion on the Council's 2023/24 accounts.

## Financial statements – the 2023/24 audit

The statutory deadline for councils to issue unaudited financial statements for 2023/24, as set out in the Accounts and Audit Regulations 2015 (as amended), was 31 May 2024. The Accounts and Audit Regulations 2015 required the Authority to make its financial statements for the year ended 31 March 2023 available for public inspection by the first working day in June 2023.

Whilst we had undertaken as much work as possible ahead of this date in support of the 2023/24 audit, we were not able to commence our work on the financial statements before the accounts were submitted to us.

The Council issued its unaudited financial statements on 29 August 2025, 15 months after the statutory deadline. The public inspection period ran from 01 September 2025 to 31 October 2025. Although we undertook as much preparatory, planning and interim work as possible in support of the 2023/24 audit, we were not able to commence our work on the financial statements before the accounts were submitted to us.

The absence of assurance over opening balances resulting from the disclaimers of opinion issued over the prior years, combined with the statutory backstop date for 2023/24 having passed before the accounts were published, restricted the audit procedures that we had planned to undertake to gain assurance on the Council's 2023/24 financial statements. These planned procedures were reported in our audit plan in April 2025. We also experienced delays in the receipt of information from the Council, as officers were also working on producing the 2021/22 and 2022/23 accounts, which impeded the progress of the 2023/24 audit prior to the production of the financial statements. As the backstop date had passed six months before the 2023/24 accounts were published, there is insufficient remaining time and resource available to obtain sufficient appropriate audit evidence to conclude that the 2023/24 financial statements as a whole are free from material misstatement, including recovering missing assurance from earlier years.

We therefore plan to issue a disclaimer of the audit opinion on the Council's 2023/24 accounts.

We have prioritised available resources in carrying out audit procedures which will provide us with audit information which we can accrete to future audit periods in line with the guidance set out in the LARRIGs.

*continued....*



# Executive summary

We have undertaken the following planning tasks:

- Required independence procedures;
- Determination of materiality at the planning stage and reconsideration upon receipt of the financial statements;
- Made inquiries of management, Those Charged with Governance and internal audit;
- Procedures in relation to understanding the entity and its environment, and in assessing the control environment in place;
- Planning procedures in relation to applicable laws and regulations;
- Planning assessment and consideration of the Council's related party transactions;
- Review of key Council minutes;
- Review of internal audit reports and findings produced;
- Assessment of competence and capability of experts used by the Council in the preparation of the financial statements;
- Undertaking planning analytical procedures and follow up with management;
- Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meetings, including our review of IT General Controls and additional procedures required under ISA (UK) 315;
- Risk-based scoping of audit procedures at the financial statements level and at the assertion level;
- Identified significant risks of material misstatement;
- Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report, e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money and any matters that may result in the use of the auditor's powers;
- Production, agreement of the audit plan presented in April 2025.

In order to issue our auditor's report, we require completion of the following matters:

- Receipt and review of the management representation letter;
- Receipt and review of the final amended, approved Statement of Accounts;
- Responses from management regarding subsequent events up to the date of the opinion and completion of subsequent events audit procedures; and
- Final engagement lead 'stand-back' review of the file.

We will continue to consider existing and new information which could influence our final audit report (opinion).



# Executive summary

The Council's Director of Resources is responsible for ensuring that the Council has adequate internal controls in place to produce financial statements that give a true and fair view and for reconfirming the material accuracy of the financial statements before they are approved by the Audit and Governance Committee.

Where, from our procedures performed, we have identified errors or misstatements in the financial statements, disclosure errors, or inconsistencies with the prior year, we report these in this report. Any such matters reported are not exhaustive due to the lack of time available to complete our work. We are unable to confirm if there are any other misstatements in the financial statements for 2023/24 beyond those reported in this report.

During our work we identified some deficiencies in your internal controls which are set out in Appendix 1.

## Value for money

*We are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.*

We have completed our value for money work, and our detailed findings are presented in the Auditor's Annual Report, which will be issued alongside this Audit Completion Report.

In 2022/23 the predecessor auditor identified a significant weakness in the Council's arrangements for the preparation and publication of financial statements. The significant weakness remained appropriate at the time we completed our audit planning procedures for 2023/24. We have since completed further value for money work and have concluded accordingly.

We have made three key recommendations regarding the significant weaknesses identified in respect of governance. We have also raised one other recommendation regarding the Council's arrangements for improving economy, efficiency and effectiveness and one relating to the Council's arrangements for financial sustainability.

## Statutory duties

*The Local Audit and Accountability Act 2014 (the Act) requires us to: report to you if we have applied any of the additional powers and duties available to us under the Act; and certify the closure of the audit.*

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

We have not exercised any statutory powers or duties available to us for 2023/24.

We expect to certify the closure of the audit within our auditor's report.

# Quality indicators

The following metrics are important in assessing the reliability of your financial reporting and response to the audit

**KEY:**

**RED:**

Significant improvement required

**AMBER:**

Developing

**GREEN:**

Mature

Metric	Grading	Commentary
<b>Timeliness of draft financial statements</b>	Red	Under The Accounts and Audit Regulations 2015, the deadline for the production and approval for the draft financial statements was 31 May 2024. The Council did not prepare its draft accounts in line with this deadline as, at the time, the prior year audit had not been concluded. The draft financial statements were published and made available for inspection on the Council's website on 29 August 2025, 14 months after the statutory deadline for publishing draft accounts and six months after the statutory backstop for publishing audited financial statements.
<b>Quality of working papers provided and adherence to timetable</b>	Amber	We experienced delays in the provision of information throughout the planning phase of the audit. We did not request any working papers in relation to the draft financial accounts for the year ended 31 March 2024, as the backstop date has already passed, and we had insufficient time to complete substantive testing on the draft financial statements.
<b>Timing of key accounting judgements</b>	Red	Due to delays in the finalisation of the accounts and the constraints imposed by the backstop date, we have not been able to assess the timing and quality of key accounting judgements, other than noting the timeliness of these judgements being made was significantly later than the required statutory deadlines.
<b>Access to finance team and other key personnel</b>	Amber	The finance team responded to our audit queries to the best of their ability. However, their capacity to engage was constrained by the need to prioritise the closure of the outstanding 2021/22 and 2022/23 audits led by the predecessor auditor. As a result, interaction with the finance team during the audit was subject to delays and resulted in the need to schedule additional interim visits and meetings.
<b>Timeliness of Narrative Report and Annual Governance Statement</b>	Red	Under The Accounts and Audit Regulations 2015 the deadline for the production and approval for the draft financial statements was 31 May 2024. The Council did not prepare its draft accounts in line with this deadline as, at the time, the prior year audit had not been concluded. The Annual Governance Statement and Narrative Report were published and made available for inspection on the Council's website on 25 September 2025, 15 months after the statutory deadline for publishing draft accounts and seven months after the statutory backstop for publishing audited financial statements.
<b>Volume and magnitude of identified errors</b>	N/A	We have reviewed the draft financial statements for internal consistency, arithmetic accuracy and to assess whether the comparators in the 2023/24 financial statements agree with the figures in the 2022/23 disclaimed financial statements. Our work has not identified any significant exceptions, which indicates the accounts produced are of a reasonable quality. Notwithstanding this, we have determined that the delay beyond the backstop date on 28 February 2025, has prevented us from being able to complete all necessary procedures to obtain sufficient appropriate audit evidence and to fulfil the objectives of all the relevant ISAs (UK). As a result of the material and pervasive nature of missing assurance, we intend to issue a disclaimer of opinion in our audit report.

# Audit scope and general approach

This section sets out the scope and nature of our audit and should be considered in conjunction with the [Terms of Appointment](#) and [Statement of Responsibilities](#) issued by Public Sector Audit Appointments Limited (PSAA).

***The primary responsibility for the prevention and detection of fraud rests with management and Those Charged with Governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.***

## Scope and general approach

Our objective when performing an audit is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach we:

- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We reported the significant and other risks we had identified in our audit plan to the Audit and Governance Committee in April 2025.

## Work undertaken in 2023/24

2023/24 is our first year of appointment as external auditors to North West Leicestershire District Council. We commenced our audit in September 2023 and have undertaken planning procedures and interim testing procedures, including additional work required under ISA (UK) 315. Subsequent to our appointment, MHCLG introduced statutory backstop dates, including for the 2023/24 audit.

Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we were required to issue our opinion on the financial statements.

We have considered whether the time constraints resulting from the backstop date, along with the delay in producing the financial statements for the year ended 31 March 2024, prevent us from completing all necessary procedures to obtain sufficient and appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

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

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the audit and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation).

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we anticipate issuing a disclaimer of opinion.

# Materiality

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines:

- **clearly trivial** as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;
- **material** as an omission or misstatement that would reasonably influence the users of the financial statements.

The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

As set out in our audit plan, we determined materiality at the planning stage as £780k for the Council based on 1.25% of gross expenditure of the last available draft financial statements. At the time, this was the unaudited financial statements for 2022/23. On production of the financial statements for 2023/24 we reconsidered our materiality determination. We have noted expenditure has increased for the 23/24 draft financial statements; however, we have elected to leave materiality at the thresholds set at planning for prudence.

We have determined that no specific materiality levels need to be set for this audit.

Materiality area	Planning £000	Final £000	Explanation
Overall materiality for the financial statements	780	780	This is the equivalent of 1.25% of gross revenue expenditure based on the 2023/24 draft financial statements. This is based on the risk profile of the Council and its primary objective to deliver public services. This is a common measure for calculating materiality for councils as the users of the Council's financial statements are considered to be most interested in where the Council has expended their income during the year.
Performance materiality	468	468	Performance materiality has been set at 60% of overall materiality. This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	39	39	This is set at 5% of the headline materiality calculation. Individual errors above this threshold are communicated to Those Charged with Governance.

# Significant risks of material misstatement

This section of our report includes a summary of the significant risk areas we identified during our audit planning that required special consideration. It provides an overview of our risk identification for the year to 31 March 2024. We set out our planned responses to each of these risks in our audit plan.

We have not amended the risks which we reported in our audit plan as formally presented to you on

Significant risk	Fraud risk?	Planned approach to controls	Level of judgement / estimation uncertainty	Work completed
Prior year opinion on the financial statements	No	N/A	Low	The work we completed is set out on the next page.
Management override of controls	Yes	Assess design & implementation	Low	Due to the missing assurance for prior periods and the time constraints imposed by the statutory backstop we have been unable to complete all our planned procedures on the significant and other risks we identified.
Presumption of fraud in revenue and expenditure recognition	Rebutted	Documentation of processes	Low	
Valuation of land and buildings and investments property	No	Assess design & implementation	High	
Valuation of pension assets and liabilities (IAS19)	No	Assess design & implementation	High	As a result of the material and pervasive nature of missing assurance, and the imminent statutory backstop date of 28 February 2025 for the 2023/24 audit, we intend to disclaim the audit in our audit report.
Implementation of a new financial system	No	Assess design & implementation	Low	As noted above, we intend to disclaim the audit in our audit report. We have further considered this as part of our VFM work for 2023/24.

# Significant risks of material misstatement

Identified risk	Audit procedures completed	Outcome
<p><b>Prior year opinion on the financial statements</b></p> <p>In our audit plan we highlighted that your predecessor auditor were unable to complete their audits of the 2021/22 and 2022/23 financial years and issued disclaimed opinions for both years in December 2024. As a result, we reported the significant risk that:</p> <ul style="list-style-type: none"> <li>there may be limited assurance available over the Council's opening balances in the 2023/24 financial statements, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others).</li> <li>significant transactions, accounting treatment and management judgements may not have been subject to audit for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods.</li> </ul>	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> <li>considered the findings and outcomes of your prior year audits and their impact on our 2023/24 audit;</li> <li>considered the impact on our 2023/24 audit of the prior year disclaimed audit opinions you have received from your predecessor auditor, with particular regard to opening balances and 'unaudited' transactions and management judgements made in previous disclaimed years which continue into 2023/24; and</li> <li>considered the impact of any changes in The CIPFA Code requirements for financial reporting in previous and current audit years.</li> </ul>	<p>The Council's accounts were disclaimed for 2021/22 and 2022/23 under the statutory back stop as there was not sufficient time for the predecessor auditor to complete the audits. This means we have no assurance over the comparators in the 2023/24 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2023/24.</p> <p>Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we were required to issue our opinion on the financial statements. We were unable to do so as the financial statements had not been issued at this time. They were subsequently published on 29 August 2025.</p> <p>We have concluded that the time constraints resulting from the backstop date, along with the delay in producing the financial statements until after the backstop date had passed, mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).</p> <p>Therefore, we anticipate issuing a disclaimer of opinion.</p>



# 2023/24 work and building back assurance

Following the commencement of our appointment as external auditors from 2023/24, we began our audit in September 2023 and have worked closely with the Council by:

- Confirming and evidencing our independence to act as appointed external auditors;
- Confirming engagement acceptance and continuance arrangements;
- Establishing working arrangements with the Council's Section 151 Officer and finance team;
- Undertaking planning procedures in line with the requirements of relevant ISAs (UK) to develop our understanding of the Council, confirm the scope of our external audit and identify and assess risks of material misstatement in the financial statements;
- Issuing audit requests to the Council's finance team using our "Inflo" portal to ensure that both we and the finance team develop an understanding of audit requirements and expectations, and the nature of the information held by the Council to support the financial statements;
- Considering the implications of the statutory backstop legislation and the anticipated assurance likely to be available from the predecessor auditor and considering the impact of these matters on our approach.

As a firm we have invested considerable resources in developing our overall response to the anticipated issuing of disclaimers of opinion for 2022/23 and prior years, and the impact that this has on our audit responsibilities and audit approach for 2023/24 and future years.

Due to the audit complexities caused by the issue of previous disclaimers of opinion, the protracted duration of the audit due to the missed backstop dates and the delays and challenges encountered in progressing the audit, our work has required greater involvement from senior members of the audit team than would normally be the case.

Specific procedures we have undertaken in 2023/24 include the following:

- Reviewing minutes of meetings including, but not limited to, full Council and the Audit and Governance Committee;
- Agreeing opening balances and comparative figures to prior year financial statements;
- Checking financial statements for internal consistency and arithmetic accuracy;
- Undertaking a high-level Audit Manager and Engagement Lead review of the 2023/24 financial statements;
- Confirming whether accounts have been issued and approved in line with The Accounts and Audit Regulations 2015;
- Updating our planning and risk assessment and procedures on receipt of the financial statements (post-statement procedures) including re-considering our materiality thresholds;
- Procedures in respect of subsequent events after the balance sheet date, including enquiries of management;
- Considered the form and content of the Narrative Report and Annual Governance Statement;
- Evaluating any misstatements identified;
- Considering the impact of and response to the significant weaknesses identified by the predecessor auditor for value for money;
- Ongoing meetings with the Director of Resources;
- Drafting an Audit Plan, the Audit Completion Report and the Auditor's Annual Report and presenting these to the Audit Committee.

# 2023/24 work and building back assurance

As per LARRIG guidance issued by the NAO there is a recognition that the process of rebuilding assurance following a previous modified or disclaimed audit opinion will take a number of years, as it will be necessary to rebuild assurance on all balance sheet and CIES areas. Where balances are inherently tied to transactions which occurred during disclaimed periods, particularly reserves, we will need to obtain assurance over these historical transactions. In the case of North West Leicestershire District Council, disclaimers of opinion issued prior to our appointment as auditors for 2023/24 cover the financial years 2021/22 and 2022/23.

As part of our work in 2023/24, we have begun assessing what procedures, carried out in 2024/25 and will be used to inform the process of rebuilding assurance in future years.

We intend to accrete this work into future audit periods to inform the future building back of assurance. We are committed to working with the Council over the term of our appointment towards a position of being able to issue an unmodified opinion. This will require us to apply a process of rebuilding assurance over all financial years for which disclaimers of opinion have been issued.

As a result of the approach adopted we have begun to develop our understanding of the Council's systems, process, controls and arrangements for the preparation of the financial statements and have gathered information which may inform the process of rebuilding assurance in future years.

The late production of the financial statements means that, whilst audit time was consumed in liaison, planning, engagement and re-engagement, there are limited areas of the financial statements where work from 2023/24 can be accreted into future years. Specific areas in which we have undertaken work in 2023/24 which could be used as part of the rebuilding assurance process for the Council in subsequent years includes the following:

- IT General controls and work under ISA315;

We have also gained a detailed understanding of the challenges the Council has faced in relation to the implementation of Unit 4 and the impact it may have on our future audit approach.

## Audit differences

We have reviewed the financial statements for internal consistency, arithmetic accuracy and to assess whether the comparators in the 2023/24 financial statements agree with the figures in the 2022/23 audited financial statements.

Our work has not identified any matters to report to you.

- **TO ADD ANY CHANGES TO THE FINANCIAL STATEMENTS**

Due to the imposition of the statutory backstop, there may be other errors in the accounts which have not had time to be subject to detailed audit procedures.



# Significant matters

As required by the ISAs, we must notify you of the significant findings from the audit. Due to the time constraints arising from the statutory backstop, we have not been able to complete all our planned audit procedures. We have therefore summarised any significant matters we identified from the procedures we completed in the table below.

Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures, including concerns identified in the following: <ul style="list-style-type: none"><li>• Consultation by management with other accountants on accounting or auditing matters;</li><li>• Matters significant to the oversight of the financial reporting process;</li><li>• Adjustments / transactions identified as having been made to meet an agreed budget.</li></ul>	Due to the time constraints resulting from the statutory backstop date and the delay in producing the financial statements for the year ended 31 March 2024, we have started but been unable to finalise all planned audit procedures. We have no matters to report in respect of this from the work undertaken to date.
Any significant difficulties encountered during the audit.  No	Significant delays were experienced throughout the audit duration, resulting in the need for additional and re-scheduled visits during the planning and interim phases. Due to the time constraints resulting from the statutory backstop date and the delay in producing the financial statements for the year ended 31 March 2024, we have started but are unable to complete all planned audit procedures.
Any significant matters arising from the audit that were discussed with management, including: <ul style="list-style-type: none"><li>• Significant management judgements where there was disagreement over the judgement;</li><li>• Consistency of opening balances with prior year financial statements;</li><li>• Inconsistencies between the financial statements and trial balance;</li><li>• Findings and issues around the material accuracy of opening balances;</li><li>• Any other matters significant to your oversight of the financial reporting process.</li></ul>	Due to the time constraints resulting from the statutory backstop date and the delay in producing the financial statements for the year ended 31 March 2024, we have started but been unable to complete all planned audit procedures. We have no matters to report in respect of this from the work undertaken to date.
Other significant matters - If an objective in a relevant auditing standard cannot be achieved, we are required to evaluate whether this prevents us from achieving the overall objectives of the audit and therefore requires us to modify our auditor's opinion, or to withdraw from the audit engagement (where this is possible under applicable law or regulation). Due to the statutory backstop date, we are unable to meet the objectives of the ISAs (UK) in full and will therefore disclaim our opinion.	Due to the time constraints resulting from the statutory backstop date and the delay in producing the financial statements for the year ended 31 March 2024, we have started but been unable to complete all planned audit procedures.

# Financial statements: other responsibilities

As required by the ISAs, we must notify you of other matters if they are significant to your oversight of the Council's financial reporting process. Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to complete all our planned audit procedures. We have therefore summarised any significant matters we identified from the procedures we completed in the table below.

Matter	Commentary	Outcome
<b>Matters in relation to fraud</b>	We have previously discussed the risk of fraud with management and the Audit and Governance Committee and reflected this in our audit plan. We have not subsequently been made aware of any other incidents.	Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
<b>Matters in relation to related parties</b>	ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control. During our audit planning you have informed us of the individuals and entities that you consider to be related parties.	Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
<b>Matters in relation to compliance with laws and regulations</b>	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations.	Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
<b>Written representations</b>	A letter of management representations has been requested from the Council.	Please refer to the letter of representation included alongside this report.

# Financial statements: other responsibilities

Matter	Commentary	Outcome
Confirmation requests from third parties	<p>We requested permission from the Council to send confirmation requests to third parties. All requested confirmations have been received.</p> <p>We also requested management to send letters to those solicitors who worked with the Council during the period. We received responses to all our enquiries.</p>	Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Going concern	<p>Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.</p> <p>As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements during our audit and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).</p>	<p>Management prepared the financial statements on a going concern basis applying the continuation of services provision set out in the ‘CIPFA Code’ and Practice Note 10. We concur with this assessment.</p> <p>As we will be issuing a disclaimer of opinion, we have not considered whether there are any material uncertainties that would need to be disclosed in the financial statements.</p>

31

*continued....*

# Financial statements: other responsibilities

Matter	Commentary	Outcome
<b>Other information included in the Financial Statements: Narrative Report and Annual Governance Statement</b>	<p>Under the Code of Audit Practice, we are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit or otherwise appears to be materially misstated. We are required to report by exception if the annual governance statement does not comply with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit.</p> <p>Audit Guidance Note 07, issued by the National Audit Office, confirms that where a disclaimer of opinion is issued, we may report that we have not completed this work.</p>	<p>We have considered the information presented in the Annual Governance Statement for consistency with our knowledge of the Council.</p> <p>As we have concluded we will be issuing a disclaimer of opinion we have not concluded on this work.</p>
<b>Other matters on which we report by exception</b>	<p>We are also required to report by exception:</p> <ul style="list-style-type: none"> <li>• If we have applied any of our statutory powers or duties</li> <li>• Where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses.</li> </ul>	<p>We have concluded there are significant weaknesses in the Councils arrangement to achieve value for money. Further detail are set out in the Value for Money section of this report and in our Auditor's Annual Report.</p>
<b>Specified procedures for the Whole of Government Accounts (WGA)</b>	<p>We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. Group instructions were issued in July 2024 which set out the procedures that the NAO require from component auditors.</p> <p>The Council does not exceed the audit threshold for detailed testing set out in the group instructions, Submission of a partial assurance statement is therefore required, However, the instructions state that the NAO may direct auditors of components below the audit threshold to undertake additional work</p>	<p>The requirement to submit our assurance statement to the NAO has expired as the NAO has now concluded and certified the Whole of Government accounts.</p>
<b>Certification of closure of the audit</b>	<p>We are required to certify the closure of the audit on completion of all audit work for the financial year required under the Code.</p>	<p>We expect to certify the closure of the audit within our auditor's report.</p>

# Audit adjustments

We are required to report all non-trivial misstatements identified during the audit to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted and unadjusted misstatements and misclassification and disclosure amendments

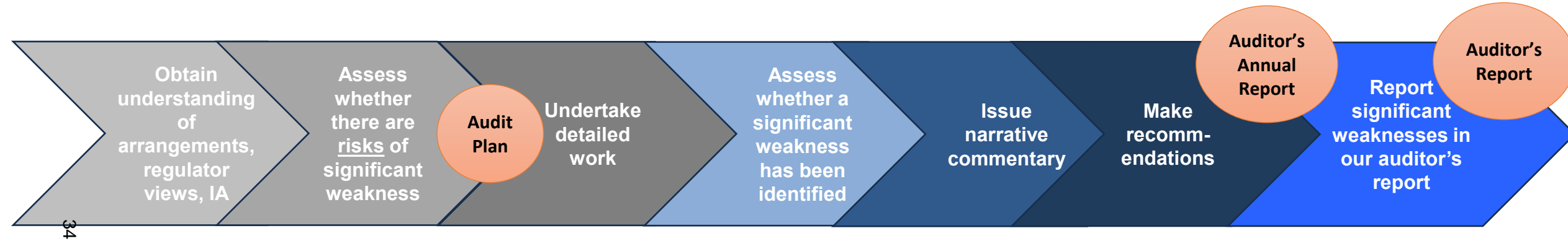
We have determined that the imposition of the backstop has created time constraints which impede our ability to complete all necessary procedures to obtain sufficient appropriate audit evidence and to fulfil the objectives of all the relevant ISAs (UK) in relation to balances.

As a result of the material and pervasive nature of missing audit assurance, the statutory backstop date of 28 February 2025 and delays in the production of the financial statements for the year ended 31 March 2024, we have been unable to obtain sufficient appropriate audit evidence to support our opinion. Accordingly, we intend to issue a disclaimer of opinion in our audit report.

The work we have undertaken to date has not identified any required adjustments to the financial statements. We have also not identified any required misclassification and disclosure changes.

# Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice (2024) and the requirements of Auditor Guidance Note 3 ('AGN 03'). Where significant weaknesses are identified we report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.



In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, as set out in AGN 03), we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures.

The predecessor auditor reported their work for 2022/23 in December 2024 and identified significant weaknesses in the Council's arrangements for the preparation and publication of financial statements. The significant weakness remained appropriate at the time we completed our audit planning procedures for 2023/24. We have since completed further value for money work and have concluded accordingly.

We have made key recommendations regarding the significant weaknesses identified in respect of governance. We have also raised one other recommendation regarding the Council's arrangements for improving economy, efficiency and effectiveness and one other recommendation regarding the Council's arrangements for financial sustainability.

The significant weaknesses and recommendations made are summarised on the following pages. These and other issues identified during the course of our value for money work have been also documented in our Auditor's Annual Report.

# Value for money: updated risk assessment

The predecessor auditor has reported significant weaknesses in 2022/23 as follows, together with the associated key recommendations.

Criteria	Significant weaknesses reported in 2022/23	Key recommendations made by prior year auditor in 2022/23	Impact on 2023/24 risk assessment
Financial sustainability	No	No	No significant risks identified
Governance	Yes	Yes	Risk of significant weakness identified in the arrangements to support financial reporting requirements
Improving economy, efficiency and effectiveness	No	No	No significant risks identified

# Value for money 2023/24 outcome

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Key recommendations made?	Other recommendations made?
<b>Financial sustainability</b> How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	Yes
<b>Governance</b> How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	Yes	No
<b>Improving economy, efficiency and effectiveness</b> How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	Yes



# Value for money – significant weakness

These recommendations relate to significant weaknesses we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work.

Key recommendation	Criteria	Sub criteria	Managements response
We recommend that the Council records are maintained for key procurement activities, which clearly support management's decision-making process. For such decisions, the Council should perform options appraisals, considering the risks present and mitigations needed to reduce any risks present to an acceptable level.	<b>Governance</b>	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	<p>The council maintains robust and transparent governance arrangements, ensuring clarity and accountability in all aspects of decision making. These arrangements are explicitly outlined in the Council Constitution, which provides a clear framework for how decisions are made at every level.</p> <p>Our decision-making processes are firmly established within the Council Constitution. This structure ensures that responsibilities and authorisations are clear, enabling well-informed and timely decisions. Over the past year, the Council has placed particular emphasis on improving officers' understanding of these processes, including the provision of recent training to support effective and consistent application across the organisation.</p> <p>The council is committed to good procurement practice. We employ a full-time procurement officer who oversees the procurement function and ensures that all activities align with best practice standards. In addition, the Council continues to benefit from its partnership with V4, which brings specialist expertise and further supports compliance and value for money. Continued overleaf...</p>

# Value for money – significant weakness

These recommendations relate to significant weaknesses we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work.

Key recommendation	Criteria	Sub criteria	Managements response
We recommend that the Council records are maintained for key procurement activities, which clearly support management’s decision-making process. For such decisions, the Council should perform options appraisals, considering the risks present and mitigations needed to reduce any risks present to an acceptable level.	<b>Governance</b>	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	Continued- Over the past 12 months, significant progress has been achieved in procurement practice. Notably, the Council has updated its Contract Procedure Rules to ensure full compliance with the Procurement Act 2023. This update strengthens our regulatory compliance and underpins our commitment to transparent and fair procurement. To support these changes, officers have undertaken relevant training on both the Procurement Act 2023 and contract management. This investment in officer development ensures that staff are well-equipped to manage procurement processes effectively and in accordance with current legislation. The Council has established robust and well-documented arrangements for capital management and approval. These processes are clearly set out and are subject to regular review to ensure they remain fit for purpose. Officers have also received recent training in capital management processes, reinforcing the Council’s commitment to sound financial stewardship and strong governance. In the last year, the Council has made determined efforts to enhance project management across key initiatives. Steering groups have been established for major projects, providing clear direction and oversight. Furthermore, project management processes and templates have been refreshed, supporting consistency and best practice throughout the organisation.

# Value for money – significant weakness

These recommendations relate to significant weaknesses we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work.

Key recommendation	Criteria	Sub criteria	Managements response
We recommend that the Council ensure sufficient capacity is available within the finance team, on a substantive basis to ensure the financial accounts can be produced to the required quality standards and in line with statutory deadlines.	<b>Governance</b>	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; ensures corrective action is taken where needed, including in relation to significant partnerships	<p>The Council has recently utilised agency staff to help address the backlog in the preparation of the statement of accounts. While this approach has offered much-needed support, we fully recognise that a sustainable, permanent finance team is essential to ensure the timely and efficient completion of statutory accounts going forward. The Council has recently recruited a Finance Team Manager, whose expertise will further strengthen our team. In addition, we are actively working to fill key technical positions with permanent staff to build stability and retain valuable financial expertise within the Council.</p> <p>The Council's focus has now shifted from simply publishing outstanding accounts to prioritising the recruitment and retention of skilled finance professionals. This includes our intent to recruit a Local Government Association (LGA) Graduate, adding fresh talent and additional capacity to the team.</p> <p>Alongside these staffing efforts, the Council have implemented enhancements to its Unit4 financial management system. These improvements are designed to accelerate the closedown process, supporting quicker and more accurate financial reporting. In closing the accounts for 2023/24 and 2024/25, the Council have taken a proactive approach by engaging third party support to assist with key reconciliations. This further demonstrates the Council's dedication to upholding high standards of financial management.</p>

# Value for money – significant weakness

These recommendations relate to significant weaknesses we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work.

Key recommendation	Criteria	Sub criteria	Managements response
<p>We recommend that the Council enhance the transparency, regularity and timeliness of reporting to members, with a specific focus on the continued implementation of the Unit4 ERPx system.</p> <p>40</p>	<b>Governance</b>	<p>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</p>	<p>Numerous enhancements have been made to the Unit4 financial management system to streamline operations and support more efficient financial reporting. The Council's Corporate Leadership Team receives regular updates on operational matters, ensuring that any ongoing implementation issues are identified and addressed promptly. Recognising the importance of transparency and accountability, the Council will record any such issues in its risk register and provide updates to the Audit and Governance Committee as appropriate.</p> <p>Looking ahead, the Council anticipates further improvements and enhancements to the Unit4 system with the move to a new support and maintenance contract from December 2025. This transition is expected to deliver added value and ensure the system continues to meet the evolving needs of the organisation.</p>

# Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

## Other Services

We have detailed in the table below any other services provided to the Council the threats to our independence these present and the safeguards we have put in place to mitigate these threats.

Service	Fee £	Threats identified and safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process claim (2023/24)	Expected fee for 23/24 £28,000 (plus £2,000 for each additional workbook)	<b>Self-interest:</b> Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or North West Leicestershire District Council. The fee is fixed and is not contingent in nature. <b>Self-review:</b> Whilst housing benefit revenue and expenditure streams are within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by the management. <b>Management:</b> As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.
Audit related: Certification of pooling of Housing Capital Receipts return (2023/24)	£10,000	<b>Self-interest:</b> Given this is likely to be a recurring fee, we consider a threat present. The fee is not significant to Azets Audit Services or North West Leicestershire District Council. The fee is fixed and not contingent in nature. <b>Self-review:</b> Whilst HRA right to buy proceeds are included within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by the management. <b>Management:</b> the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

# Appendices

Appendix I: Fees	29
Appendix II: PSAA Statement of Responsibilities for accounts preparers	31

# Appendix I: Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

The proposed fee reported in our audit plan was based upon the following assumptions:

- Draft financial statements to be produced to a good quality by the agreed deadlines. These should be complete including all notes, the Narrative Report and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays;
- ✂ Our accounts opinion being unqualified and there being no significant weaknesses identified in your arrangements to secure value for money;
- The auditor's report from the prior year being unmodified (clean opinion);
- An effective control environment is in place at the Council;
- The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See [Statement of responsibilities of auditors and audited bodies from 2023/24 audits – PSAA](#). In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full in Appendix III.

Due to the disclaimed opinions from the prior years and the imposition of the statutory backstop for 2023/24, the above assumptions are unable to be met. This has resulted in additional costs, which we have set out in the fee table on the next page. As set out in the joint statement on proposals to clear the backlog and embed timely audit issued by MHCLG (formerly DLUHC), PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2023/24 audit.

# Appendix I: Fees continued

Audit fee	Audit plan 2023/24 £	Proposed final 2023/24 £
<b>Scale fee for the audit of the Council financial statements (as set out in the fee scales issued by PSAA)</b> <i>This includes all of the time incurred during the elapsed two year period the audit has remained ongoing, including the time for completion of planning and interim procedures in full, delays in the provision of required information throughout the two-year elapsed audit period whilst officers' priorities were rescheduled to focus on previous audits.</i>	148,948	148,948*
<b>New auditing standards: ISA315 and ISA240</b> <i>Significant work involved to also cover the ITGCs relating to the implementation of Unit 4</i>	22,342	22,342
<b>Additional work arising from VFM significant weaknesses</b> <i>Due to the number of significant weaknesses and key recommendations raised, as well as follow up work on the significant weakness raised by the previous auditor.</i>	0	33,348
<b>Implementation of a new financial ledger</b> <i>Additional work arising from delays in the production of the 2023/24 financial statements and implementation of Unit4 - to be considered as part of the 2024/25 audit.</i>	TBC	0
<b>Total before impact of disclaimed opinions</b>	<b>171,290</b>	<b>204,638</b>
<b>Additional work arising from current and prior year disclaimers of opinion</b> <i>This includes additional work required to consider the disclaimed audits from prior years, development of revised approach for the Council in response to the missing assurance, the development and reporting of a revised 'Audit Completion Report' for reporting the additional considerations arising from the disclaimers, the drafting of a disclaimed audit report and the various risk, compliance and technical consultations arising as a result of this unique and unprecedented situation.</i>	0	15,000
<b>Total audit fee</b>	<b>171,290</b>	<b>219,638</b>
<b>Other audit services</b> <i>The planned fee represents the HBAP certification costs before the addition of additional '40+ testing' and additional workbooks, and the audit of the pooling of capital receipts return</i>	HABP 2023/24 - 28,000**  **(plus 2,000 for each additional workbook)  PHCR- 10,000	HABP 2023/24 - 28,000**  **(plus 2,000 for each additional workbook)  PHCR- 10,000
<b>Total fees</b>	<b>209,290</b>	<b>257,638</b>

\*Due to the late submission of the 2023/24 accounts which limited the amount of audit work it was possible to complete, the scale fee will be subject to PSAA review and determination.



# Appendix II: PSAA Statement of Responsibilities

Our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies from 2023/24 audits. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

## ***Preparation of the statement of accounts***

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

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

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

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



We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

[hello@azets.co.uk](mailto:hello@azets.co.uk)

Follow us     

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025



<b>Title of Report</b>	<b>AUDITOR'S ANNUAL REPORT - 2023/24 AND 2024/25</b>	
<b>Presented by</b>	Paul Stone Strategic Director of Resources	
<b>Background Papers</b>	<b>Audit and Governance Committee – 23 April 2025</b> <a href="#">External Audit Plan 2023/24</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications to be considered.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	There are legal implications to be considered.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are staffing and corporate implications to be considered.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To present the Auditor's Annual Report for years ending 31 March 2024 and 31 March 2025.	
<b>Recommendations</b>	<b>THAT THE COMMITTEE NOTES THE EXTERNAL AUDITOR'S ANNUAL REPORT - 2023/24 AND 2024/25 AS SET OUT IN APPENDIX A.</b>	

**1.0 BACKGROUND**

- 1.1 The report attached at Appendix A is the External Auditor's (Azets) Auditor's Annual Report (AAR) for the years ended 31 March 2024 and 31 March 2025.
- 1.2 The AAR summarises the work undertaken as the External Auditors for the Council. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.
- 1.3 A representative from Azets will be present at the meeting

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A well-run council
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon	Not applicable
Consultation/Community/Tenant Engagement:	Not applicable
Risks:	Not applicable
Officer Contact	Anna Crouch Head of Finance <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a>



# North West Leicestershire District Council

Auditor's Annual Report

Years ending 31 March 2024 and 31 March 2025

November 2025

# Contents

Headlines from our audit	3
Value for money	7
Recommendations	21



---

# Headlines from our audit

51



# Headlines from our audit

## Purpose of this report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our audit of the Council for 2023/24 and 2024/25. This report has been prepared in line with the requirements set out in the Code of Audit Practice, and supporting guidance published by the National Audit Office, and is required to be published by the Authority alongside the annual report and accounts.

## Our responsibilities

Financial statements

We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Authority and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the CIPFA/LASSAC Code of Practice in Local Authority Accounting ('the Code').

Due to the challenges of undertaking an audit where previous years have been 'disclaimed' because of the local authority backstop, it has not been possible to regain full assurance. It is therefore not possible for us to undertake sufficient work for 2024/25 to support an unmodified audit opinion ahead of the backstop date of 27 February 2026.

For 2023/24, we received draft financial statements after the statutory backstop date of 28 February 2025. We therefore intend to disclaim our audit report for both years.

Narrative report and Annual Governance Statement

We assess whether the Narrative report and Annual Governance Statement is consistent with our knowledge of the Authority.

2024/25  
We are unable to conclude the other information included in the statement of accounts is consistent with our knowledge of the Council and the financial statements. This is because we have not yet received the financial statements and AGS and we do not expect to be able to undertake sufficient audit work to reach a conclusion before the statutory backstop date of 27 February 2026.

2023/24  
We are unable to conclude the other information included in the statement of accounts is consistent with our knowledge of the Council and the financial statements. This is because we received the draft financial statements and AGS after the statutory backstop date of 28 February 2025.

Value for money

We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness (value for money) in its use of resources and provide a summary of our findings in the commentary in this report.

We are required to report if we have identified any significant weaknesses as a result of this work.

In both 2023/24 and 2024/25, we have identified three significant weaknesses in the arrangements for securing economy, efficiency and effectiveness in the use of resources at the Council. Further detail is provided in this report.





# Headlines from our audit

## Statutory powers

We may exercise other powers we have under the Local Audit and Accountability Act 2014. These powers include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

Public interest report	Statutory recommendations	Advisory notice	Judicial review	Application to the court
<p>We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.</p> <p>If we issue a Public Interest Report, the Authority is required to consider it and to bring it to the attention of the public.</p> <p><u>2023/24 and 2024/25</u> We have not issued a Public Interest Report during the periods.</p>	<p>We may make written recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act. If we do this, the Authority must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.</p> <p><u>2023/24 and 2024/25</u> We have not made any statutory recommendations during the periods.</p>	<p>We may issue an advisory notice if we believe that the Council, or an officer of the Council, has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency. If we issue an advisory notice, the Authority is required to stop the course of action for 21 days, consider the notice and then notify us of the action it intends to take and why.</p> <p><u>2023/24 and 2024/25</u> We have not issued an advisory notice during the periods.</p>	<p>We may make an application for judicial review of a decision of the Council, or of a failure to act by the Council, which it is reasonable to believe would have an effect on the accounts of that body.</p> <p><u>2023/24 and 2024/25</u> We did not make an application for judicial review during the periods.</p>	<p>We may apply to the courts for a declaration that an item of expenditure the Authority has incurred is unlawful.</p> <p><u>2023/24 and 2024/25</u> We have not applied to the courts during the periods.</p>



# Headlines from our audit

## Findings and recommendations

Findings from our financial statements audit	Recommendations arising from our financial statements audit	Key recommendations arising from our value for money work	Other recommendations arising from our value for money work
<div><div>54</div><div>Detailed findings from our audit of the financial statements, including our consideration of significant risks, will be communicated in the following reports:</div><div><ul style="list-style-type: none"><li>• audit opinion on the financial statements for the year ended 31 March 2024 and 31 March 2025.</li><li>• audit findings (ISA 260) report for 2023/24 and 2024/25 to Those Charged with Governance</li></ul></div><div>Our audit findings report for 2023/24 will be reported to the Council’s Audit Committee in November 2025.</div><div>Our audit findings report for 2024/25 will be reported to the Council’s Audit Committee in February 2026.</div><div><u>2023/24 and 2024/25</u> Requests for our audit findings (ISA260) reports should be directed to the Council.</div></div>	<div>Recommendations relating to internal controls and other matters arising from our financial statements work will be contained in the audit findings (ISA 260) report for 2023/24 and 2024/25.</div> <div><u>2023/24 and 2024/25</u> <b>Due to the limited nature of our work performed on the financials statements audit. We have not identified any recommendations which reflect significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in the Council’s use of resources.</b></div> <div>We have however raised significant weaknesses arising from our value for money work, which is noted in the box to the right.</div>	<div>We provide a summary of our findings in respect of value for money in the commentary in this report.</div> <div>Where we identify significant weaknesses as part of our review of the Council’s arrangements to secure value for money, we make key, or essential, recommendations setting out the actions that should be taken by the Council.</div> <div>We have made three key recommendations this year as a result of our value for money work. These apply for both the 2023/24 and 2024/25 years.</div>	<div>We make other recommendations if we identify areas for improvement which do not relate to identified significant weaknesses</div> <div><b>We have made two other (non-key) recommendations this year. These apply for both the 2023/24 and 2024/25 years.</b></div>



# Value for money

55



# Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

We have completed our value for money work. Our detailed findings are reported in the following commentary in this report.

We have concluded there are significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our auditor's report will refer to the significant weaknesses in arrangements we have identified.

The table below reflects our assessment for both 2023/24 and 2024/25.

56 Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
<b>Financial sustainability</b> How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	Yes
<b>Governance</b> How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	No	Yes	No
<b>Improving economy, efficiency and effectiveness</b> How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No	Yes



# Value for money

Councils are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

🔗 We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Council and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Council to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Council in each area.

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- Meeting with management and regular meetings with senior officers
- Interviews as appropriate with other executive officers and management
- Review of Council and committee reports and attendance at audit committee meetings
- Reviewing reports from third parties
- Considering the findings from our audit work on the financial statements
- Review of the Council's Annual Governance Statement and Narrative Report and other publications
- Considering the work of internal audit and the counter fraud function
- Consideration of other sources of external evidence.



---

# Value for money

## Overview

North West Leicestershire District Council (the Council) is a district council in Leicestershire. It works with other district and borough councils, local parish and town councils and Leicestershire County Council (which includes Leicestershire Fire and Rescue Service) in a two-tier local government system. The administrative area also includes the Leicestershire Police and Crime Commissioner and Leicestershire Constabulary. The Council serves a population of circa 108,000 people. The Council provides social housing from an in-house Housing Revenue Account and has entered into a number of capital and investment schemes to promote regeneration and attract business to the area. The Council faces, over the medium term, growing financial challenge and increasing uncertainty over its longer-term income predictions, particularly in respect of a potential non-domestic rates reset.

Like all councils and the wider local government sector, the Council continues to face significant challenges. The sector faces high levels of uncertainty over future levels of government funding and, for a number of years, has had to plan on the basis of single-year settlements. This makes it harder to produce comprehensive multi-year plans as part of medium-term financial planning. The government has signalled an intention to return to multi-year settlements in the future and announced a national overhaul of local government, reorganizing multi-tier council areas into a series of unitary authorities with devolved powers at a regional, mayoral level. The changes proposed would impact the Council which, like all districts, would be absorbed into a larger unitary council from 1 April 2028 according to the current planned timescales. Work is currently ongoing to present options for reorganisation in response to government requirements.

High inflation over recent years has increased cost pressures on all councils' revenue and capital expenditure, indicating reduced certainty about what the future may hold, economically. High interest rates have provided the Council with fortuitously higher than expected interest income on cash balances, but the combination of higher inflation and higher interest rates impacts local communities, including the community the Council serves in North West Leicestershire. This can lead to increases in demand for council services and impact on council income in areas such as car parking and collection rates for council tax, business rates and rents.

The Local Government Association continues to estimate that the costs to councils of delivering their services will exceed core funding in the future. Nationally, there has been an increase in the number of councils issuing s114 notices or indicating one may be likely.

The Council has arrangements in place to mitigate the macro-risks posed by the national context and, at present, a strong useable reserves position. However, these could be significantly depleted over the next few years if macro-economic conditions are unfavourable and the uncertainty inherent in the Council's cost and income assumptions do not crystallise in the Council's favour.




---

# Value for money

## Local government reorganisation

On 5 February 2025, the Minister for State for Local Government and English Devolution asked all councils in two-tier areas to develop unitary proposals, which will bring together upper and lower tier local government services in new unitary councils. Final detailed proposals are to be submitted in September 2025, with the potential establishment of a shadow Council in May 2027 and the transition to the unitary authority in April 2028, marking the cessation of the existing councils in Leicestershire.

This means the next few years will be ones of significant change and uncertainty. Councils will need to consider the risk of the loss of key individuals and corporate memory in the lead-up to and transition into the new unitary authority. There may be an incentive for more short-term decision making in respect of the use of reserves and concerns, where reserves have been built up over previous years, either via strong management or for the implementation of a particular redevelopment scheme, that these reserves may end up being repurposed to cover an overspend incurred by a successor body. Whilst Authorities retain powers to make some spending decisions in advance of the reorganisation, it is  important to make sure that proper governance arrangements remain in place, and that due consideration is given to any schemes which are likely to run beyond the date of transition to the new body.

Transition and reorganisation on this scale will require significant management time to ensure the benefits are identified and plans are in place to realise them post-transition. It may also require experience and skill-sets outside of the 'business as usual' skills and experience in place at the Council. It will be important for the Council to assess the skills it has in place, identify any gaps and take steps to mitigate those gaps to reduce risks arising during or post transition. Plans and arrangements for reorganisation will utilise increasing capacity of senior officers and this may divert attention from the realisation of savings plans or make the achievement of previously planned savings less likely. Such risks will need to be incorporated into updated medium term financial plans.

Members, and in particular audit committee members, will need to be satisfied that where earmarked reserves are being utilised, they are being utilised for their intended purpose and that reserve balances remain at an appropriate and prudent level, as well as be satisfied that balanced budgets continue to be set up to and including the Council's final period of account, in line with the statutory duties placed on key staff. Effective governance and stewardship will remain key, particularly in the operation of the audit committee, delivery of internal audit and execution of the risk management process.



# Value for money: financial sustainability

This relates to how the Council plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the Council identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the Council plans to bridge its funding gaps and identifies achievable savings;
- how the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the Council ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the Council identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Medium term financial strategy

We have reviewed the medium-term financial strategy (MTFS) which was presented to members in January 2025. We have also reviewed the latest draft MTFS which has been produced to cover financial years 2025/26 to 2027/28, up to the anticipated implementation date for local government reorganisation on 1 April 2028. The updated MTFS is due to be approved by Cabinet in November 2025, therefore our value for money review has been completed using earlier approved versions as well as the draft version provided by the Director of Resources (Section 151 Officer).

The latest draft MTFS identifies funding gaps in 26/27 and 27/28 of £578k and £1,616k respectively. The Council plans to address these by implementing a programme of savings centred around more efficient delivery of services. A funding gap was identified for 2025/26 and the Council has committed to delivering £599k of savings within year. At Q1 2025/26 £19k had been achieved and the Council reported being on track to deliver a further £527k of savings by the year end. We note that £53k of savings identified were reported as at risk of non delivery in Q1. Work is currently underway to identify how savings for 2026/27 and 2027/28 will be realised and are scheduled to be presented to Cabinet members for approval in October 2025.

Whilst savings requirements are being identified by the Council for 26/27 and 27/28, the Council has a healthy level of general fund reserves. Identifying saving requirements to ensure the Council can cover its cost of services annually is considered good practice.

The Council's assumptions within its MTFS are not unreasonable, but we do note there is risk attached to them. The strategy assumes pay increases of 3% in 2025/26, and 2% per annum thereafter. It assumes inflationary increases of 5% on utilities over the life of the MTFS and a general CPI increase of 1.5% in 2025/26, 1.6% in 2026/27 and 1.9% in 2027/28. The MTFS has also included factored in a reduction in income due to the cessation of New Homes Bonus.

Notwithstanding this, and in anticipation of future pressures in these and other areas, the Council has built some contingency into its MTFS through the creation of the Medium-Term Financial Plan reserve. This reserve is designed to act as a buffer for any unexpected volatility in expenditure over the life of the MTFS. This may occur following the outcomes of the fair funding review, due to be communicated in December 2025. A reserve has also been created to offset any unanticipated cost pressures resulting from Local Government Reorganisation.

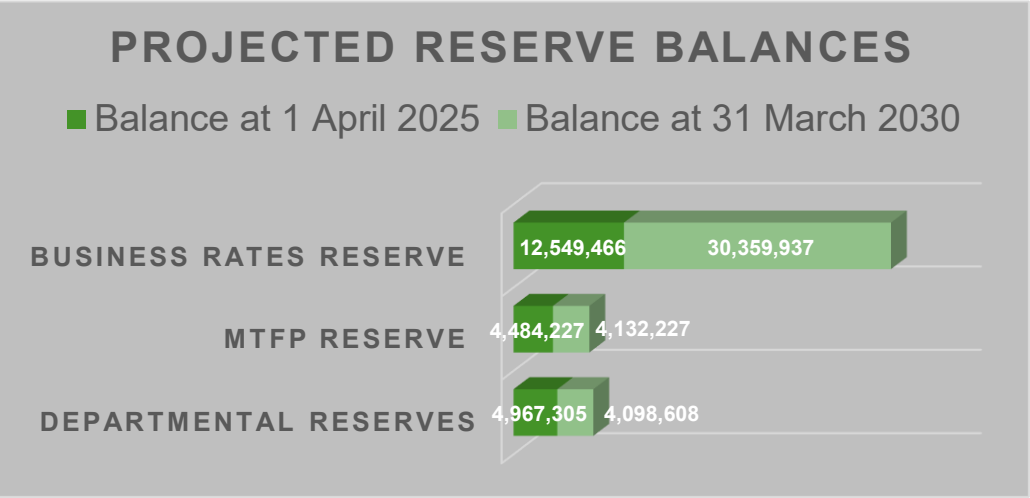




# Value for money: financial sustainability

## Reserves

As at the 31 March 2024, the Council’s general fund reserves stood at £15.25m, a slight increase from the general fund reserve balance as at the 31 March 2023 of £13.86m. We have reviewed the medium-term financial strategy which forecasts a general fund balance of £29.78m as at the 31 March 2028. Whilst the MTFS covers the period up to 27/28, the Council has also shown the forecasted general fund reserve balances to 31 March 2030, which total £38.59m.



Due to the high-level projections of reserve shown within the MTFS, we have obtained additional documentation from management which details the breakdown of the reserves balance shown above. The majority of the general fund reserve balance is made up of the retained business rates reserve and a number of earmarked reserves. Whilst earmarked reserves can be utilised if Members decide to change their use, they are earmarked for specific purposes in anticipation of specific costs. The Council plans to maintain an unallocated reserve of £1.5m for any unexpected challenges until 31 March 2030.

We have raised an ‘other recommendation’ to management to ensure that sufficient detail is included within the MTFS, so stakeholders have sufficient information available to make informed decisions.



---

# Value for money: financial sustainability

## Summary

Whilst we do not consider there to be a significant weakness in the Council's arrangements in 2023/24 or 2024/25 relating to financial sustainability, we continue to acknowledge the importance for the Council to continue to ensure they remain sustainable for the long term. The Fair Funding review is expected to improve the Council's ability to plan and budget as this provides the Council with more certainty over its settlement for multi-year periods, rather than on a year-by-year basis.

Local government reform adds an additional complexity and, at times, is a competing priority for the Council to consider moving forward. The Council should therefore continue to ensure that long term plans are being considered with their wider potential LGR counterparts, to ensure that long term financial sustainability for the region as a whole is at the heart of their decision making.

### Other recommendation:

29

1. We recommend that the Council ensures there is sufficient detail included within their MTFS, particularly relating to the breakdown of useable reserves by category and financial year. This will allow members and wider stakeholders to make informed decisions and promotes transparency of reporting with regards to the Councils financial position.



# Value for money: governance

This relates to the arrangements in place for overseeing the Council's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas:

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

## Budget setting process

The Council has a well-established budget setting process, which considered the previous years budget, factoring in any known changes and amendments needed for the following period. Finance meet with the heads of service lines to obtain budget proposals and assess for any new cost requirements, as well as savings plans for the year. The service line budgets are then assessed and reviewed by the Corporate Leadership Team (CLT). Once the CLT have reviewed the proposals, the finance team run a workshop with Cabinet to ensure full stakeholder involvement, ensure strategic priorities are considered.

The same process is followed for both Capital and Revenue budgets, with the Capital budget being assess by the Capital Strategy Group before being presented to Scrutiny and Full Council.

## Risk management

The Council has a Risk Management Policy, that was last reviewed and approved by Cabinet in September 2024. Risk Management is co-ordinated corporately by the Director of Resources (S151 Officer) and through the Corporate Risk Management Group (RMG), chaired by the S151 Officer. Progress on Corporate Risk Management is reported to Members through performance reports to the Audit and Governance Committee, at least quarterly.

As part of our value for money assessment, we have reviewed the Corporate Risk Register. This is reported to the Audit and Governance Committee regularly. For 2023/24 and 2024/25, we have noted that the risk relating to the implementation of the Councils ledger system is not included, despite the significant risk this has presented to the Council. We have considered this in more detail on the following page.

---

# Value for money: governance

## Unit 4 Implementation

In 2017/18 Deloitte completed a review of the Council's finance system and made recommendations to improve efficiency. One of these recommendations was to replace the Council's existing 'Totalmobile' financial ledger system.

In December 2020, the Council awarded a contract for a new finance system to Embridge Consulting ('Embridge') to implement Unit 4. Implementation began in January 2021 with a targeted go live date of Autumn 2021. The Council were then again approached by Embridge in the Summer of 2021, offering the Council the opportunity to be a pilot for a new fully cloud-based version of Unit 4 (Unit 4 ERPx), despite the new version not being fully developed at this point.

We have obtained a report presented to Cabinet in September 2022, in which officers documented the risks involved in moving onto the new cloud-based system. Despite these risks, the project board *"made a decision to go with the new cloud-based system as this would mean that we would be on the latest version of the system and would not require to upgrade in future years."* The revised go live date was then set for April 2022.

We have requested information relating to the project board on a number of occasions, including meeting minutes.

9 Whilst we are satisfied with the arrangements relating to procurement in 2023/24 and 2024/25, the Council have been unable to provide us with evidence and documentation which supports the initial and ongoing decisions made by the project board historically in relation to the implementation of Unit 4. Specifically, considerations of the risks and potential impacts associated with implementing a new system (which had not been fully developed at the point). Where the Council decided to be a pilot body for this new system, we would expect to see a full options appraisal performed and an assessment of the risks as well as consideration of mitigations needed to reduce the risks to an acceptable level. We have raised a key recommendation for the Council relating to this finding.

Since implementing the cloud-based ledger system, the Council has experienced numerous delays and additional costs as a result of implementing Unit 4 ERPx. The Council was unable to produce the 2023/24 statement of accounts until August 2025, thereby missing the national backstop deadline for the publication of audited accounts by 28 February 2025. The 2024/25 statement of accounts are expected to be produced by the end of November 2025, which is significantly delayed beyond the statutory deadline of 31 May 2025.

Based on our understanding, and due to the issues experienced in the implementation of the new ledger system, a number of key financial procedures, such as bank reconciliations, are still having to be performed manually, and there continue to be known 'bugs' in the system that require urgent resolution.

The finance team has experienced capacity concerns and has a high level of dependency on agency staff. There is a further risk that these staff who have been involved with the implementation of Unit4 ERPx could leave at short notice, potentially losing corporate memory. To mitigate this, there have been standard operating procedures created for key processes, and there is a plan to recruit a permanent systems accountant. We however have raised a key recommendation for the Council relating to this finding.




---

# Value for money: governance

A contract extension (at an additional cost of £36k) was agreed with Totalmobile to enable the Council to continue to use the existing finance system, during the delayed Unit 4 implementation. Extra consultancy support and project team resource have been required, both at considerable extra cost compared to the original project budget. The budget which was communicated to Cabinet in September 2022 reported costs of £633k, and members were asked to approve an additional £300k of spend on the project. The latest financial monitoring that we have been able to obtain, from May 2024, noted a revised budget of £975k, and actual spend of £997k. We have requested evidence to understand the total additional costs incurred to date, but we have not received any evidence beyond May 2024 and there is no evidence that additional costs incurred have been communicated to members.

CIPFA was engaged by the Council in February 2025 to complete a review of the Council's exchequer function. This included the implementation of Unit4 ERPx with specific consideration of the system issues experienced, relating to the accounts payable and accounts receivable functions. CIPFA have made three recommendations, one with the following specific comment. *'The Project Board acknowledged that NWLDC did not have the specialist knowledge and experience within the organisation to deliver the project. Although external support was secured to provide expertise, it appears much of the key decision-making was made either by the Project Board or the Project Sponsor without necessarily seeking expert guidance or fully understanding the risks associated with some of those early decisions.'*

The Council is trying to reach an agreement with Embridge on what further support and corrective action is needed to implement the CIPFA recommendations, as well as wider support needed to ensure the Unit4 ERPx system is running effectively. The current contract with Embridge is due to expire in November 2025, and the Council is intending to  complete a procurement exercise to find a new implementation partner.

Given the scale of the impact of the delayed implementation, we would have expected this to be captured on the Corporate Risk Register. The version presented to the Audit Committee in April 2025 did not include this.

An update was provided to Cabinet in September 2022. However, we have reviewed papers presented to subsequent cabinet meetings until September 2025 and have not identified any other update provided by management to members.

The Section 151 Officer did write to the Chair of the Audit and Governance Committee in May 2024 outlining the reasons for the delays to the publication of the 2021/22 and 2022/23 accounts. The letter included a paragraph on the transition to the new finance system. However, it is our view, that this communication did not fully communicate the severity, extent or the impact of the issues experienced with the implementation of Unit 4 ERPx. The Statement of Accounts update presented to the Audit & Governance (A&G) Committee on 05 February 2025 mentions issues with Unit 4 ERPx. However, a review of reports submitted to A&G since April 2023 shows that management has not provided any other update to the committee during this time period on the problems with Unit 4 or the associated costs.

We have raised a key recommendation for the Council relating to the transparency, regularity and timeliness of communication with members, specifically relating to the continued implementation of the Unit4 ERPx system.



---

# Value for money: governance

## Internal Audit

The Council has a shared Internal Audit service with Blaby and Charnwood Councils. The Head of Internal Audit has issued a limited assurance opinion for the years 2023/24 and 2024/25. During 2024/25 Internal Audit raised 36 high and 31 medium recommendations. In addition, a large number of recommendations relating to key financial controls remained outstanding from 2023/24. The majority of these recommendations were not able to be implemented by management as they related to the issues with Unit 4. A decision was made not to carry out further audits in this area, but to review the recommendations and confirm if they remained relevant to the financial year 2024/25. Progress against these actions is being tracked separately through a dedicated action plan.

## Oversight by Those Charged With Governance

The Council has an Audit and Governance Committee whose role is to provide independent assurance of the adequacy of the Council's risk management framework and the associated internal control environment. The Audit and Governance Committee meets regularly and has an annual programme of work to support the achievement of the committees' objectives, for example the Corporate Risk Register is presented to the committee on a quarterly basis. Our attendance at the Audit and Governance Committee has confirmed there is an appropriate level of challenge by members on information they have been provided with. However, we have previously noted a recommendation in relation to the transparency of information reported to members.

## Summary

In completing our value for money work for governance, we met with; the Director of Resources (Section 151 Officer), the Chair of the Audit Committee, the Monitoring Officer, the Head of Internal Audit and a number of service line heads. We also requested and reviewed a number of key documents, including externally prepared reports from CIPFA. We do consider that significant weaknesses exist in the Council's arrangements for governance and how the body ensures that it makes informed decisions and properly manages its risks.

We have made the following key recommendations:

1. We recommend that the Council records are maintained for key procurement activities, which clearly support management's decision-making process. For such decisions, the Council should perform options appraisals, considering the risks present and mitigations needed to reduce any risks present to an acceptable level.
2. We recommend that the Council ensure sufficient capacity is available within the finance team, on a substantive basis to ensure the financial accounts can be produced to the required quality standards and in line with statutory deadlines.
3. We recommend that the Council enhance the transparency, and timeliness of reporting to members, ensuring all risks are captured in the risk register, with a specific focus on the continued implementation of the Unit4 ERPx system.



# Value for money: improving economy, efficiency and effectiveness

This relates to how the Council seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas:

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

## Procurement

The Council has in place a procurement strategy and set of contract procurement rules which are included in the constitution outlining how the procurement of goods, works and services is achieved. The strategy was updated in Spring 2025 to reflect internal audit recommendations and changes to the Procurement Act 2023. The Council has partnered with V4 to further assist with implementing changes required, following revisions to the act. V4 have delivered contract management training and will be involved in the procurement of any major contracts to be awarded by the Council. They are also reviewing a range of the Council's existing contracts to determine whether better value for money on procurement activities can be achieved.

## Performance and performance monitoring

The Council Delivery Plan sets out the priorities for the Council for a five-year period and performance against the plan is reported to Cabinet on a quarterly basis. The Council Delivery Plan is underpinned by directorate business plans. Below this are annual service level plans which are used to inform Key Performance Indicators and metrics to monitor activity and service performance. Service areas produce annual performance reports which are presented to Cabinet.

Benchmarking is not widely undertaken across the Council's services to understand how performance compares to other district councils. However, we note that an exercise is currently being undertaken to review income from fees and charges and how this compares to similar local authorities. Discussions with senior management indicate there is sometimes insufficient income and expenditure information available for them to be able to understand the costs of delivering services and therefore assess whether they are achieving value for money. We have raised an "other" recommendation on the next page relating to this.

The use of Artificial Intelligence (AI) is being considered as a way to make service delivery more efficient. The Council has obtained 25 licenses for Co-Pilot and are currently working on proof of concepts overseen by an AI steering group, with a focus on reducing people hours.



---

# Value for money: improving economy, efficiency and effectiveness

## Partnerships

North West Leicestershire is one of three councils in a joint Revenue and Benefits Partnership. There is a joint management board which the S151 officers from the three councils attend once a month, to discuss performance and the financial position. There is also a joint committee which is made up of councillors from the three councils which meets every 2-3 months. The Council also shares an Internal Audit service with two other Councils. Monthly performance review meetings are attended by the Internal Audit Manager and the Head of Legal and Support Services. We are aware that although the S151 officers from all three councils meet regularly and discuss internal audit as part of these conversations, there is no formal performance or contract monitoring arrangements in place between the partner authorities.

In addition, to support the growth of the district, North West Leicestershire District Council aims to drive economic growth by working in partnership with local businesses, Leicester and Leicestershire Enterprise Partnership (LLEP), Leicestershire Growth Hub, East Midlands Development Corporation, neighbouring authorities and other regional bodies.

## Summary

8 Whilst we do not consider there to be a significant weakness in the Council's arrangements in 2023/24 or 2024/25 relating to improving the economy, efficiency and effectiveness in the use of the Councils resources, we have raised an "other" recommendation below.

### Other recommendation:

1. We recommend that the Council ensure that budget monitoring information is available in a timely manner and in sufficient detail to allow service areas to review and monitor the cost effectiveness of existing activities, identifying those which do not contribute sufficient value, and consider alternative, lower cost options for service delivery.





# Recommendations

69



# Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified, and the key recommendations made are set out below. Our detailed commentary is set out in this Auditor's Annual Report.

Key recommendation	Criteria	Sub criteria	Managements response
We recommend that the Council records are maintained for key procurement activities, which clearly support management's decision-making process. For such decisions, the Council should perform options appraisals, considering the risks present and mitigations needed to reduce any risks present to an acceptable level.	<b>Governance</b>	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	<p>The council maintains robust and transparent governance arrangements, ensuring clarity and accountability in all aspects of decision making. These arrangements are explicitly outlined in the Council Constitution, which provides a clear framework for how decisions are made at every level.</p> <p>Our decision-making processes are firmly established within the Council Constitution. This structure ensures that responsibilities and authorisations are clear, enabling well-informed and timely decisions. Over the past year, the Council has placed particular emphasis on improving officers' understanding of these processes, including the provision of recent training to support effective and consistent application across the organisation.</p> <p>The council is committed to good procurement practice. We employ a full-time procurement officer who oversees the procurement function and ensures that all activities align with best practice standards. In addition, the Council continues to benefit from its partnership with V4, which brings specialist expertise and further supports compliance and value for money. Continued overleaf...</p>



# Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified, and the key recommendations made are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Key recommendation	Criteria	Sub criteria	Managements response
We recommend that the Council records are maintained for key procurement activities, which clearly support management’s decision-making process. For such decisions, the Council should perform options appraisals, considering the risks present and mitigations needed to reduce any risks present to an acceptable level.	<b>Governance</b>	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	<p>Continued- Over the past 12 months, significant progress has been achieved in procurement practice. Notably, the Council has updated its Contract Procedure Rules to ensure full compliance with the Procurement Act 2023. This update strengthens our regulatory compliance and underpins our commitment to transparent and fair procurement. To support these changes, officers have undertaken relevant training on both the Procurement Act 2023 and contract management. This investment in officer development ensures that staff are well-equipped to manage procurement processes effectively and in accordance with current legislation.</p> <p>The Council has established robust and well-documented arrangements for capital management and approval. These processes are clearly set out and are subject to regular review to ensure they remain fit for purpose. Officers have also received recent training in capital management processes, reinforcing the Council’s commitment to sound financial stewardship and strong governance.</p> <p>In the last year, the Council has made determined efforts to enhance project management across key initiatives. Steering groups have been established for major projects, providing clear direction and oversight. Furthermore, project management processes and templates have been refreshed, supporting consistency and best practice throughout the organisation.</p>



# Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified, and the key recommendations made are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Key recommendation	Criteria	Sub criteria	Managements response
We recommend that the Council ensure sufficient capacity is available within the finance team, on a substantive basis to ensure the financial accounts can be produced to the required quality standards and in line with statutory deadlines.	<b>Governance</b>	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; ensures corrective action is taken where needed, including in relation to significant partnerships	<p>The Council has recently utilised agency staff to help address the backlog in the preparation of the statement of accounts. While this approach has offered much-needed support, we fully recognise that a sustainable, permanent finance team is essential to ensure the timely and efficient completion of statutory accounts going forward.</p> <p>The Council has recently recruited a Finance Team Manager, whose expertise will further strengthen our team. In addition, we are actively working to fill key technical positions with permanent staff to build stability and retain valuable financial expertise within the Council.</p> <p>The Council’s focus has now shifted from simply publishing outstanding accounts to prioritising the recruitment and retention of skilled finance professionals. This includes our intent to recruit a Local Government Association (LGA) Graduate, adding fresh talent and additional capacity to the team.</p> <p>Alongside these staffing efforts, the Council have implemented enhancements to its Unit4 financial management system. These improvements are designed to accelerate the closedown process, supporting quicker and more accurate financial reporting.</p> <p>In closing the accounts for 2023/24 and 2024/25, the Council have taken a proactive approach by engaging third party support to assist with key reconciliations. This further demonstrates the Council’s dedication to upholding high standards of financial management. Continued overleaf...</p>



# Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified, and the key recommendations made are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Key recommendation	Criteria	Sub criteria	Managements response
We recommend that the Council ensure sufficient capacity is available within the finance team, on a substantive basis to ensure the financial accounts can be produced to the required quality standards and in line with statutory deadlines.	<b>Governance</b>	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; ensures corrective action is taken where needed, including in relation to significant partnerships	Continued- To ensure the Council meet all statutory financial reporting deadlines, it plans to bring in temporary staffing where required. This proactive approach will help maintain the Council’s commitment to robust financial governance and service continuity. The Council remain dedicated to building a strong, resilient finance team and continuously improving our financial processes for the benefit of all stakeholders.



# Value for money: significant weaknesses and key recommendations

Key recommendation	Criteria	Sub criteria	Managements response
<p>We recommend that the Council enhance the transparency, regularity and timeliness of reporting to members, with a specific focus on the continued implementation of the Unit4 ERPx system.</p>	<p><b>Governance</b></p>	<p>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</p>	<p>Numerous enhancements have been made to the Unit4 financial management system to streamline operations and support more efficient financial reporting. The Council’s Corporate Leadership Team receives regular updates on operational matters, ensuring that any ongoing implementation issues are identified and addressed promptly. Recognising the importance of transparency and accountability, the Council will record any such issues in its risk register and provide updates to the Audit and Governance Committee as appropriate.</p> <p>Looking ahead, the Council anticipates further improvements and enhancements to the Unit4 system with the move to a new support and maintenance contract from December 2025. This transition is expected to deliver added value and ensure the system continues to meet the evolving needs of the organisation.</p>



# Value for money: other recommendations

The other recommendations made are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Criteria	Other recommendation	Managements response
Financial sustainability	We recommend that the Council ensures there is sufficient detail included within their MTFS, particularly relating to the breakdown of useable reserves by category and financial year. This will allow members and wider stakeholders to make informed decisions and promotes transparency of reporting with regards to the Councils financial position.	The Council will include sufficient reserves detail in the revised MTFP for Cabinet review in November 2025, along with information on government proposals for business rates retention and the Fair Funding Review to clarify upcoming financial challenges.
Improving economy, efficiency and effectiveness	We recommend that the Council ensure that budget monitoring information is available in a timely manner and in sufficient detail to allow service areas to review and monitor the cost effectiveness of existing activities, identifying those which do not contribute sufficient value, and consider alternative, lower cost options for service delivery.	The Council has enhanced the monitoring functionality within Unit4 within the last 12 months. However, it recognises that officers need substantial training on the system to ensure that they can access relevant information to support decision-making. There will be further training in the next 12 months to ensure that Unit4 provides relevant financial information and meets the needs of different officers. In the last 12 months, the Council has continued reporting regular quarterly financial monitoring to Cabinet. Portfolio Holders meet with Directors and finance officers on a quarterly basis to ensure an understanding by all stakeholders.



# Value for money: follow up of prior recommendations

The following key recommendation was made in 2022/23 by the Council's predecessor external auditors. We have set out below the detail with our auditors update for 2023/24 and 2024/25 to address the finding.

Observation previously reported	Criteria	Recommendation previously made	Auditor update
<p><b>Statutory financial reporting</b></p> <p>We have been unable to complete the majority of our work on the 2021/22 and then 2022/23 statement of accounts audit which has mainly been due to weaknesses in arrangements for:</p> <ul style="list-style-type: none"> <li>the Council not maintaining accurate or up-to-date property records leading to materially incorrect asset valuations in the financial statements; and</li> <li>capacity challenges in the finance team exacerbated by a shortage of skilled and capable resources in the labour market.”</li> </ul> <p>Of the work performed on 2021/22 material errors were identified been corrected, although none affect general fund balances. The Council made a conscious decision that constrained resources were diverted into budget setting and financial ledger implementation rather than financial reporting. Further, as the identified accounting issues lie in asset valuations, we do not believe there is a threat to financial sustainability or unreliable budget setting/financial planning as a result of the delays.</p>	<p><b>Governance</b></p>	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>Management have a review process in place to support the preparation of draft financial statements to ensure sufficient quality review procedures are in place to support accurate statutory financial reporting; and</li> <li>Sufficient capacity is made available within the Finance team to support the rebuilding assurance process.</li> </ul>	<p>Due to the delays in producing the Statement of Accounts for 2023/24 and 2024/25 it has not been possible to complete the necessary audit work to confirm whether management have made improvements to property records required for valuation purposes.</p> <p>We have raised a similar key recommendation in 2023/24 and 2024/25. Therefore, we consider this key recommendation superseded by our key recommendation raised on page 22 of this report.</p>







This page is intentionally left blank

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025

Title of Report		STATEMENT OF ACCOUNTS UPDATE	
Presented by		Paul Stone Director of Resources	
Background Papers		<a href="#">Statement of Accounts 2023/24 Update - Audit and Governance Committee 4 June 2025</a>	Public Report: Yes
Financial Implications		There are no financial implications arising from this report.	
		Signed off by the Section 151 Officer: Yes	
Legal Implications		The Accounts and Audit Regulations 2015, along with their subsequent amendments, set out detailed requirements for the preparation, approval, and publication of financial statements by local authorities and other relevant bodies in England.	
		Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications		There are no staffing or corporate implications arising from this report.	
		Signed off by the Head of Paid Service: Yes	
Purpose of Report		At the request of the Committee, to provide an update in respect of the Council's Statement of Accounts.	
Recommendations		<b>THAT AUDIT AND GOVERNANCE COMMITTEE</b> <ol style="list-style-type: none"> <li><b>1. NOTES THE UPDATE ON THE COUNCIL'S STATEMENT OF ACCOUNTS.</b></li> <li><b>2. RECOGNISES AND ENDORSES THE STEPS BEING TAKEN BY THE DIRECTOR OF RESOURCES TO RESOLVE THE DELAYS TO THE PUBLICATION OF THE ACCOUNTS.</b></li> </ol>	

**1.0 BACKGROUND**

- 1.1 Reports were considered by Council on 22 February 2024 and 5 November 2024, and Audit and Governance Committee on 5 February 2025 and 4 June 2025, which provided details of the Government's proposals for addressing the audit backlog, as well as outlining the Council's position in respect of its Statement of Accounts. Additionally, the Director of Resources provided a verbal update to this Committee on

23 April 2025. At the Audit and Governance Committee meeting on 6 August 2025, Members requested that a regular report is provided by the Director of Resources outlining the Council's progress against meeting its statutory financial reporting requirements.

## **2.0 STATEMENT OF ACCOUNTS PROGRESS**

- 2.1 Since the August meeting, the Council has published its Statement of Accounts for 2023/24 at the end of that month, in accordance with its schedule to finalise the 2023/24 and 2024/25 accounts by the end of August 2025 and the end of November 2025, respectively. Whilst the Council missed the backstop date for the Statement of Accounts 2023/24, this approach ensures the Council is on target to meet the statutory backstop for the 2024/25 Statement of Accounts by February 2026. Once achieved, the Council will be able to fulfil its statutory reporting requirements in terms of meeting the backstop dates for the Statement of Accounts 2025/26 and future years.
- 2.2 As of now, the Council remains on course to meet the November 2025 deadline. In the past year, four years' accounts have been published, reflecting the Finance Team's commitment to restoring the Council's financial reporting to pre-2020/21 standards.
- 2.3 The Council has again used third party support to the closedown of the Statement of Accounts 2024/25 with key reconciliations.

## **3.0 FINANCIAL SYSTEM**

- 3.1 The Audit and Governance Committee's report on 4 June 2025 highlighted challenges with the financial system implemented in April 2023. The Council has been working to address these issues and improve its financial reporting processes.
- 3.2 Over the last 12 months, the Council has had to experience regular bugs in the system, each time having to rely on its implementation partner to fix the issues. However, significant progress has been made which includes:
- Detailed scoping document to support automated bank reconciliation
  - Significant progress in moving to automated invoice payments
  - Improved reporting and controls
  - Transactions and reports to support speedier financial closedown.
- 3.3 In addition to this, there have been numerous system enhancements as the Council moves to improving its systems and processes. The Key Financial Systems Action Plan, which is part of the Audit Recommendations report, is included on the agenda for this meeting for the Committee's consideration highlights progress which has been made.
- 3.4 Additional short-term resource will be procured to further enhance overall administration of the Unit4 system. It is worth highlighting the Finance Team's dedication to improving the Unit4 system to facilitate and accelerate the closedown process. Despite the significant challenges involved in closing down the accounts, setting budgets, and conducting regular budget monitoring, the Finance Team has enhanced the Unit4 system to ensure a faster and more efficient closedown process in future years.

## 4.0 AUDIT FEES

- 4.1 Local authorities are required to pay fees for external audits, and these fees are determined by Public Sector Audit Appointments (PSAA). The PSAA is responsible for appointing auditors and setting the scale of fees to ensure independent and consistent audit arrangements across local government bodies.
- 4.2 Each year the Council is consulted on the fees for the forthcoming year. The fee for 2025/26 will be £168,327 which includes a 2.8% contractual indexation increase. For context, the table below sets out the fees for the last two years.

2023/24 £	2024/25 £
186,390	163,742

- 4.3 Further fee variations may be needed during the course of the audit year but at this stage there are no details on any additional work that is required.
- 4.4 The Director of Resources responded to the 2025/26 audit fees consultation on 7 October 2025 highlighting that authorities have voiced significant concerns about the impact of rising audit fees, warning that increased costs may place further strain on already overstretched budgets and risk diverting resources away from frontline services.
- 4.5 There is widespread agreement that any fee increases should be reasonable and supported by clear, demonstrable improvements in the quality of audits. Councils are also asking for greater transparency in how fees are calculated, including detailed breakdowns of cost drivers and influencing factors like regulatory changes.
- 4.6 In addition, there is a call for more consistency and predictability in fee setting to aid long-term financial planning, as well as assurances that higher fees will result in timely delivery of audit opinions and clearer, more effective communication throughout the audit process.
- 4.7 In recognition of the financial pressures resulting from increased audit fees, the Ministry of Housing, Communities and Local Government (MHCLG) has made funding available to assist local authorities in managing these additional costs. For the Council, a specific allocation has been received to help offset the impact on the council's budget. In 2023/24, North West Leicestershire received £18,500 from the MHCLG as part of this national support package. This funding aims to alleviate some of the burden caused by higher audit fees and ensure that essential services can continue to be prioritised.
- 4.8 On 9 April 2025, the Government announced that it was making available up to £49 million of grant funding to cover the additional costs of clearing the local audit backlog. The funding will be paid in two stages, with up to £18 million allocated for 2024/25 and up to £31 million allocated for 2025/26.
- 4.9 The Council will be made aware of its allocation in due course, subject to the Council meeting the backstop date for the Statement of Accounts 2024/25. A further allocation will be available for the Statement of Accounts 2025/26 subject to meeting the backstop date.

## 5.0 SUMMARY

- 5.1 Progress with Unit4 enhancements has been slow and this is beyond the control of the Council as there is a reliance on the implementation/support and maintenance partner to address bug fixes, some of which cannot be resolved at the pace the Council expects. The Council is not able to work directly with Unit4 and this hinders the pace of change that is required. The current three-year support and maintenance contract expires in December 2025. The Council should review its options to secure reliable future support.
- 5.2 Once the Council signs the 2024/25 Statement of Accounts, financial reporting will follow statutory deadlines. Future updates on the Statement of Accounts will be provided only through standard external audit reports, so additional progress reports should not be needed.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	The Council has responded to Government consultations in respect of backstop dates and recent consultation in respect of the Government's Local Audit Strategy.
Risks:	- Loss of public trust and confidence in the Council's financial management and governance. - Reduced transparency and accountability to the Council's stakeholders, including taxpayers, service users, creditors, grant providers and regulators. - Increased scrutiny and intervention from external bodies, such as the Ministry of Housing, Communities and Local Government, the National Audit Office, the Local Government Association and the Public Sector Audit
Officer Contact	Paul Stone Director of Resources <a href="mailto:paul.stone@nwleicestershire.gov.uk">paul.stone@nwleicestershire.gov.uk</a>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025

<b>Title of Report</b>	<b>ANNUAL GOVERNANCE STATEMENT 2024/25</b>	
<b>Presented by</b>	Paul Stone Director of Resources	
<b>Background Papers</b>	<a href="#"><u>Annual Governance Statement 2023/24</u></a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications arising from this report.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	<p>Under the Accounts and Audit Regulations 2015 (the "Regulations"), the Council is required to produce and publish an Annual Governance Statement ("AGS") as part of its accountability and transparency obligations. Regulations 6(1) and 6(2) set out the specific requirements.</p> <p>To comply with the Regulations, the AGS must be approved by the Council or a designated Committee, signed by the Leader and the Chief Executive, and made available to the public at the same time as the Statement of Accounts.</p> <p>The period of inspection is a legally defined timeframe within the Accounts and Audit Regulations 2015 during which the public is granted special rights to access, review, and copy certain financial documents of a relevant authority. The period of inspection refers specifically to the 30 consecutive working days set aside by a relevant authority after the end of each financial year. During this time, the unaudited Statement of Accounts, the AGS, and supporting documents are made available for public inspection.</p> <p>The Council intends to publish its Statement of Accounts 2024/25 at the end of November 2025. Therefore, a copy of the AGS is required to be published alongside the Statement of Accounts to ensure compliance with the Regulations.</p>	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing implications arising from this report.	
	<b>Signed off by the Head of Paid Service:</b> Yes	

<b>Purpose of Report</b>	To present the Annual Governance Statement 2024/25.
<b>Recommendations</b>	<b>THAT THE AUDIT AND GOVERNANCE COMMITTEE APPROVES THE ANNUAL GOVERNANCE STATEMENT 2024/25.</b>

## 1.0 BACKGROUND

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review, an Annual Governance Statement (“AGS”) must be produced, approved and published. Good practice dictates that the document is published alongside the statement of accounts but is considered in its own right. The AGS must describe the arrangements in place for ensuring proper governance throughout the financial year. Specifically, the Statement should set out how the Council meets the principles of good governance, identify any significant governance issues, and detail the actions being taken to address them.
- 1.2 The Council’s Statement of Accounts 2024/25 is scheduled to be published at the end of November 2025. The Accounts and Audit Regulations 2015 require that the Annual Governance Statement (AGS) be published alongside the statement of accounts during the period of public inspection. This ensures that members of the public have the opportunity to review both documents concurrently during the statutory inspection period, promoting transparency and accountability in local government financial management.
- 1.3 The Committee is asked to note the findings of the AGS and the actions proposed to further develop or strengthen elements of the Council’s governance arrangements, which are outlined in the AGS shown in Appendix 1. Any comments or proposed amendments to the AGS will be made prior to its publication alongside the Statement of Accounts.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue joint annual guidance on corporate governance which encourages local authorities in going beyond consideration of the internal control environment to look at wider arrangements for supporting sound corporate governance.
- 1.5 The CIPFA/SOLACE guidance - ‘Delivering Good Governance in Local Government: Framework (2016)’, outlines seven core principles for good governance, with a number of supporting principles. These seven principles are:
  - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.
  - B. Ensuring openness and comprehensive stakeholder engagement.
  - C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - E. Developing the Authority’s capacity, including the capability of its leadership and the individuals within it.
  - F. Managing risks and performance through robust internal control and strong public financial management.



G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- 1.6 A key element of compiling the Annual Governance Statement is an assessment of the extent to which the Council has adhered to the governance standards set out in its Code, and providing a robust evidence base for this, set out in a transparent way. This is seen in the Statement in the section titled “How we comply with the CIPFA/SOLACE framework” on pages 9-20.
- 1.7 The AGS includes the following sections:
- Executive Summary – this is considered good practice because it provides a concise overview of the key points and findings contained within a larger document.
  - The Purpose of the Governance Framework – describes the Council’s system of internal control
  - Background and Scope of Responsibility – this section provides the purpose of the document and outlines the legal requirements for an AGS and its link to the Council’s Code of Corporate Governance.
  - The Governance Framework – describes how the Council has complied with the principles in its Code of Corporate Governance and includes links to online documents where the reader can access more detailed information.
- 1.8 There were several areas for improvement identified in the review of the AGS 2023/24 for which updates have been provided in the AGS 2024/25.
- 1.9 The review of the 2024/25 AGS has identified further areas for improvement which are set out in the section titled “What are our key governance development priorities for 2025/26?”. These priorities are based on the Management Response to the Annual Audit Opinion 2024/25 considered by the Committee earlier this year.
- 1.10 The Annual Governance Statement is a snapshot document that reflects the governance arrangements, performance and structure of the Council at a specific point in time. Typically, it is prepared to coincide with the end of the financial year, and it provides a transparent account of the Council’s governance policies and practices over that period.
- 1.11 The final section of the report details the overall opinion and conclusion.
- 1.12 Following Audit and Governance Committee approval, the final AGS will be published on the Council’s website and published alongside the Statement of Accounts 2024/25.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A well-run Council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	None
Risks:	The AGS is a mandatory requirement for local authorities. Failure to produce an AGS may result in non-compliance with relevant regulations namely the Accounts and Audit Regulations 2015.
Officer Contact	Paul Stone Director of Resources <a href="mailto:paul.stone@nwleicestershire.gov.uk">paul.stone@nwleicestershire.gov.uk</a>



# **ANNUAL GOVERNANCE STATEMENT 2024/25**

## Executive Summary

This Annual Governance Statement for 2024/25 details the frameworks, principles, and practices that guide the Council's approach to effective governance. It describes how the Council is dedicated to conducting its business in a manner that is timely, inclusive, open, honest and accountable, thereby ensuring that the needs of residents are consistently met to a high standard. The Statement explains that good governance is not only about making the right decisions, but also about doing so through robust processes that promote transparency, efficiency and integrity across all activities.

Central to this governance framework is a focus on decision-making, with the Council responsible for key issues such as community planning, public services and local regulations. The document outlines the systems in place to ensure decisions are made objectively and fairly, taking into account the diverse needs of the community. Effective service delivery is also emphasised, with particular attention to the management and provision of essential services, including waste disposal, maintenance of parks and street cleaning. The statement highlights the mechanisms designed to ensure these services are delivered efficiently and to a consistently high quality for all residents.

Another cornerstone of the Council's governance approach is community engagement. The statement sets out the importance of involving residents and partners in the decision-making process, whether through regular consultations, public meetings or open feedback channels. This ensures the Council remains responsive to the changing needs and preferences of the community and helps foster a culture of active participation and mutual trust.

Ensuring accountability and transparency is a core objective outlined in the Statement. The Council is committed to maintaining honest and clear communication with the public regarding its decisions, policies and financial management. Regular reporting and open dialogue are used to build confidence and demonstrate the responsible stewardship of public funds.

The document also addresses regulation and enforcement, detailing how the Council implements and upholds local laws to protect the welfare of the community. By ensuring that regulations are enforced effectively, the Council maintains order, promotes safety and supports the wellbeing of all residents.

The Annual Governance Statement underlines the essential role of good governance in fostering sustainable development and improving the overall quality of life. It demonstrates the Council's ongoing commitment to being responsive and accountable, and outlines the continuous work being done to enhance governance structures and practices for the benefit of the entire community.

## What is Governance?

Governance is about how we ensure that we are doing the right things, in the right way for the right people in a timely, inclusive, open, honest and accountable manner.

Governance refers to the processes, systems and practices through which organisations, including governments, are directed and controlled. It encompasses the mechanisms by which decisions are made, implemented and monitored to ensure accountability, transparency, and efficiency.

It includes:

1. **Decision-Making:** Local councils make decisions on various issues affecting the community, such as planning, public services, and local regulations.
2. **Service Delivery:** Ensuring that essential services like waste management, parks and street cleaning are effectively provided to residents.
3. **Community Engagement:** Involving citizens in the decision-making process through consultations, public meetings, and feedback mechanisms to ensure their needs and preferences are considered.
4. **Accountability and Transparency:** Maintaining clear and open communication with the public about decisions, policies, and the use of public funds to build trust and ensure responsible governance.
5. **Regulation and Enforcement:** Implementing and enforcing local laws and regulations to maintain order and protect the welfare of the community.

Effective local governance is crucial for fostering sustainable development, enhancing the quality of life for residents, and ensuring that local councils are responsive and accountable to their communities.

## Background and Scope of Responsibility

North West Leicestershire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 and Best Value Standards to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging the overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance (the “Code”), which is consistent with the principles of the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’ 2016. A copy of the Code is available on our website at [Local Code of Corporate Governance.pdf](#). The Code is reviewed annually and was approved by Cabinet on 24 September 2024 following consultation with the Audit and Governance Committee on 7 August 2024.

This Statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015. The Council’s arrangements comply with each of the principles in the CIPFA/SOLACE Framework.

## The Purpose of the Governance Framework

"The governance framework includes the systems, processes, culture, and values that control and guide the Council's activities, and through which it interacts with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

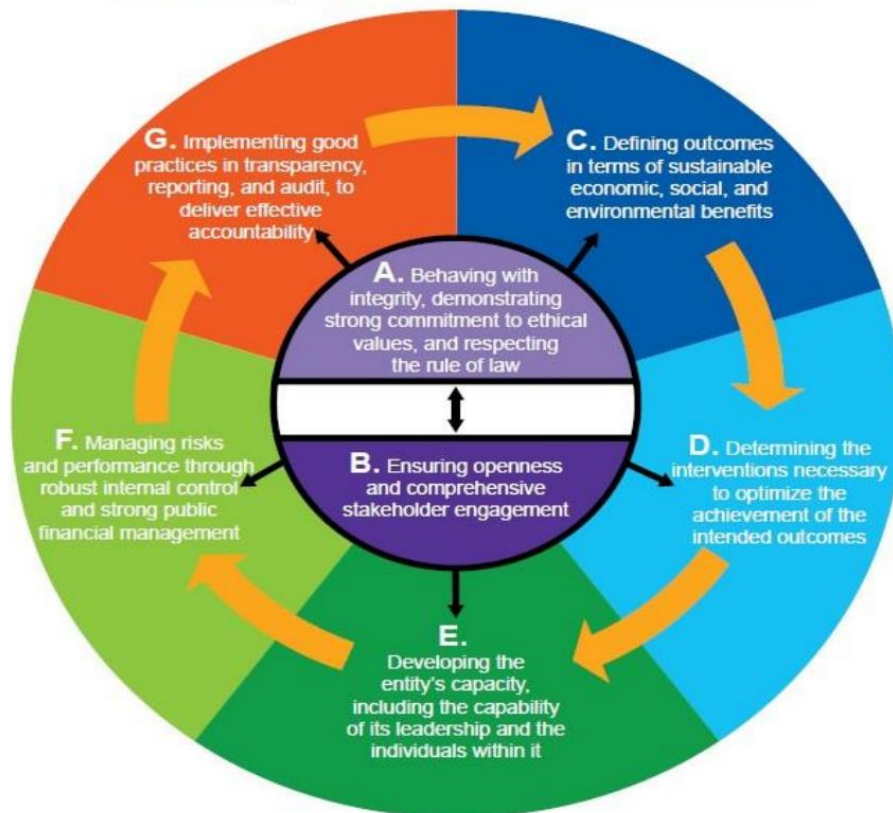
The Council's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed:

- to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives,
- to evaluate the likelihood of those risks being realised and the impact should they be realised, and
- to manage them efficiently, effectively and economically.

The "Delivering Good Governance" framework below, envisages that there will be a continuous process of applying the seven principles, as set out in the Code, with two principles at the core of this process.

## Achieving the Intended Outcomes While Acting in the Public Interest at all Times



### The Governance Framework - Our vision, priorities and values

The Council's vision, priorities and values are set out in the [Council Delivery Plan](#), which was approved by Council on 14 November 2023. The Council's vision is to support a clean, green and prosperous place where people want to live, work and visit. The Council's priorities are:

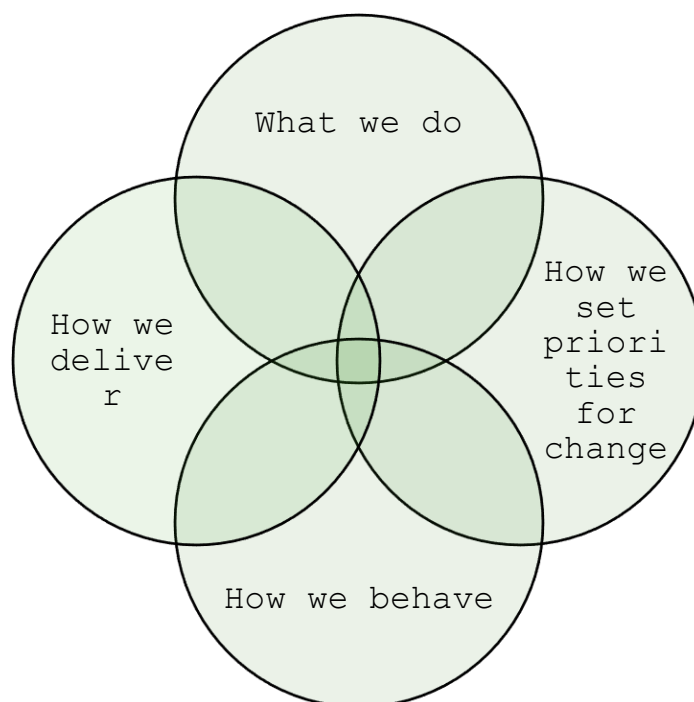
- **Planning and regeneration** This is about economic growth and physical development of the district.
- **Communities and housing** This is about looking after our tenants and keeping our communities safe.
- **Clean, green and Zero Carbon** This is about looking after the environment we live in.
- **A well-run council** This is about making sure our services are provided in a positive and friendly way, that we provide good value for money and that our finances are in good order.

The Council has adopted an overarching value of “One Council, one team” supported by the following five values:

- Excellence – we will always work to be the best we can be
- Trust – We are honest fair and transparent, and we value trust
- Respect – We respect each other and our customers in a diverse, professional and supportive environment
- Pride – We are proud of the role we play in making North West Leicestershire a happy healthy and vibrant place to live and work
- Growth – We will work together to grow and continually improve.

These values are integrated into employment lifecycle from recruitment to performance and learning and development.

### The key elements of our governance framework



The Council operates a cabinet style system of governance with separation of executive and scrutiny functions. All Cabinet members have been allocated a specific portfolio by the Leader and are responsible for driving forward the Council's key strategic aims.

The Council has a Constitution which sets out how it operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. The Constitution is reviewed



annually by a working group of members from the Council's Audit and Governance Committee supported by the Monitoring Officer.

The Constitution of the Council sets out matters reserved to Council, Cabinet and Committees for decision, with all other decisions delegated to Officers. The Constitution is subject to a continuous review process and was reviewed in 2024/25 by members of the Audit and Governance Committee. The new version was adopted in March 2025 following approval by Council in February 2025.

The Council's arrangements for governance and scrutiny follow appropriate codes and guidance.

There are various layers of management within the organisation and each management team each play an important role in governance framework.

The Council's Statutory Officers who consist of the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Legal and Support Services) and the Section 151 Officer (Director of Resources) fulfil the statutory duties associated with their roles, including ensuring that the Council's activities are in accordance with the law and legislative requirements, and that financial budgets are set appropriately and are monitored regularly.

Monthly Corporate Leadership Team (CLT) comprising the Chief Executive, Directors and Heads of Service consider strategic and operational matters relevant to specific directorates).

Extended Leadership Team (ELT) meetings take place monthly which involve all Team Managers. They support the Corporate Leadership Team by providing valuable operational insight to inform the strategic and operational direction of the Council.

Team Managers support ELT and contribute to effective management of their respective departments.

## **Role of the Council**

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Part 2 (Section C) of the Council's Constitution. Part 3 (Section E) provides that the Council is responsible for setting the policy and budgetary framework.

The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

## **Role of Cabinet**

The Cabinet has responsibility for all executive functions and for making recommendations to Council within the Budget and Policy Framework. Its remit is clearly set out in the Constitution and it plays a major role in reviewing key aspects

of overall service delivery, including monitoring its effectiveness and related governance issues.

## **Role of Audit and Governance Committee**

The Audit and Governance Committee is responsible for ensuring that the Council's systems for internal control are sound by reviewing control mechanisms and guidelines (both internal and external) and ensuring continued probity and good governance of the Council's operations. The Committee meets the external auditor to discuss findings in the Annual Audit Management Letter and reports. The Committee is also responsible for dealing with member conduct and standards issues, along with reviewing the Council's Arrangements for Dealing with Councillor Complaints and the Constitution.

## **Role of Scrutiny Committees**

The Community and Corporate Scrutiny Committees carry out the Council's scrutiny function.

The main tasks of the Scrutiny Committees are:

- Performance Monitoring;
- Holding the Cabinet to account;
- Policy review and development; and
- External Scrutiny.

The Scrutiny Committees also have an opportunity to 'Call-in' decisions under provisions within the Constitution where they feel that the decision has been taken outside the principles of decision making set out in Section A of Part 2 of the Constitution:

- a) proportionality (i.e. the action must be proportionate to the desired outcome).
- b) due consultation and the taking of professional advice from officers.
- c) respect for human rights.
- d) a presumption in favour of openness.
- e) clarity of aims and desired outcomes.
- f) explaining what options were considered and giving the reasons for the decision."

## **Risk Management**

The overall objective of the Council's risk management strategy is the identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan.

The Risk Management Policy was approved by Cabinet on 24 September 2024, following consultation with the Audit and Governance Committee on 7 August 2024 and all reports to Council, Cabinet and Committees have a risk management section. A Corporate Risk Register has been developed and

approved at both Corporate Leadership Team and by Audit and Governance Committee. The Corporate Risk Register is accepted as a live document constantly under review for progress on managed risks and new risks that could impact on the Council. A risk review cycle has been developed that will allow closer links with the service planning process. The Council has decided that Service Plans will contain identified risks which was introduced for the Service Planning for 2024/25.

The Corporate Risk Group (CRG) is represented by each of the Council's services. The CRG identifies new risks and reviews the corporate risk register. Review of corporate risks is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Audit and Governance Committee on at least a quarterly basis. The Committee receives the risk register in a detailed format, with any changes clearly highlighted for ease of review.

To ensure the Council's risk management approach is working effectively an external review was undertaken by Zurich (the Council's insurers). The review took place in 2022/23 with an action plan developed to address areas of weakness across the Council. Progress has been made against the Action Plan which is being monitored by the Corporate Risk Group.

## **Role of Internal Audit**

The Council has a Public Sector Internal Audit Standards (PSIAS) compliant Internal Audit service that is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate an annual work plan, progress against which is reviewed each quarter by the Audit and Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Head of Service as well as the Chief Executive, Section 151 Officer and Monitoring Officer. The reports include an independent opinion on the adequacy of the applicable internal controls, audit findings and recommendations for improvements with an agreed timescale for implementation. Progress against recommendations is followed up by Internal Audit and reported to Audit and Governance Committee on a quarterly basis throughout the year. In addition, the Corporate Leadership Team oversees the delivery of audit recommendations.

The Internal Audit Report 2024/25 was considered by the Audit and Governance Committee at its meeting on 6 August 2025. The Chief Audit Executive (Audit Manager) issued a "Limited Assurance" opinion. This was the third consecutive year of a limited assurance opinion. It is recognised that this level of assurance is not acceptable and requires improvements. In response to the Opinion the Council has instigated and established an Action Plan to address the concerns and issues raised. Details of which are set out later in this document. The Management Response to this was considered by Audit and Governance Committee on 6 August 2025.

Mazars LLP was appointed by the Public Sector Audit Appointments (PSAA) as the Council's external auditor for 2021/22 and 2022/23, with Azets being appointed as

the Council's external auditors for the 2023/24 financial year onwards. The auditor's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities. The Council has built good working relationships with Mazars and onboarding arrangements with Azets have taken place with regular meetings between Internal Audit and Azets.

External Audit provides an opinion on the Council's financial statements and conclude on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (value for money conclusion).

At the end of the financial year, the Council published its Statement of Accounts for 2021/22 and 2022/23. The Government confirmed its proposals to address the audit and backlog, and the Council published its Statement of Accounts 2023/24 in August 2025 is working towards publication of the unaudited Statement of Accounts 2024/25 for the end of November 2025. The Council is actively working in partnership with Azets to rebuild and strengthen assurance over the next few years. This collaborative approach is designed to ensure that the Council's assurance framework is robust and fully aligns with statutory requirements, supporting continuous improvement and compliance with best practice standards.

## **How we comply with the CIPFA/SOLACE framework**

The following sections list the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the arrangements comply with each of the principles that are laid out in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government.

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

Arrangements have been put in place to ensure probity when dealing with different stakeholders and these are frequently updated. The Council has a Councillors' Code of Conduct, Planning Code of Conduct, Licensing Code of Conduct and Protocol on Councillor / Officer Relations which are all set out in Part 4 of the Constitution. These are reviewed annually as part of the Constitution review, as well as on an as needed basis to take account of the latest legislation and guidance.

The Councillors' Code of Conduct (based on the LGA Model Code), was developed in conjunction with other Leicestershire District/Borough Councils and the County Council. In addition, following encouragement from the Council, many town and parish councils in the North West Leicestershire district adopted the same code as the Council. This provides consistency for councillors that sit on more than one council within the area.

As required by the Localism Act 2011, the Council has adopted Arrangements for Dealing with Councillor Complaints. Under those arrangements, the Monitoring Officer deals with any complaints received. The Arrangements for Dealing with

Councillor Complaints are reviewed annually by members of the Audit and Governance Committee alongside the Constitution and are adopted by Full Council.

During 2024/25, the Audit and Governance Committee had a pro-active work programme, and each meeting of the Committee received a quarterly performance monitoring report including information on standards complaints and ethical indicators.

The Council has robust arrangements for monitoring compliance with the Councillor Code of Conduct. The Monitoring Officer is responsible for monitoring compliance with the Code of Conduct and addresses complaints in accordance with the established procedures.

The Officer Register of Gifts and Hospitality is monitored by the Chief Executive.

The Head of Paid Service, Section 151 Officer and Monitoring Officer meet regularly as a Statutory Officers Group (every six weeks). Their work includes monitoring compliance with standards of conduct across the Council, including both officers and members.

The Council's Whistle Blowing Policy includes members, contractors, suppliers and service providers and people working in partnership with the Council (e.g. volunteers). All reports received under the policy are investigated thoroughly.

Training is provided to councillors who are involved in several committees. Specific Audit and Governance Committee training was delivered on a range of topics throughout the year including a refresh on the role of the Audit Committee.

The Office for Local Government Best Value self-assessment has been superseded by the Local Government Outcomes Framework (LGOF), which outlines priority outcomes and provides draft metrics to assess Local Authorities' performance. A Government consultation regarding these metrics is currently underway, and a series of webinars are being held to discuss the implications of the proposed metrics across various services, in which the Council is actively participating. Additionally, the Council has engaged in the Quarterly LG Benchmarking exercise, enabling performance comparison against peer organisations using a defined set of metrics.

### **Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function**

The "Monitoring Officer" function is carried out by the Head of Legal and Support Services who reports to the Chief Executive. The Legal Team Manager who has responsibility for legal matters and is also the "Deputy Monitoring Officer", reports to the Head of Legal and Support Services. The Constitution contains a Monitoring Officer Protocol at Section F of Part 4 which provides general information on how the Monitoring Officer's statutory requirements will be discharged at this Council. Paragraph 3 of Section G3 of Part 2 of the Constitution sets out specific functions that are delegated to the Monitoring Officer.

## **Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function**

The “Head of Paid Service” role is undertaken by the Council’s Chief Executive. The Head of Human Resources and Organisational Development, responsible for all HR matters, reports to the Chief Executive. Paragraph 1 of Section G3 of Part 2 of the Constitution sets out specific functions that are delegated to the Head of Paid Service. The Constitution provides that in the event that the Chief Executive is absent or unable to act for any reason, the Strategic Directors may exercise these powers.

## **Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities**

The Council has an established Audit and Governance Committee whose remit and functions are based on the guidance set out in the CIPFA/SOLACE 'External Audit in Delivering Good Governance in Local Government: Framework', 2016, which identifies best practice in relation to roles and responsibilities. The Committee meets at least quarterly and receives regular reports from both the Section 151 Officer and the Audit Manager in relation to financial and audit functions. Arrangements are in place for the Audit Manager to report independently to the Audit and Governance Committee should he/she feel it appropriate to do so.

There have been a number of training sessions with Audit Committee Members in supporting CIPFA’s Position Statement which include risk management training and an overview of the Statement of Accounts.

## **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two of the Council’s statutory officers, the Section 151 Officer and the Monitoring Officer, have responsibility for ensuring that the Council does not act in an ultra vires (acting beyond legal powers) manner, supported by the Head of Human Resources and Organisational Development, who facilitates the management and mitigation of risk, and the Audit Manager who provides assurance on matters of internal financial control.



There is an in-house, Lexcel accredited Legal Team. Lexcel is the Law Society's legal practice quality mark for excellence in legal practice management and excellence in client care. The Legal Team work closely with all teams across the Council providing risk-based advice.

In 2024, the Local Government Association acknowledged the Council's good governance arrangements as an assurance case study, highlighting that good governance is important to both the political and managerial leadership of the Council.

## Whistleblowing and arrangements for receiving and investigating complaints from the public

The Council has in place appropriate Confidential Reporting policies and procedures which are regularly reviewed and updated where required. The Whistleblowing Policy is one of a suite of corporate governance policies which were reviewed in 2024.

Staff are aware of the Whistleblowing policy through the Council's intranet and as an integral part of the induction process for new starters. There is also a well-established and responsive complaints procedure to deal with both informal and formal complaints from customers and residents.

The Council reviews and adopts Arrangements for Dealing with Councillor Complaints annually, which include the option of an informal resolution stage facilitated by the Monitoring Officer.

The Audit and Governance Committee has oversight of the complaints' process and receives quarterly reports from the Monitoring Officer.

## Principle B. Ensuring openness and comprehensive stakeholder engagement

The Council has established corporate communications principles and a communications strategy/plan which identifies key projects and campaigns. The communications strategy aligns with the Council Delivery Plan. The Council has developed a corporate narrative with the support of the LGA which sets out what it can realistically achieve and how it will engage with communities.

The Council uses various means to communicate key messages to members of the public, including press releases, website content, social media and where relevant direct communication. Internally, we communicate with staff via team meetings, the intranet, blogs and Chief Executive's roadshows for staff. The Council's communication principles are:

- We will communicate the right information with the right people at the right time in the right way to make sure our priorities, key decisions and actions are understood.

### LGA Assurance case study

g. Resetting the relationship between local and national government. Read our Local Government White Paper (https://www.local.gov.uk/local-government-anti-white-paper)



#### North West Leicestershire District Council, Assurance case study

Both members and officers understand that good governance is important to both the political and managerial leadership of the council.

08 Mar 2024

What is meant by council-wide assurance? What does it mean in North West Leicestershire in particular?

Both members and officers understand that good governance is important to both the political and managerial leadership of the council.

How does this work in practice?

The council has introduced a suite of governance training which emphasises that good governance is everyone's job. The training is mandatory for directors, heads of service and team managers and optional for all other staff, includes content on how to support good quality decision-making and information governance and is being embedded into the council's management development programme. The council's training management system enables oversight of who has completed the governance training package.

A Governance Toolkit has been rolled out across the council by legal services, including information on procurement, decision making and guidance on consultation. The team will continue to add to the toolkit as questions and suggestions are received.

- We will be proactive, transparent and realistic in our communication
- We will shout loudly about the positive things and show pride in our work
- We will always seek to have control over the message
- We will keep our audiences updated on our key projects, even when there are not concrete updates
- We will make sure the most affected people know the information first
- We will target particular audiences depending on what we are talking about
- We will use the right tools and channels for the job
- Communications and the support from the Communications Team is embedded within teams and projects
- We will evaluate our communication – with our Corporate Leadership Team and Strategy Group having visibility over this
- Our commitment to staff communication:
  - We will consider how we communicate key messages to every member of staff, including remote workers and non-networked colleagues
  - We will have a clear and consistent style of communication which does not get in the way of the message
  - We will facilitate two-way dialogue between the Council's leadership team and officers
  - We will share our knowledge and expertise so improve the standard of communications across the Council
  - We will support a positive morale by helping staff to feel more engaged and onboard

The Council has refreshed its communications strategy for keeping employees up to date.

Following a staff workshop on transformation in November 2023, and a range of staff engagement sessions since, the Council is working through a range of improvements for staff communication and engagement.

To date, this has included numerous live Q&A events on devolution and local government reorganisation, mapping and further clarity for staff around the decision-



making process, improved visibility of CLT members and CLT meetings, closer working relationships between CLT and ELT, increased use of video content and the introduction of dedicated communication channels for housing staff.

A poll of staff in early 2025 showed that 98% thought internal communication and engagement had improved in recent months, and that 92% felt informed and engaged about devolution and local government reorganisation.

The Council has a regular mechanism of meetings with representatives and officials from the recognised Trade Unions in place. In addition, the Council now holds quarterly staff forums, providing all employees with regular opportunities to discuss updates, raise questions, and share feedback directly with leadership.

The Council's scrutiny arrangements are designed to ensure that key policies are scrutinised and involve all sections of the community and stakeholders, as necessary.

To strengthen the relationship between parish and district, our Community Focus Team was set up in 2012 and was split into the community forum areas – Coalville and surrounding area, Ashby, Measham and Moira and the northern area. The work includes:

- The main point of contact with NWL town and parish councils, including regular engagement through a quarterly parish liaison meeting and monthly newsletters.
- In partnership with food banks, emergency food providers across the district, and other stakeholders, delivery of the NWL Food Poverty Action Plan
- As a team, support departments with engagement and consultation on various projects across the district
- Build and support community resilience across the district, including weather resilience, youth engagement, training to strengthen parish and town councils and voluntary/community groups.
- Administer and co-ordinate the ongoing district Small Grant and Zero Carbon Grant schemes, one-off grants such as the Kings Coronation Grant and the UK SPF Community Grant, and Council provides grants for specific advice services.
- Coordinate and deliver the Free Tree Scheme in partnership with the National Forest Company.

The Council has a Statement of Community Involvement which sets out how residents, businesses and other organisations can engage with the planning system. In addition, there are various forums and panels such as the Members and officers have a constructive relationship. Leading members meet with senior officers fortnightly at Strategy Group and the Chief Executive meets monthly with the Leader and Deputy Leader of the Opposition. Officers hold regular Portfolio Holder and Shadow Portfolio Holder briefings.

## **Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits.**

### **Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the authority's overall governance arrangements**

The Council participates in a range of joint working arrangements with other bodies. There are countless examples of the Council's working in partnership with other local authorities via:

- Leicestershire Chief Executives
- East Midlands Chief Executives
- Chief Housing Officers group
- Revs and Bens and Building Control Partnerships.
- Planning Member Advisory Group
- Resilience Partnership Board for Emergency Planning
- East Midlands Society of Local Authority Chief Executives

There is strong evidence within the organisation of networking at a local, county and regional level. Examples include:

- A Leicestershire Chief Execs Group and Leaders forum
- Freeport Board, Planning Officers Group to oversee the County's Growth Strategy.
- Economic Development Officers group
- Revenues and Benefits and Building Control Partnership
- HR Managers Group and
- Community Safety Group
- River Mease Programme Board.
- A511 Major Road Network Board
- Monitoring Officers Group
- Local Government Reorganisation – a range of steering groups

The Chief Executive has a positive relationship with the Chief Executive of the National Forest. Our partners also include each of the registered Housing Providers, the Police, health providers, community and voluntary sector groups, and parish councils.

Where there are formal partnership arrangements, appropriate governance arrangements have been put in place.

For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering joint working and

collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail.

### **Enhancing the accountability for service delivery and effectiveness of other public service providers**

The Council is a partner in the Leicestershire, Leicester and Rutland Resilience Partnership (LRRP). All councils at Unitary, District and Borough levels are members of the Partnership to bring together emergency management resources to prepare for and respond to civil emergencies within the Leicester, Leicestershire and Rutland area. The Head of Human Resources and Organisational Development is the Council's representative on the Local Resilience Forum. The Forum provides training opportunities and emergency simulation training throughout the year which officers attend.

The Leicestershire Partnership, Revenues and Benefits is a collaborative effort involving three local authorities in Leicestershire to enhance the delivery of revenues and benefits services.

### **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome**

The Council Delivery Plan and our Medium-Term Financial Strategy detail how we have planned all our resources, both financial and staffing, to deliver against our priorities.

The Council has a robust performance management framework which was developed and agreed alongside the Council Delivery Plan (CDP). The framework sets out the arrangements for managing performance in the Council on an individual, team, service, department and CDP priority basis. Performance progress on the CDP is reported to Cabinet and the Corporate Scrutiny Committee on a quarterly frequency.

The Council's People Plan is being updated to reflect the move to flexible and agile working. The Council has reviewed its benefits package to recruit and retain appropriately skilled staff. This work has a focus on professions and areas of the workforce where there have been recruitment and retention difficulties. The Council has recruited 13 apprentices and has also been working with East Midlands Councils and the LGA to develop a national recruitment campaign for local government.

Profiled financial monitoring reports are produced, which also project the outturn, after each quarter end. These are reviewed by all budget holders and portfolio holder cabinet members on a quarterly basis and are reported to cabinet on a quarterly basis. Processes are in place to ensure that Portfolio Holders meet with Directors to discuss the quarterly position. Additional narrative has been added to quarterly reports to ensure transparency.

A series of STAR Chamber meetings were convened to support the budget setting process for 2025/26. It helped to pinpoint potential budgetary reductions in line with the Council's strategic objectives. These sessions were instrumental in ensuring that the financial planning is in harmony with the Council's established priorities.

The Council has invested in a leadership development programme and provided opportunities for staff to take part in DCN Leadership programme, Young Local Authority employee

of the year where we came a creditable second place and Tri-Sector challenge to develop staff. The Council has also registered for the new Graduate Development programme and taken part in national apprenticeship week.

The Best Value Duty requires local authorities and other public bodies to ensure continuous improvement in their functions, focusing on economy, efficiency, and effectiveness. The Council has conducted a self-assessment, leading to several actions that are currently being monitored.

Complaints and other formal enquiries are important information, providing an opportunity to understand where and why things sometimes go wrong and provide a basis for the Council to make positive changes, informed by data and the resident voice. The Council has recently reviewed its approach to complaint handling and updated that further following the publishing of the recent consumer standards in housing. Senior officers have oversight of all complaints at Stage 1 with the Chief Executive signing off all Stage 2 complaint responses. The annual report in respect of complaints identified learning points which included:

- Ensuring continuity in communication for ongoing complaints and keeping the complainant informed on updates.
- Speaking directly to customers to outline any potential delays in dealing with their request, whatever the reason might be.
- Communicating updates have been implemented with monthly internal articles, which have included statistical updates, lessons learnt and guidance on conducting investigations and formulating responses.
- The Customer Experience Team Leader continuing to support the repairs service with their complaints particularly the ombudsman responses.
- The Customer Services Team Manager setting up a group to review the customer contact standards as an organisation which will help improve culture and complaints.
- Undertaking Root Cause Analysis sessions with Waste and Housing Management services teams including looking at avoidable contact and how we better the customer journey.
- The Customer Services Team Manager developing additional training to assist with complaint investigations. This training, which is mandatory, has been rolled out to all NWL leaders and additional officers who handle complaints.

The Council delivers a wide range of services to local people and in the main these are delivered to high standards and are comparable with similar councils. However, waste and housing are two areas of particular focus. The Council is undertaking a review of both these areas with a view to improving performance.

### **Principle E – Developing the entity’s capacity including the capability of its leadership and the individuals within it**

The Council has rigorous recruitment and selection, performance management and staff development processes.

The Council took part in the Local Government Association’s Recruitment Reset Programme at the end of 2024, working with 11 other local authorities from across the Country. This was a 10-week development programme designed to empower councils with the tools, insights, and strategies needed to modernise their recruitment practices. The programme enabled us to create an action plan which we are now in the process of implementing.

The Council fully supports the requirements to ensure that both members and senior officers have the necessary skills sets to fulfil their strategic role in the organisation. A comprehensive induction programme exists for both members and officers which has been developed to deal with all relevant core issues. The Council is committed to creating an environment where elected members’ skills can develop and thrive with regular courses being delivered.

An annual development review is undertaken for all officers, which includes the identification of training and development needs, which are then considered and built into a service level and corporate training programme where appropriate. We recognise the critical role that a motivated, skilled and capable workforce plays in every aspect of service delivery.

Our People Plan sits alongside the Council’s Delivery Plan and sets out our approach to recruiting, retaining, training and engaging our workforce is being refreshed. The Plan will be focused on three equal and inextricably linked themes: living our values, building organisational capacity and capability and shaping our future.

Progress to implement the plan will continue through the forthcoming year.

In April 2025 the Council was recredited with Investors in People accreditation - Silver until 2028.

The Council adopted new corporate values in 2019, as part of the refreshed People Plan there will be a focus on making sure our values are evident through all aspects of our work and working environment. Work will continue to ensure that the values are embedded into the whole of the employment life cycle.

The Council's values have been developed by our staff, for our staff. They are reflected through our entire working journey with the Council – from recruitment to staff appraisal and staff recognition. The Council work as one team to provide high quality, value for money services, always putting the customer first.

## **Principle F – Managing risks and performance through robust internal control and strong public management**

The Community and Corporate Scrutiny Committees carry out the Council's scrutiny function. The Council has effective Scrutiny arrangements – two Committees chaired by opposition members. An informal working group plan the Scrutiny Work programme, and the work of the Committees is highlighted annually. An Independent member also chairs Audit and Governance Committee.

The Council maintains an Executive Decision Notice of key decisions to maximise transparency and consultation. The writing of formal reports follows a prescribed procedure which requires the completion of a number of procedural requirements for content, including Statutory Officer checks for legality, budgetary compliance, rationale and risk. Reasons for all decisions must be given and these are recorded in the minutes.

The Member and Officer Codes of Conduct and associated procedures act as a safeguard against conflicts of interest or bias.

The Audit and Governance Committee undertakes the functions of an audit committee as identified by CIPFA guidance. It receives regular reports and presentations from the External Auditor and is independent of Cabinet.

The Council has a customer feedback complaints system, and this information is used to improve service delivery and customer satisfaction (see above).

The Council's has a Risk Management Policy in place. The strategic risk register is reviewed and updated and scrutinised by the Audit and Governance Committee on a quarterly basis.

The risks identified have been linked to Council priorities/strategic aims and lead officers have been identified to manage each risk. Risk Management also forms a key element of the Council's Delivery Plan, and the Service Planning process and risk management is an integral part of the Council's performance management arrangements.

As part of the Council's Corporate Project Management Framework, all major projects have their own risk log. All reports going to members include the risk implications associated with the decision members are being asked to make.

The Council is committed to the effective use of IT and has an ICT strategy and IT Security Policy which were reviewed during 2024.



The Council's 2024/25 Treasury Management Strategy Statement was approved by Council in February 2024, respectively, and risks are fully evaluated as part of this Strategy.

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

#### **Ensuring the Authority's Financial Management Arrangements Conform with the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)**

Formal arrangements are in place for the Section 151 Officer with an interim employee appointed for part of the year, however, a permanent Director of Resources (Section 151 Officer) commenced employment in September 2023. Adherence to the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) continues.

The Section 151 Officer convenes with the Portfolio Holder on a fortnightly basis to provide updates on prevailing financial matters. The Section 151 Officer engages in regular dialogues with opposition members concerning fiscal matters, also fostering a transparent and candid rapport with the Audit and Governance Committee Chair.

#### **Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019)**

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit Manager reports directly to the Council's Audit and Governance Committee on all matters appertaining to audit outcomes.

Internal Audit provision has been reviewed and planned audit days have been increased significantly to reflect the size of the organisation, complexities and risks.

The Audit Manager and the Section 151 Officer meet monthly to discuss and review governance and risk matters.

## Progress on Improvement Areas Arising from the Previous Annual Governance Statement

Area for Improvement	Outcome
Ensuring financial sustainability is a top priority for the Council. To address the funding gap over the medium term, the Council's Transformation Programme will focus on identifying potential savings while also enhancing services and streamlining internal processes.	The Council identified significant savings in its 2024/25 and 2025/26 budgets. The Transformation Programme is established with a range of projects aimed at delivering savings.
The Annual Audit Opinion for 2023/24 provided limited assurance. To address this, there is a strong emphasis on implementing outstanding audit recommendations, with regular monitoring by statutory officers and the corporate leadership team. An action plan has been developed in response to the audit opinion and was presented to the Audit and Governance Committee at its meeting on 7 August 2024	The Council's Corporate Leadership (CLT) Team has worked closely with the Head of Internal Audit during the year to ensure that outstanding audit recommendations are addressed promptly.  There are quarterly meetings in place between CLT and the Head of Audit to track and monitor outstanding recommendations.
The Council completed an LGA Peer Review in June 2024. The outcomes of this review will be presented to the Cabinet in December 2024, followed by the development of an action plan based on the findings.	The report was presented to Cabinet in December 2024. There was a follow up by the Peer Challenge team in April 2025 and the details of that were reported to Cabinet in June 2025. The report commented that the Council had paid close attention to raising the profile of good governance across the organisation.
Governance training continues to be a priority for the Council, with annual sessions scheduled for its leaders to ensure ongoing development and adherence to best practices. The training covers a range of essential topics. These sessions are designed to equip leaders with the knowledge and skills necessary to govern effectively and uphold the highest standards of governance.	Governance training was delivered to leaders in November 2024.



Appointment of an Independent Audit Committee Member for the Audit and Governance Committee, following the decision to remunerate the role. This will bring valuable external expertise and impartiality to the committee, enhancing its oversight and governance capabilities.	Two Independent Audit Committee Members for the Audit and Governance Committee were appointed in February 2025.
Continue to strengthen project management governance across the Council. Guidance documentation and standard templates have been published and will be regularly updated to ensure they remain effective. There is an ongoing emphasis on governance for all Council projects, including regeneration schemes, housing, and transformation initiatives.	<p>The project governance documents are used on all key projects and updated and amended accordingly where lessons are learned.</p> <p>The Council has shared details of its decision-making processes with staff and steering groups across the Council are clearly identified.</p>
Training in assurance for members of the Audit and Governance Committee to equip them with the knowledge to effectively oversee the Council's financial reporting, internal controls, governance and risk management processes.	<p>The Committee received fresher training in respect of the role of the Audit Committee in January 2025.</p> <p>Ad hoc training is delivered where it is considered appropriate i.e. financial reporting and treasury management.</p>
Maintain a continued focus on fulfilling the Council's financial reporting requirements for local government, including the onboarding process with the new external auditor, Mazars.	The Council has now published its Statement of Accounts for the three financial years 2021/22, 2022/23 and 2023/24, with the Statement of Accounts 2024/25 scheduled to be published in November 2025.
Conduct a review of the Council's Constitution which will focus on several key areas to ensure it is effective and up to date.	<p>The Council's Constitution was reviewed and updated in March 2025.</p> <p>The Contract Procedure Rules were revised and updated to reflect the Procurement Act 2023 which was introduced in February 2025.</p>
The Council will monitor the boundary review closely and update governance arrangements as needed.	The boundary review is no longer taking place.

## What are our key governance development priorities for 2025/26?

The sustainability of local government remains important in light of increasing financial pressures across the sector. The key governance priorities for 2024/25 are:

Area for Improvement	Responsible
Corporate Leadership Team (CLT) to continue prioritising the resolution of outstanding internal audit recommendations, with dedicated quarterly sessions to review progress and address barriers.  Where recommendations are consciously tolerated (not actioned), ensure justification and associated risks are documented and reflected within departmental/Corporate Risk Registers.	Chief Executive Directors Heads of Service
Develop and implement an action plan to address outstanding recommendations on key financial systems, progressing in tandem with financial systems enhancements.	Director of Resources
Continue focus on governance training for both Corporate and Extended Leadership Teams, with dedicated sessions scheduled for November 2025.	Chief Executive Director of Resources Head of Legal and Support Services
Officers to attend Audit and Governance Committee meetings to present updates and respond directly to member questions, following a newly developed protocol.	Directors Heads of Service
Internal Audit Manager to work closely with Heads of Service to develop and refine responses to audit recommendations. S151 officer to deliver targeted training during November 2025 governance sessions, focusing on SMART actions.	Chief Executive Director Heads of Service
Foster wider involvement of the Corporate Leadership Team in drafting	Chief Executive Director of Resources

the Annual Governance Statement, in line with Chartered Institute of Public Finance and Accountancy guidance.	Head of Legal and Support Services Heads of Service
Continue to develop and enhance the Council's finance system, Unit4, with a focus on ensuring officers have timely information to support decision-making.	Director of Resources

## Overall opinion and conclusion

The Council is satisfied that appropriate governance arrangements are in place, however, it remains committed to maintaining and where possible improving these arrangements, in particular by addressing the issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

**Signed:**




Cllr Richard Blunt  
Leader




Allison Thomas  
Chief Executive

This page is intentionally left blank

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025

<b>Title of Report</b>	<b>DRAFT ACCOUNTING POLICIES 2024/25</b>	
<b>Presented by</b>	Anna Crouch Head of Finance	
<b>Background Papers</b>	<b>Audit and Governance Committee</b> – <b>5 February 2025</b> <a href="#">Draft Accounting Policies 2023/24</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no direct financial implications as a direct result of this report.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	There are no direct legal implications as a direct result of this report.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no direct staffing and corporate implications as a direct result of this report	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To present the draft accounting policies for the 2024/25 financial statements	
<b>Recommendations</b>	<b>THAT THE COMMITTEE CONSIDERS AND APPROVES THE DRAFT ACCOUNTING POLICIES FOR THE 2024/25 FINANCIAL STATEMENTS AS DETAILED IN APPENDIX A.</b>	

**1.0 BACKGROUND**

- 1.1 It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements. The accounting policies are published within the Statement of Accounts document in accordance with the Code of Practice on Local

Authority Accounting and incorporate the requirements of International Financial Reporting Standards (IFRS).

- 1.3 This report, therefore, presents the accounting policies that the Council will apply in the preparation of the Statement of Accounts for 2024-25.

## **2.0 DRAFT ACCOUNTING POLICIES 2024-25**

- 2.1 Officers have assessed the accounting policies that are deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2024-25. In undertaking this assessment, a review of all accounting policies previously agreed has been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting and Internal Financial Reporting Standards (IFRS) requirements. The draft accounting policies for 2023/24 are included in Appendix A.

- 2.2 With specific regard to the accounting policies proposed in respect of 2024-25, these are largely unchanged from previous years. However, it is proposed to amend the accounting policies for the following reasons:

- A minor update in order to provide clarity on the General Principles as per the Code of Practice on Local Authority Accounting and IFRS requirements.
- Inclusion of a Going Concern basis of preparation as required by the Code of Practice on Local Authority Accounting.
- The introduction of IFRS16 which sets out the principles for recognition, measurement, presentation and disclosure requirements of Leases by introducing a single lessee accounting model which provides greater transparency of the lessee's financial leverage and capital employed by requiring recognition of right of-use assets and lease liabilities on balance sheet. It was initially due for implementation from 1 April 2020 but was delayed due to Covid-19 until 1 April 2022. In response to audit delays, however, the then Department for Levelling Up, Housing and Communities, now Ministry of Housing, Communities and Local Government (MHCLG) asked CIPFA to consider some time-limited changes to the Code, which would ease these delays. Following consultation and review by the Financial Reporting Advisory Board (FRAB), CIPFA confirmed a further optional delay for a period of two years until 1 April 2024. The impact of adopting this new standard will therefore be reflected for the first time in the 2024-25 Statement of Accounts and Accounting Policies.

- 2.3 As the Statement of Accounts for 2024-25 is prepared, it may be necessary to amend a policy in order to adopt a more appropriate accounting policy. If this occurs, the change and the reason for the change will be reported back to the Audit and Governance Committee at its next available meeting and / or will be highlighted within the report when the Statement of Accounts is presented to Members for approval. Full details of all the proposed accounting policies for 2024-25 are provided at Appendix A.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	<ul style="list-style-type: none"> <li>- A well-run council</li> </ul> <p>Production of timely and accurate Statement of Accounts is a statutory requirement. Achievement of this reflects sound financial management supporting all the council priorities.</p>
Policy Considerations:	CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon	Not applicable
Consultation/Community/Tenant Engagement:	Not applicable
Risks:	<p>Regulation 7 of the Accounts and Audit Regulations 2015 requires a local authority to prepare a Statement of Accounts in accordance with “proper practices in relation to accounts”.</p> <p>As this report complies with best practice, the risk has been assessed as low.</p>
Officer Contact	<p>Anna Crouch Head of Finance <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a></p>

This page is intentionally left blank



# Notes to the accounts

## Accounting policies

### 1. General Principles

The Statement of Accounts has been prepared with reference to the objective of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them, and on the underlying assumption of a going concern basis.

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

The Council's accounting policies are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the Council's accounts.

In August 2023, CIPFA issued a consultation on the 2024/25 Code of Practice which will apply to the 2024/25 Statement of Accounts. [Consultation on the 2024/25 Code of Practice on Local Authority Financial Reporting in the United Kingdom | CIPFA](#).

In the Exposure drafts, CIPFA details the amendments to IFRS 16 Lease liabilities for sale and lease back transactions. In common with many other local authorities, the Council has decided to implement IFRS

16 in 2024/25 in line with the mandatory deadline. CIPFA also confirms the contents of the Narrative Statement.

The Council's accounting policies as far as possible have been developed to ensure that the accounts are understandable, relevant, free from material error or misstatement, reliable and comparable, and are applied consistently. A glossary of terms can be found at the end of this document.

The concept of going concern assumes that the Council's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which the Council operates. If the Council was in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides, the provision of exceptional financial support, or for assistance with the recovery of a budget deficit over more than one financial year. These provisions confirm that, as Councils cannot be created or dissolved without statutory prescription, they must prepare

their financial statements on a going concern basis of accounting.

## 2. Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income

and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

## 3. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand

and form an integral part of the Council's cash management.

## 4. Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## 5. Prior period adjustments, changes in accounting policies and estimates and errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the

effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

## **6. Charges to revenue for non-current assets**

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund balance (Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

MRP has previously been determined as 4% of the opening balance for the financial period (the Regulatory Method). Going forward the Section 151 Officer has revised this policy for 2019/20 onwards to the asset life method, based on Option 3 of the MHCLG guidance, whereby MRP is determined by reference to the useful life of the asset.

## **7. Council tax and non-domestic rates (England)**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

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

to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

## 8. Employee Benefits

### Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not

taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund

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

### Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Leicestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based

on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of Leicestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value.

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

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

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

- Re-measurements comprising:
  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - Contributions paid to the Leicestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the



amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

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

## **9.Events after the reporting period**

Events after the Balance Sheet date are those events, both favourable and

unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **10. Financial Instruments**

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years.

The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was

repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their Cashflow characteristics.

There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

There are some exceptions, where the Council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the district.

This means that some investments are ones where contractual payments are not solely payment of principal and interest (i.e. where

the cash flows do not take the form of a basic debt instrument).

### Financial Assets measured at amortised cost

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

The Council has not given any loans to external or voluntary organisations, nor provided guarantees against loans they have received from financial institutions.

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line

in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### Expected credit loss model

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

month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses.

Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

### **Financial assets measured at Fair Value through Profit or Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

An equity instrument can be elected into a FVOCI treatment rather than a FVPL

treatment if it is not held for trading. The Council has reviewed its assets that would be measured at FVPL on the basis of the business model and has elected to classify instruments as either FVPL or FVOCI on an instrument-by-instrument basis based on the assessed benefit to the council from the chosen classification.

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



## 11. Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are

satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

## 12. Heritage Assets

The Council has three heritage assets which are held in support of increasing the knowledge, understanding and appreciation of the Council's history and local area. These are Moira Furnace, a listed monument of historical interest located in

Moira, the Memorial Clock Tower, a Grade II listed building that services as a historic war memorial located in the centre of Coalville and the 'Heart of the Forest' Sculpture in Ashby.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the council's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note 18. The Council will occasionally dispose of heritage assets. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 18 below).

### 13. Intangible Assets

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

Intangible assets are measured initially at cost. Previously, amounts were only revalued where the fair value of the assets held by the Council were determined by reference to an active market. Under the new 2025/26 Code of Practice, intangible assets are only valued at historic cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

### 14. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

### 15. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the

property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than

£10,000) the Capital Receipts Reserve.

## 16. Leases

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

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

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

### The Council as Lessee Finance Leases

From 1 April 2024, North West Leicestershire District Council has applied **IFRS 16** Leases as adopted by the CIPFA Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on

the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Council acquired substantially all the risks and rewards of ownership of the leased item (finance leases).

At the commencement of a lease, a liability is recognised for the obligation to make future payments (discounted to their present value using the interest rate implicit in the lease or (where this is not readily determinable) our incremental borrowing rate. The right acquired under the lease to use the leased item is recognised as an asset, measured on the commencement date at cost based on the lease liability plus any payments made before that date. Initial direct costs of the Council are added to the carrying amount of the asset. Liabilities are recalculated where rents change as a result of a change in an index or rate used to determine future payments. Adjustments to liabilities are matched with adjustments to the cost of the right-of-use asset.

Lease payments are apportioned between: a charge for the acquisition of the right to use the property, plant or equipment which is applied to write down the lease liability, and a finance charge which is debited to the

Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Right-of-use assets recognised under leases are accounted for using the policies applied generally to Property, Plant and Equipment assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. This will include valuation where the cost model does not provide a reliable proxy for the current value of the right-of-use asset. The Council is not required to use council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Therefore, the Minimum Revenue Provision arrangements also apply to leased assets. Where leases are for items of low value, or the lease term is less than 12 months from commencement, amounts paid under the lease are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased item. For this purpose, the Council has determined that items with a value of less than £10k when new are low value. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

## Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement on a straight -line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

## 17. Overheads and Support Services

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

## 18. Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one

financial year are classified as property, plant and equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally.

Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund and the

Balance taken to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV), except for a few offices that are situated close to the Council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would

be paid for the asset in its existing use (existing use value EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

- Where decreases in value are identified, they are accounted for by:
- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down

against that balance (up to the amount of the accumulated gains)

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

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

## Impairment

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

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



- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold

land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases – straight-line allocation over the useful life of the property as estimated by the valuer.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

## Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather

than through its continuing use, it is reclassified as an asset held for sale.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

A proportion of capital receipts relating to housing disposals is payable to the government (50% for land and other assets, net of statutory deductions and allowances and for dwellings, amounts determinable under the Right to Buy and One for One Agreement that the Council signed in 2012). The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying

need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## 19. Provisions, liabilities, and contingent assets

### Provisions

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

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

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

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

## Contingent liabilities

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

## Contingent assets

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

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

## 20. Reserves

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

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

## 21. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## 22. VAT

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



### 23. Accounting standards that have been issued but have not yet been adopted

The Council is required to disclose information relating to the impact of changes in accounting standards on the financial statements as a result of new standards that have been issued but are not yet required to be adopted. In the 2024/25 accounts, the Council is required to disclose the following changes to Accounting Standards which may have an impact on the Council's accounts in 2025/26.

The following standards are likely to be effective for local authorities for the 2025/26 financial year:

**IAS 21** The effects of changes in Foreign Exchange Rate IAS 21 prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The Council does not have any foreign operations and is unaffected by these amendments.

**IFRS 17** Insurance Contracts IFRS 17 Insurance Contracts establishes the

principles for the recognition, measurement, presentation and disclosure of Insurance contracts. Its objective is to ensure an entity provides relevant information that faithfully represents those contracts to give users of financial statements a basis to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The Council does not issue insurance contracts and is unaffected by these amendments.

This page is intentionally left blank

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025

<b>Title of Report</b>	<b>TREASURY MANAGEMENT UPDATE REPORT - QUARTER 2</b>	
<b>Presented by</b>	Anna Crouch Head of Finance	
<b>Background Papers</b>	<b>Audit and Governance Committee -</b>  <a href="#"><u>Treasury Management Strategy 2025/26</u></a> 5 February 2025  <a href="#"><u>Treasury Management Update Report - Quarter 1 2025/26</u></a> 6 August 2025	<b>Public Report: Yes</b>
<b>Financial Implications</b>	There are no financial implications as a direct result of this report.	
	<b>Signed off by the Section 151 Officer: Yes</b>	
<b>Legal Implications</b>	There are no legal implications as a direct result of this report.	
	<b>Signed off by the Monitoring Officer: Yes</b>	
<b>Staffing and Corporate Implications</b>	There are no staffing or corporate implications as a direct result of this report.	
	<b>Signed off by the Head of Paid Service: Yes</b>	
<b>Purpose of Report</b>	To inform the Committee of the Council's Treasury Management Activity for the period April to September 2025.	
<b>Recommendations</b>	<b>THAT THE COMMITTEE NOTES THE TREASURY MANAGEMENT 2025-26 QUARTER 2 ACTIVITY REPORT (APPENDIX 1).</b>	

**1.0 BACKGROUND**

- 1.1 Treasury Management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement annually on the likely financing and investment activity. The Treasury Management Strategy was approved by Council on 20 February 2025.
- 1.2 As a minimum, the Code requires that the Council approves reports on the performance of the Treasury Management function at least twice per year (mid-year

and at year end). The Council goes beyond this requirement by issuing quarterly reports to the Audit and Governance Committee which provide additional updates and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators.

- 1.3 Appendix A is the quarter two report for the financial year 2025/26 designed to inform the Committee of the Council's treasury activity and enable scrutiny of activity and performance.

## **2.0 SUMMARY**

- 2.1 In compliance with the requirements of the CIPFA Code, Appendix A provides the Committee with a summary report of the Treasury Management activity for the period April 2025 to September 2025. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	<p>The Treasury Strategies and Prudential Indicators help the Council achieve all its priorities:</p> <ul style="list-style-type: none"> <li>- Planning and Regeneration</li> <li>- Communities and Housing</li> <li>- Clean, Green and Zero Carbon</li> <li>- A Well-Run Council</li> </ul>
Policy Considerations:	Not applicable.
Safeguarding:	Not applicable.
Equalities/Diversity:	Not applicable.
Customer Impact:	Not applicable.
Economic and Social Impact:	Not applicable.
Environment, Climate Change and Zero Carbon	The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. Where practical, when making investment decisions ESG will be considered and counterparties with integrated ESG policies and commitments to carbon reduction.
Consultation/Community/Tenant Engagement:	Not applicable.
Risks:	Borrowing and investment both carry an element of risk. This risk is mitigated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA Code of Treasury Management and the retention of Treasury Management advisors (Arlingclose) to proffer expert advice.
Officer Contact	<p>Anna Crouch Head of Finance <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a></p>

This page is intentionally left blank

**Treasury Management Activity Quarter 2 Report 2025/26**

**1. Introduction**

- 1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.
- 1.2 The Council goes beyond this requirement by issuing quarterly reports which provide additional updates and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators.
- 1.3 This report is for the second quarter of the financial year 2025/26.
- 1.4 The Council's treasury management strategy for 2025/26 was approved at the Council meeting on 20 February 2025. The Council has invested substantial sums of money and is, therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. Successful identification, monitoring and control of risk remain central to the Council's treasury management strategy.

**2. External Context (provided by Arlingclose)**

- 2.1 Economic background: The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.
- 2.2 From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer-term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.
- 2.3 UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.
- 2.4 The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Quarter 3.
- 2.5 Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.
- 2.6 The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.
- 2.7 The August BoE Monetary Policy Report highlighted that after peaking in Quarter 3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the

economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium-term outlook will be influenced by domestic and global developments.

- 2.8 Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.
- 2.9 Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.
- 2.10 The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.
- 2.11 **Financial markets:** After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have remained volatile. Early in the period bond yields fell but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.
- 2.12 Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30 September.
- 2.13 **Credit review:** Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
- 2.14 Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long-term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.
- 2.15 Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.
- 2.16 After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.
- 2.17 European banks' CDS prices has followed a similar pattern to the UK, as have Singaporean and Australian lenders while Canadian bank CDS prices remain modestly elevated compared to earlier in 2025 and in 2024.



- 2.18 Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
- 2.19 Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

### 3. Local Context

- 3.1 On 31 March 2025, the Council had net borrowing of £25.6m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

**Table 1: Balance Sheet Summary**

	<b>31.3.25 Estimated £m</b>	<b>31.3.26 Estimated £m</b>
General Fund CFR	34.83	33.67
HRA CFR	54.72	55.31
<b>Total CFR</b>	<b>89.55</b>	<b>88.98</b>
External borrowing	55.08	59.51
Internal borrowing	34.47	29.47
<b>Total Borrowing</b>	<b>89.55</b>	<b>88.98</b>

- 3.2 The treasury management position at 30 September 2025 and the change over the six months in Table 2 below.

**Table 2: Treasury Management Summary**

	<b>31.3.25 Balance £m</b>	<b>Movement £m</b>	<b>30.09.25 Balance £m</b>	<b>30.09.25 Rate %</b>
Long-term borrowing	53.80	-0.60	53.20	3.54%
Short-term borrowing	1.30	-0.00	1.30	2.24%
<b>Total borrowing</b>	<b>55.10</b>	<b>-0.60</b>	<b>54.50</b>	<b>3.51%</b>
Long-term investments	0.00	0.00	0.00	0.00%
Short-term investments	10.00	8.00	18.00	4.20%
Cash and cash equivalents	19.50	-6.50	13.00	4.27%
<b>Total investments</b>	<b>29.50</b>	<b>1.50</b>	<b>31.00</b>	<b>4.23%</b>
<b>Net borrowing</b>	<b>25.60</b>	<b>-2.10</b>	<b>23.50</b>	

### 4. Borrowing

- 4.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council.
- 4.2 PWLB loans are no longer available to local authorities planning to buy investment assets

primarily for yield and the Council intends to avoid this activity to retain its access to PWLB loans.

- 4.3 The Council currently holds £9.6m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. These commercial investments are primarily for local regeneration and growth with a secondary objective of financial return. Before undertaking further additional borrowing the Council will review the options for exiting these investments.
- 4.4 As shown in table 1 the Council has internally borrowed £29.47m. This internal borrowing foregoes a potential interest income rate of 4.23%. Current one-year external borrowing rates with the PWLB (Certainty Rate) are 4.58% as at 30 September. An additional rate for HRA specific borrowing has been implemented from June 2023 which is 0.4% lower than standard PWLB rates.
- 4.5 Due to the borrowing rate exceeding our interest income rate, it is appropriate to remain internally borrowed at this point.

## **5 Borrowing Strategy and Activity**

- 5.1 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 5.2 After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the H1 period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.
- 5.3 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity/certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%.
- 5.4 The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.
- 5.5 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Council has no new plans to borrow to invest primarily for financial return.
- 5.6 On 30 September 2025 the Council held £54.5m of loans, following repayment of principal of £641k. A breakdown of outstanding loans is shown below in table 3.

**Table 3: Borrowing Position**

	31.3.25 Balance £m	Net Movement £m	30.09.25 Balance £m	30.09.25 Weighted Average Rate %	30.09.25 Weighted Average Maturity (years)
Public Works Loan Board	51.1	-0.6	50.5	3.41%	13.50
Banks (fixed-term)	3.9	0.0	3.9	0.34%	2.05
Local authorities (long-term)	0.1	0.0	0.1	3.14%	0.01
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.00
<b>Total borrowing</b>	<b>55.1</b>	<b>-0.6</b>	<b>54.5</b>	<b>3.48%</b>	<b>15.56</b>

- 5.7 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

## **6. Treasury Investment Activity**

- 6.1 CIPFA revised TM Code defines treasury management investments as those which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.
- 6.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balance ranged between £32.8m and £60.0m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

**Table 4: Treasury Investment Position**

	31.3.25 Balance £m	Net Moveme nt £m	30.09.25 Balance £m	30.09.25 Income Return %	30.09.25 Weighted Average Maturity days
Banks & building societies (unsecured)	0.0	0.0	0.0	0.00%	0.0
Government (incl. local authorities)	0.0	18.0	18.0	4.20%	8.0
Money Market Funds	19.5	-6.5	13.0	4.27%	0.6
<b>Total investments</b>	<b>19.50</b>	<b>11.50</b>	<b>31.00</b>	<b>4.23%</b>	<b>8.62</b>

- 6.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 6.4 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term investor and treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

- 6.5 Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025. Short term interest rates have followed these levels. The rates on DMADF deposits ranged between 3.95% and 4.46% and money market rates between 3.93% and 4.54%. Arlingclose, our advisors, are predicting one further reduction of 25 base points in Bank of England rates within the calendar year 2025.
- 6.6 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

**Table 5: Investment Benchmarking – Treasury investments managed in-house**

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30/09/2025	4.56	A+	42%	118	4.12%
Similar LAs	4.53	A+	64%	53	4.62%
All LAs	4.54	A+	62%	11	4.47%

- 6.7 Most asset classes achieved positive performance over the first half of the 2025/26 financial year, although conditions remained volatile and heavily influenced by political and macroeconomic developments.
- 6.8 The Council has budgeted £444,082 for interest income from investments after deductions in 2025/26. The actual income received by 30 September 2025 was £837,910. The forecast for 31 March 2026 is £1.24m.
- 6.9 Interest rates can and have been extremely volatile over the financial year and are likely to be similarly volatile in the upcoming months. Therefore, for the purpose of budget setting these forecasts are reduced by 20% to ensure that there is not an overreliance placed on interest return for creating a balanced budget.
- 6.10 The updated forecast of £1.24m will be split between the General Fund (GF) and Housing Revenue Account (HRA). This split will be 65% to the GF and 35% to HRA. The percentage split is worked using the investment balances for both funds throughout the year as a percentage of the overall investment fund. This is subject to change.
- 6.11 Interest forecasts are notoriously difficult to predict and are subject to change particularly in an unstable interest rate environment and constantly changing economic environment.

## **7. Non-Treasury Investments**

- 7.1 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and/or for commercial purposes (made primarily for financial return).
- 7.2 Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.
- 7.3 The Council held £9.6m of investments made for commercial purposes. This consisted entirely of directly owned property and land. A full list of the Council's non-treasury investments is available in the Investment Strategy 2025-26 document. These investments are forecast to generate £410,000 in investment income in 2025/26 for the Council after taking account of direct

costs.

- 7.4 The main purpose of these investments is regeneration of the local area rather than investment income. All commercial investments are located within the district.

## **8. Treasury Performance**

- 8.1 The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship with benchmark interest rates.
- 8.2 As discussed in section 6.9, investment interest income during the reporting period was £837,910 after deductions. The Council's investment interest return percentage on 30 September 2025 was 4.12%. For comparison purposes the Daily Sterling Overnight Index Average (SONIA) which is used for benchmarking purposes was 3.97%. For similar local authorities, the most recent benchmarking data, which is from 30 September 2025 showed an investment return of 4.62%. This is shown in Appendix 1.
- 8.3 Since the beginning of the reporting period the Council, as per forecast, has paid £641,000 in interest on borrowing. The weighted average interest rate on borrowing is 3.49%. For comparison purposes the current PWLB Maturity Loan rate for new 10-year loans is 5.73%. Our average rate therefore represents a good rate of borrowing in the current environment.
- 8.4 During the 2025/26 financial year, the Council is forecasting pay back of £1.29m in principle on its PWLB loans. The £1.29m is for the annuity loans whereby regular payments are made throughout the lifetime of the loan. There is no intention to borrow to replace these loans as the Council currently has the resources to absorb this.
- 8.5 The Council is forecast to undertake new borrowing of £1.9m for the HRA in the 2025/26 financial year, however, none has so far been undertaken. There has therefore been an equal increase in the internal borrowing.
- 8.6 On 10 April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). Most of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7 May 2024 sufficient MRP must be charged so that the outstanding CFR in respect of the loan is no higher than the principal outstanding, less the Expected Credit Loss (ECL) charge for that loan. No capital loans have been given since May 2024.
- 8.7 The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

## **9. Compliance**

- 9.1 The S151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice.
- 9.2 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 6 below.

**Table 6: Debt and the Authorised Limit and Operational Boundary**

		30.09.25 Actual £m	2025/26 Operational Boundary £m		Complied?
--	--	-----------------------	------------------------------------	--	-----------

	2025/26 Maximum Debt Q1			2025/26 Authorised Limit £m	
Borrowing	55.1	54.5	90.8	100.8	YES

- 9.3 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However, there were no days in the reporting period in which the operational boundary was breached.

**Table 7: Investment Limits**

	Q2 Maximum During Period £m	30.09.25 Actual £m	2025/26 Limit £m	Complied?
The UK Government	30.2	8.0	Unlimited	YES
Local authorities & other government entities	10.0	10.0	60.0	YES
Secured investments	0.0	0.0	60.0	YES
Banks (unsecured)	0.0	0.0	60.0	YES
Building societies (unsecured)	0.0	0.0	5.0	YES
Registered providers (unsecured)	0.0	0.0	12.5	YES
Money market funds	25.0	13.0	60.0	YES
Strategic pooled funds	0.0	0.0	25.0	YES
Real estate investment trusts	0.0	0.0	12.5	YES
Other investments	0.0	0.0	2.5	YES
<b>Total</b>	<b>65.2</b>	<b>31.0</b>		

## 10. Treasury Management Prudential Indicators

- 10.1 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 10.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

**Table 8: Security**

	31.3.25 Actual	30.09.25 Actual	2025/26 Target	Complied?
Portfolio average credit rating	A+	A+	A-	YES

- 10.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing. Due to recent changes in Treasury Officers, a very prudent approach has been taken to cashflow forecasts.

**Table 9: Liquidity**

		30.09.25 Actual £m	2025/26 Target £m	Complied?
Total cash available within 3 months	90	21.0	2.5	YES

- 10.4 **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests is shown in table 10 below.

**Table 10: Interest Rate Exposures**

Interest rate risk indicator	30.09.25 Actual	2025/26 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	69,932	600,000	YES
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	-69,932	-600,000	YES

- 10.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. Due to all our investments maturing in year and the majority of our borrowing maturing in later years this means that we would benefit from an increase in interest rates (as we replace investments with higher rates but not borrowing) but are negatively impacted by a decrease in interest rates for the same reason.
- 10.6 This is demonstrated in the above figures which show a positive return from an increase and a negative return from a decrease in interest rates. Both impacts are within reasonable limits for the revenue budget. The Council also takes further precautions by reducing its interest forecast by a risk-adjusted amount of 20% as discussed in paragraph 6.9.
- 10.7 For context, the changes in interest rates during the quarter were:

**Table 11: Interest Rate Changes**

Context - Interest Rate changes	31/3/2025	30/09/2025
Bank Rate	4.75%	4.00%
1-year PWLB certainty rate, maturity loans	5.02%	4.64%
5-year PWLB certainty rate, maturity loans	5.17%	4.95%
10-year PWLB certainty rate, maturity loans	5.62%	5.53%
20-year PWLB certainty rate, maturity loans	6.11%	6.14%
50-year PWLB certainty rate, maturity loans	5.87%	5.98%

- 10.8 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. [This indicator covers the risk of replacement loans being unavailable, not interest rate risk.] The upper and lower limits on the maturity structure of all borrowing were:



**Table 12: Maturity Structure of Debt**

	31.03.26 Actual £m	31.03.26 Actual %	Lower Limit	Upper Limit	Complied ?
Under 12 months	1.3	2.46%	0%	70%	YES
12 months and within 24 months	0.6	1.07%	0%	30%	YES
24 months and within 5 years	1.8	3.38%	0%	30%	YES
5 years and within 10 years	0.6	1.19%	0%	30%	YES
10 years and within 20 years	43.8	81.33%	0%	90%	YES
20 years and above	5.7	10.57%	0%	30%	YES
<b>Totals</b>	<b>53.8</b>	<b>100%</b>			

10.9 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

10.10 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

**Table 13: Long Term Investments**

	2025/26	2026/27	2027/28	No Fixed Date
Actual principal invested beyond year end	£10m	£0	£0	£0
Limit on principal invested beyond year end	£60m	£10m	£10m	£10m
<b>Complied?</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>

10.11 **Liability Benchmark:** This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

**Table 14: Liability Benchmark**

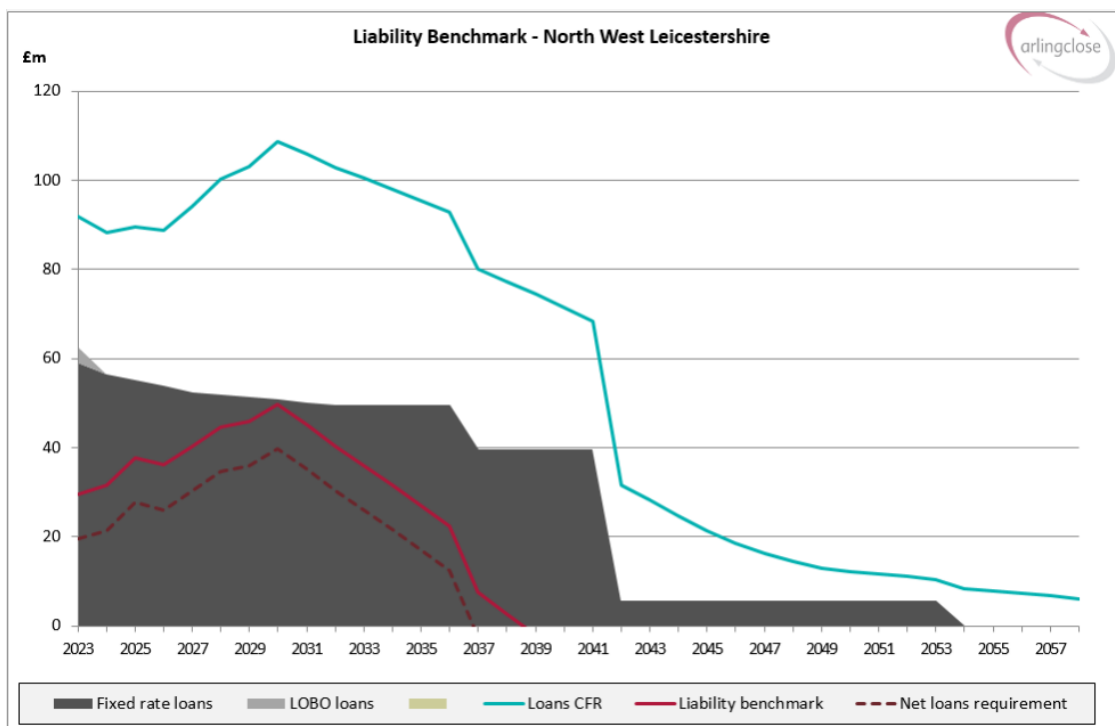
	31.3.25 Forecast	31.3.26 Forecast	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	89.5	88.8	94.2	100.1
Less: Balance sheet resources	-65.2	-62.8	-63.8	-65.5
<b>Net loans requirement</b>	<b>24.3</b>	<b>26.0</b>	<b>30.4</b>	<b>34.6</b>
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
<b>Liability benchmark</b>	<b>34.3</b>	<b>36.0</b>	<b>40.4</b>	<b>44.6</b>
<b>Existing external borrowing</b>	<b>-55.1</b>	<b>-53.8</b>	<b>-52.5</b>	<b>-51.9</b>

\*The 31.3.25 position is an estimate due to statement of accounts not yet being published

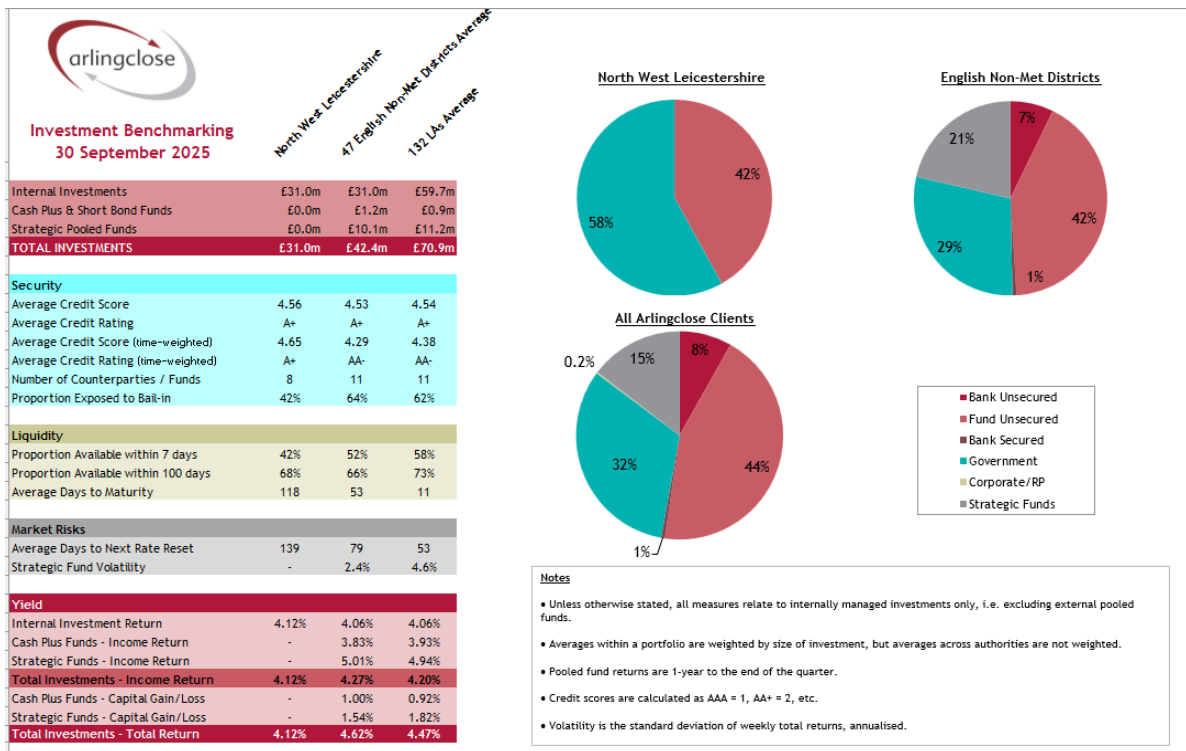
10.12 Following on from the medium-term forecast above, the long-term liability benchmark assumes



no capital expenditure funded by borrowing before 2025/26, minimum revenue provision on new capital expenditure based on a variable asset life depending on asset type (This can vary from 5 – 50 years) and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.



10.13 The Liability Benchmark shows the underlying need to borrow (Loans CFR) in the blue line at the top of the graph, the grey shaded area as existing loans and the strong red line as the requirement for external borrowing. This graph demonstrates that by using internal resources the Council is likely to not have an external borrowing requirement in 2025/26. However, there is little room for adjustment and the Liability Benchmark graph is an estimate and subject to significant change. This situation may evolve and create a borrowing requirement in the next couple of years.



## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025

<b>Title of Report</b>	<b>INTERNAL AUDIT PROGRESS REPORT</b>	
<b>Presented by</b>	Kerry Beavis Audit Manager	
<b>Background Papers</b>	<a href="#">Global Internal Audit Standards</a>  <a href="#">Application note: Global Internal Audit Standards in the UK Public Sector</a>  <a href="#">Internal Audit Plan 2025/26</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	None	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To inform the Audit and Governance Committee of progress against the Internal Audit plan for 2025/26 and to highlight any incidences of significant control failings or weaknesses that have been identified.	
<b>Recommendations</b>	<b>THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE INTERNAL AUDIT PROGRESS REPORT FOR QUARTER 2</b>	

**1.0 BACKGROUND**

- 1.1 The Global Internal Audit Standards in the Public Sector require that the Council's Audit and Governance Committee approve the audit plan and monitor progress against it. The Standards require that the Audit and Governance Committee receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2025/26 Audit Plan on 23 April 2025. Quarterly progress reports are received by the Audit and Governance Committee.

## 2.0 PROGRESS REPORT

- 2.1 The Internal Audit Progress Report for the period 1 July 2025 to 30 September 2025 (Q2) is attached at appendix 1.

## 3.0 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications with this report.

Policies and other considerations, as appropriate	
Council Priorities:	An effective audit service supports all council priorities.
Policy Considerations:	None
Safeguarding:	There are no specific safeguarding risks associated with this report.
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	The report was reviewed by the Corporate Leadership Team on 24 September 2025.
Risks:	There are no specific risks associated with this report, however, if the Audit and Governance Committee did not receive periodic reports from Internal Audit there would be a risk of not conforming with the Global Internal Audit Standards in the Public Sector.
Officer Contact:	Kerry Beavis Audit Manager <a href="mailto:kerry.beavis@nwleicestershire.gov.uk">kerry.beavis@nwleicestershire.gov.uk</a>



## **INTERNAL AUDIT SHARED SERVICE**

**North West Leicestershire District Council**

**Internal Audit Progress Report 2025/26 1 July to 21 October 2025**

## **1. Introduction**

- 1.1. Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2025/26 Internal Audit Plan from 1 July to 21 October 2025.

## **2. Internal Audit Plan Update**

- 2.1 The 2025/26 audit plan is included at Appendix A for information and details the audits in progress. There has been one final audit report issued since the last quarterly update, an extract of this is included at Appendix B.
- 2.2 Due to the number of outstanding audit recommendations for the key financial systems it was agreed not to carry out any audits in this area during 2024/25. A review of the recommendations made during the 2023/24 audits was carried out and those that also have an impact on 2024/25 were updated to detail this. The Director of Resources has produced an action plan to address all 26 outstanding recommendations. Updates on the progress against the action plan will be reported to Audit and Governance Committee within the quarterly progress reports.

The action plan is detailed in Appendix C

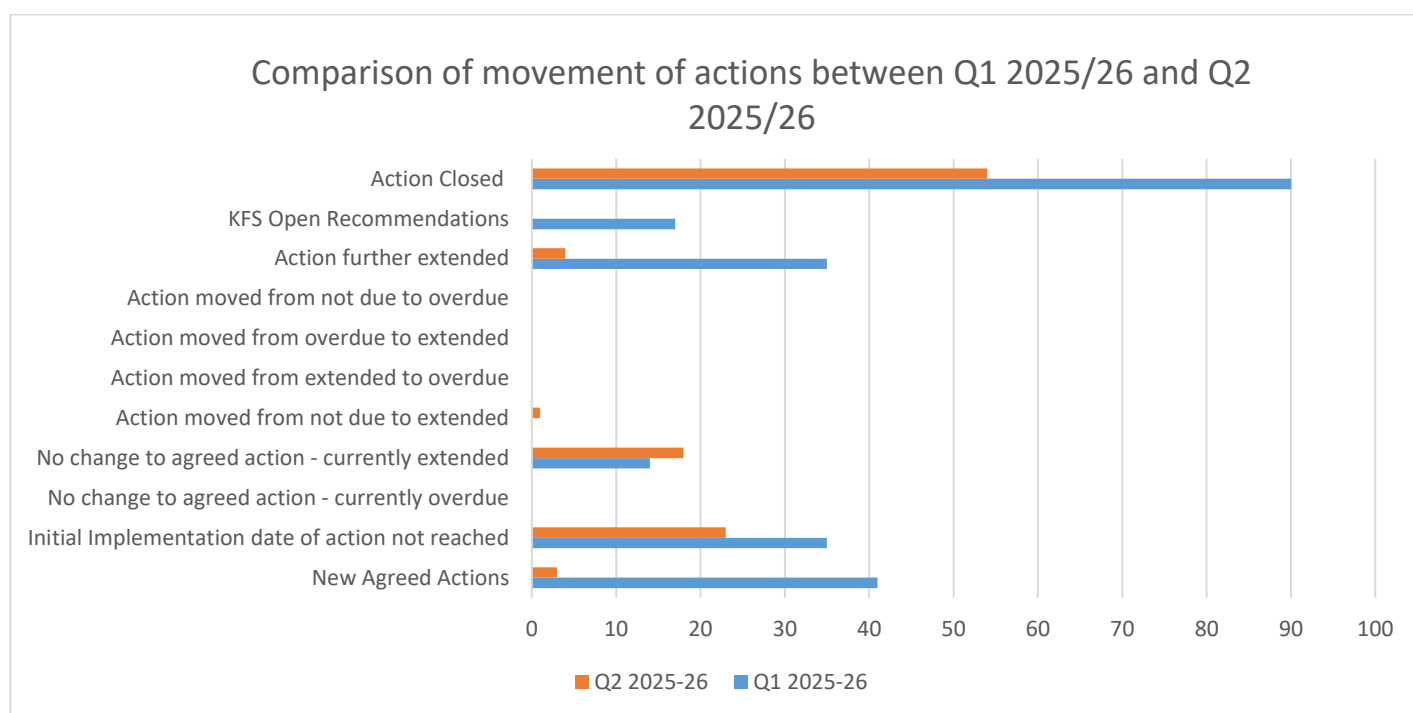
## **3. Internal Audit Performance Indicators**

- 3.1. Progress against the agreed Internal Audit performance targets is documented in Appendix E.

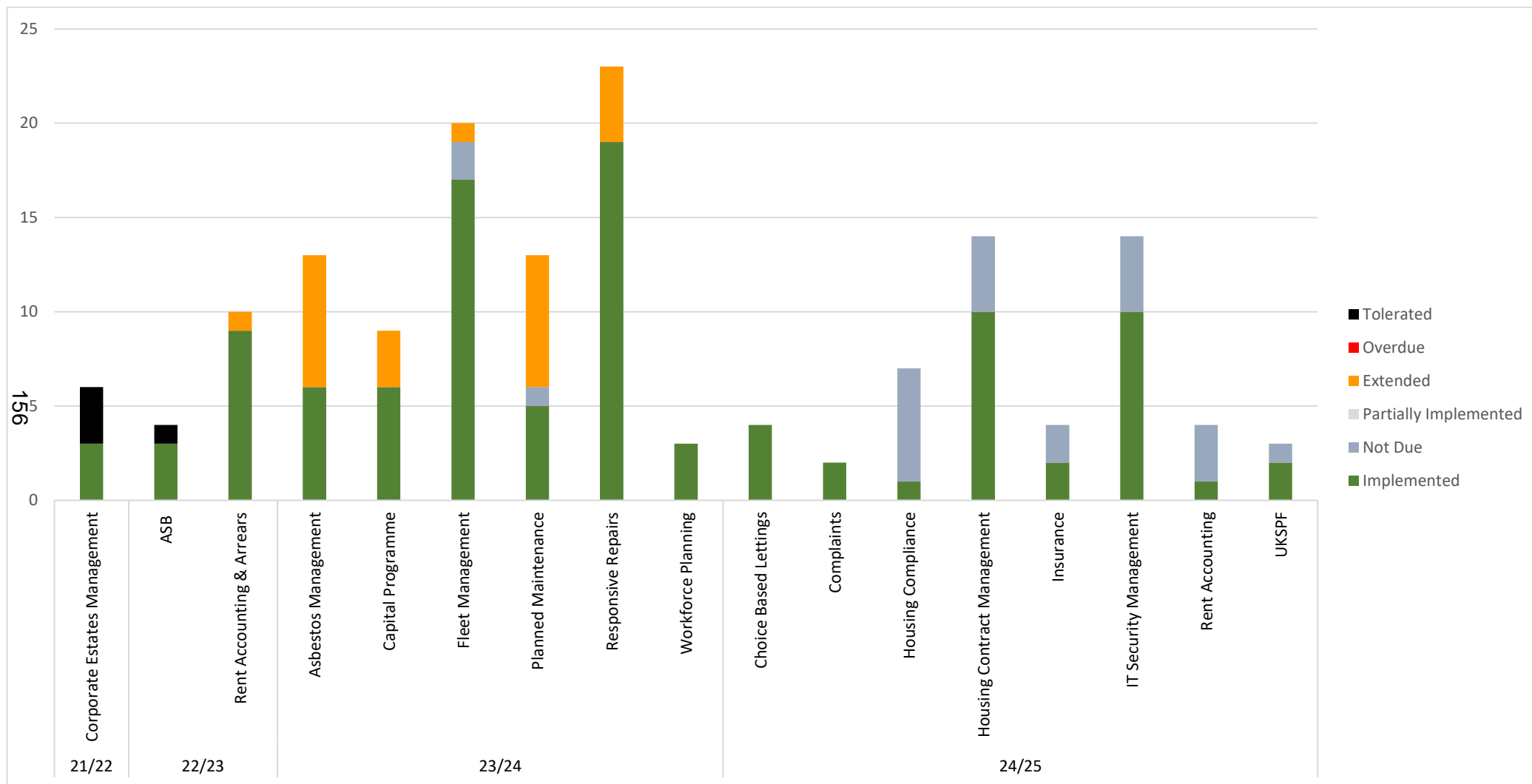
## **4. Internal Audit Recommendations**

- 4.1. Internal Audit monitors and follows up critical, high and medium priority recommendations. Further details of overdue and extended recommendations are detailed in Appendix D for information; this no longer includes the key financial systems recommendations as they are being monitored through the action plan.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
22/23	-	-	1	-	-	-
23/24	2	-	16	7	-	-
24/25	11	8	-	1	-	-



## Implementation of actions by Audit





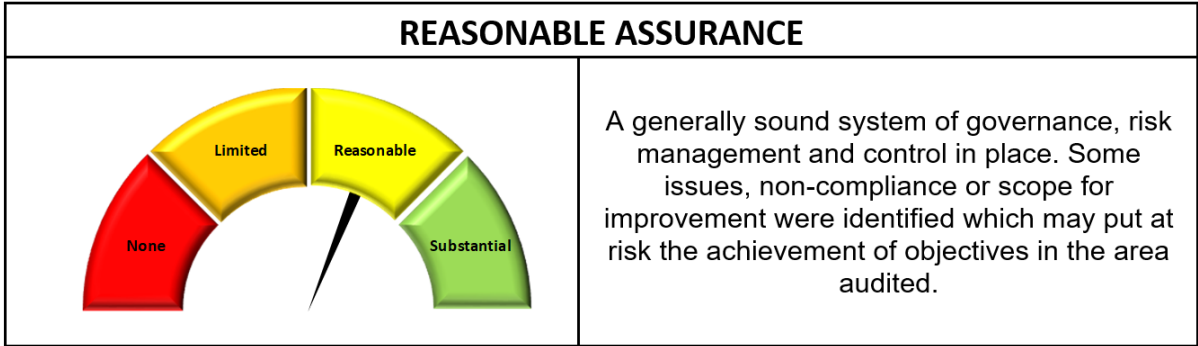
## 2025/26 AUDIT PLAN AS AT 21 OCTOBER 2025

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Former Tenant Arrears	Audit	5	0.5	Engagement Planning						
Right to Buy	Audit	10	0.5	Engagement Planning						
Damp and Mould	Audit	15	0.5	Engagement Planning						
Warmer Homes Grant	Grant Assurance	10	0.5	In progress						
Housing Regulator	Advisory	10		Q4						This was initially an audit that was agreed prior to the notification from the Housing Regulator. The focus of this work has now changed to advisory following the Regulator inspection
Housing Allocations	Audit	15		Addition to plan						
Tenant Association Accounts		3	6	Complete						
Fleet Management & O' Licence	Audit/ Review	6		Q3						
Leisure Centres Contracts	Audit	15	10	Management Response						
Port Health	Audit	15	1.5	In progress						
Food Waste Project	Advisory/ Assurance	8	1.5	In progress						
Burial Services	Audit	10	5	In progress						
Key financial systems	Audit	55		Q2,3,4						
Committee Admin and Reporting	Audit	15		Q3						
Planning Development Management	Audit	15		Q3						

Local Nutrient Mitigation Fund Grant	Grant Assurance	5		Q2						
Regeneration Projects	Audit	40		Q1,2,3,4						
UKSPF	Grant Assurance	4		Q3						
Regeneration Projects	Advisory	20	2	In progress						
Culture & Ethics	Audit	15		Q2/3/4						
Project Support	Advisory	10	8	As required						
Data Protection	Audit	20	2	In progress						
Absence Management	Audit	15	0.5	In progress						
Health and Safety	Audit	15	18	Review						
Business Planning and Performance	Audit	10		Q3						
Climate Change	Advisory	4		Q1,2,3,4						
Procurement & Contract Management	Audit	20	5	In progress						
Trade Waste	Audit	15	8	Management Response						
IT Business Continuity	IT Audit Contractor	10		Engagement Planning						
IT Change Control	IT Audit Contractor	10		Engagement Planning						
Expenses	Audit			Addition to plan						
<b>Outstanding from 2024/25</b>										
Housing Materials	Audit	12	15	Management Response						Addition to plan
UKSPF 2022-25	Audit	8	11.5	Complete						

SUMMARY OF FINAL AUDIT REPORTS ISSUED DURING 2025/26 Q1

UKSPF



Key Findings

15  
Areas of positive assurance identified during the audit:

- Data and project outcomes are reported as required and in accordance with the Memorandum of Understanding (MoU).

The main areas identified for improvement are:

- Business continuity arrangements.
- Project support from Finance.
- Retaining all documentation in a central location accessible to members of the team.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
2. Finance should complete a full reconciliation of UKSPF for 2022/25 which confirms that all income and expenditure relating to the funding has been appropriately accounted for and posted to the finance system.	Medium	This reconciliation is already in progress and will be finalised as part of the 2024/25 Statement of Accounts	Finance Team Manager (Strategic)	February 2026
3. For all future projects, Corporate Project Management procedures should be followed to ensure a consistent and documented approach is in place.	Medium	Building on the officer's lessons learnt from delivery of the first three years of UKSPF, Economic Regeneration, (through the Regeneration Framework Group), has commenced the adoption of Corporate Management procedures for the 2025/26 UKSPF projects and emerging Council Regen projects.	Economic Development and Regeneration Manager	Immediate
4. All information relating to submissions, including uploaded reports are saved in a folder accessible to all relevant officers. This will ensure that any issues in submission are easily identified, and all correspondence can be viewed. This will also ensure that business continuity and retention of documentation requirements are met.	Medium	The received acknowledgements confirming submission of UKSPF reports will be saved on a shared filing system alongside a record of the uploaded report.	Economic Development and Regeneration Manager and Senior Economic Development Officer	Immediate

## Key Financial System Action Plan

## Policies and Procedures

Category	Finding	Detailed Action Plan	Responsible Officer	Implementation Date	Progress update
Creditors, Debtors, Main Accounting.	Key policies and procedures not in place for Creditors, Debtors and Main Accounting. Should include: Corporate Credit Card Policy Debt Recovery Procedure Bad Debt Write Offs Monitoring of Suspense Accounts Payment run procedures ensuring compliance with Fidelity Guarantee Insurance Review of Enhanced User Access / User Access - UNIT4 and access to Lloyds link Virements Committed Expenditure UNIT4 System guide not available.	Assign a responsible officer for each action and set individual timelines for completion, ensuring that 100% of policies and procedures are formally adopted and communicated to relevant staff by the deadline.  Complete a comprehensive review and update of user access for UNIT4 and Lloyds Link, confirming that all permissions align with current roles and responsibilities and meet best practice standards for user security.  Prioritise the implementation of automated bank reconciliation, direct debit processing, and invoice payment automation.	Financial Services Team Manager	June 2026	Draft Standard Operating Procedures for Administration and Collection of Sundry Debt 25/05/2025. Circulated 26/05/2025  All users can access the Online U4 System Guide through the help feature within the system.  Officers have access to reports that can show who has access to Unit4. This can be monitored through Active Directory, which is a Microsoft service used to manage and store information about users, computers, and other resources within an organization's network. Active Directory allows administrators to control permissions and access rights, ensuring only authorized individuals have access

		<p>Measure success by establishing systems that reduce manual financial processes by at least 80% and eliminate outstanding reconciliation discrepancies.</p> <p>Work closely with Embridge from March 2025 onwards to ensure each key priority is addressed according to plan, conducting fortnightly progress reviews through a project board and reporting outcomes to senior management.</p> <p>Reduce risks associated with delays by completing each action within its specified timeframe, providing weekly highlight reports that demonstrate enhanced compliance, improved financial control, and strengthened operational efficiency.</p>			<p>to specific systems like Unit4.</p> <p>Work has commenced in earnest on implementation of automated bank reconciliation and invoice payment automation.</p> <p>A scoping document has been drafted in collaboration with Embridge. The Council is now evaluating the best value approach for sourcing the work, ensuring that the chosen solution aligns with organizational priorities and delivers optimal benefits.</p> <p>Weekly key priority meetings and fortnightly Steering Group meetings are scheduled.</p> <p>A RAID log is maintained, and weekly highlight reports are provided by both Embridge and internal teams. A RAID log is a project management tool used to systematically record and track four key elements: Risks,</p>
--	--	---	--	--	--

					<p>Assumptions, Issues, and Dependencies. By documenting these components, the RAID log helps project teams proactively identify challenges, clarify expectations, address emerging problems, and monitor any factors that could impact the project's progress.</p> <p>Maintaining a RAID log, alongside regular highlight reporting, is an essential part of good governance and effective project management. This process ensures transparency, enables informed decision-making, and supports accountability by giving stakeholders clear visibility into project status and potential obstacles. Through these practices, the team strengthens oversight, reduces risks, and fosters successful project delivery.</p>
Main Accounting	Training was not provided to budget holders	Conduct a comprehensive assessment to identify the training needs of all officers involved in Main Accounting, focusing on the	Finance Team Manager	December 2025	Consideration is being given as to how to rollout training across the organisation prior to the end of the calendar year.

specific requirements for budget holders.

Based on this assessment, develop and implement a detailed training plan in collaboration with Embridge and HR, ensuring the inclusion of relevant Skillsgate courses.

Distribute updated manuals and guidance documents to all key stakeholders.

Progress will be measured by confirming that 100% of identified officers have completed the required training modules and received supporting documentation by the specified deadlines. This targeted approach will enhance user competency, ensure consistent understanding of procedures, and support the successful adoption of new accounting systems and processes.

## Reconciliations

Category	Finding	Detailed Action Plan	Responsible Officer	Implementation Date	Progress Update
----------	---------	----------------------	---------------------	---------------------	-----------------



<b>All - Creditors, Debtors, Main Accounting, Treasury Management</b>	Reconciliations for 2023/24 and 2024/25 have yet to be completed.	<p>It has been formally agreed with the external auditors, Azets, that the Statement of Accounts for 2023/24 will be completed by 31 August 2025, and the Statement of Accounts for 2024/25 will be finalised by 30 November 2025.</p> <p>In addition, Mazars have been engaged to complete the key reconciliations by the week ending 18 July 2025.</p> <p>Completion of these tasks will be demonstrated by reconciliation sign-offs by Mazars and formal sign-off of the Statements of Accounts by Azets, according to the agreed deadlines. The overall plan, developed in agreement with the external auditors, focuses on completing all outstanding reconciliations for 2023/24 and 2024/25 and finalising the respective Statements of Accounts within the specified timeframes.</p>	Head of Finance	August 2025	<p>Reconciliation work for 2023/24 has been completed, enabling the publication of the 2023/24 Statement of Accounts with support from Mazars. Reconciliation activities for 2024/25 are currently ongoing.</p> <p>Key working papers were developed and are available for review as part of the audit work to be undertaken by Azets.</p>
---	---	--	-----------------	-------------	--

Category	Finding	Detailed Action Plan	Responsible Officer	Implementation Date	Progress Update
Creditors	No standard system report available to show officer who raised a PO and officer who authorised. Report should highlighted when same officer raised and authorised PO.	<p>A detailed review of the current reporting capabilities within the UNIT4 platform to determine the most effective approach for capturing and displaying this information.</p> <p>Collaboration between the finance systems team, IT department, and accounts payable staff will ensure that technical requirements are clearly defined and that the proposed report aligns with operational needs.</p> <p>A new report will be developed to display, for every PO, the identity of both the creator and the authoriser.</p> <p>Critical to strengthening internal controls, the report will include a specific feature to highlight instances where the same officer both raised and authorised a PO. This will enable timely identification and review of potential breaches in segregation of duties.</p>	Financial Services Team Manager	December 2025	

Testing will be conducted to confirm accuracy and reliability of the report output, with adjustments made as necessary based on feedback from key stakeholders. Upon successful testing, relevant staff will be trained on how to access, interpret, and act upon the information provided by the report.

The implementation of this report will enhance transparency, reinforce compliance with internal control policies, and support audit requirements. Progress will be monitored through regular reviews, and any issues or improvements identified during initial use will be addressed promptly to ensure the report continues to meet organisational standards and governance objectives.

#### Creditors

No standard report which would help to identify possible duplicate payments made (expect there will

To address the absence of a standard report to identify potential duplicate payments made to creditors, a standardised report will be developed

Financial Services Team Manager

December 2025

Embridge confirmed no standard report is available for this criteria. Additional controls and team training have been implemented, and Proactis will help

	<p>have been a report used for NFI purposes).</p>	<p>and implemented within the UNIT4 platform. This report will be designed to compare key payment attributes, including invoice number, amount, date, and supplier, in order to flag any transactions that appear to be duplicates or that share highly similar details.</p> <p>Where applicable, any existing report previously used for National Fraud Initiative (NFI) purposes will be integrated or adapted for this purpose.</p> <p>The successful implementation of this action will be measured by the creation of a fully operational report. Monthly reviews will be carried out to ensure that at least 98% of all payments are analysed for possible duplication. The report will also produce a summary of all flagged transactions for management review.</p> <p>Officers will design, test, and implement the report, leveraging existing expertise and available</p>		<p>reduce duplicate payments.</p> <p>Furthermore, the introduction of Proactis offers significant benefits to our financial operations. By automating payment processes and introducing robust validation protocols, Proactis minimises the risk of duplicate transactions and human error. This not only improves accuracy in accounts payable but also enhances transparency and auditability. As a result, the organisation can expect greater operational efficiency, cost savings through reduced erroneous payments, and improved compliance with internal controls</p>
--	---	--	--	---

		<p>tools. Relevant staff will receive training on both the use and interpretation of the report.</p> <p>The design, testing, and implementation of the duplicate payments report will be completed within three months from the initiation of the project.</p>			
<b>Creditors</b>	No exception report detailing new and amended suppliers.	<p>The finance systems team will collaborate with IT and the procurement department to define key data points required for effective monitoring of supplier records. A comprehensive report will be developed within the UNIT4 platform or similar procurement platform to capture and flag all newly created and modified supplier entries on a real-time or regular basis.</p> <p>Testing will be conducted to ensure accuracy, with adjustments made as needed based on user feedback and audit requirements.</p> <p>Staff who are responsible for supplier management will receive targeted</p>	Finance Services Team Manager/Procurement Officer	December 2025	<p>Progress has been made in this area. While a formal exception report is not currently available, the Amendment Logging Report can be generated to capture supplier changes within specified date ranges. An example of this report, along with explanatory notes, was shared with Audit on May 26, 2025.</p> <p>Additionally, enhanced controls have been implemented. Now, the approval of new suppliers and any amendments to existing supplier records require the uploading of supporting documentation. Updated process notes have also been provided to Audit and all relevant personnel.</p>

training on interpreting and responding to the report's findings. Ongoing monthly reviews will ensure the report remains effective and is utilised to mitigate risks associated with unauthorised or erroneous supplier changes. Progress will be tracked through regular project updates, and continuous improvement will be supported by incorporating feedback from internal audit reviews and end users.

These improvements offer several advantages. The Amendment Logging Report increases transparency by providing clear records of supplier changes, which helps in tracking and reviewing amendments efficiently. Requiring supporting evidence for approvals strengthens internal controls, reducing the risk of unauthorised or erroneous changes to supplier data. Sharing process notes and examples with Audit and staff ensures everyone is informed and aligned with the correct procedures, fostering greater accountability and compliance.

<b>Debtors</b>	Raising of debtor invoices is not automated.	A structured and systematic solution will be implemented to enhance both efficiency and accuracy. The process will begin with a comprehensive review of current debtor invoicing procedures, involving key stakeholders to identify business requirements and document specific needs for automation.	Finance Services Team Manager	March 2026	
----------------	--	---	-------------------------------	------------	--

An evaluation of the existing capabilities of the UNIT4 platform will be conducted to determine the feasibility of automated invoice generation. This will include identifying any required configurations or integrations necessary to ensure a seamless implementation.

Based on this assessment, a detailed design for the automated invoicing process will be developed, incorporating controls to maintain accuracy and compliance with organisational standards.

Following approval, the UNIT4 platform or associated systems will be configured according to the agreed specifications. Rigorous testing, including user acceptance testing, will be carried out to ensure that all functionalities operate as intended and data integrity is maintained. Any issues identified during the testing phase will be addressed prior to full implementation.

Staff involved in debtor invoice management will receive targeted training to ensure they are fully competent with the new automated process. Updated process documentation will be distributed, and ongoing support will be made available as required.

To ensure the continued effectiveness of the solution, regular review mechanisms will be established. Feedback from users and internal audit will be incorporated to support continuous improvement of the process.

<b>Debtors</b>	Automated debt recovery function in UNIT4 not utilised.	Review current debtor invoicing and debt recovery workflows in UNIT4, consulting stakeholders to define automation requirements. Evaluate existing system capabilities and determine necessary configurations or integrations. Develop and document updated procedures for automated invoice generation and debt recovery, assigning responsibilities and	Finance Services Team Manager	March 2026	The project is currently in the final stages of user acceptance testing (UAT). Configuration of the system is well underway, and UAT began in July 2025. The process is progressing as planned, with the go-live date scheduled for the end of September. This indicates that the solution has been thoroughly tested by end users to ensure it meets operational requirements
----------------	---	---	-------------------------------	------------	--



deadlines for each task. Monitor progress throughout implementation and adjust actions as required to ensure effective adoption.

and functions as intended before full implementation.

Implementing automated debt recovery and write-off within the UNIT4 platform offers several key advantages. Automation streamlines the process of tracking overdue accounts and initiating recovery actions, reducing manual workload and minimising the risk of human error. It enables faster and more consistent responses to outstanding debts, improving cash flow and operational efficiency.

Automated write-off functionality ensures that uncollectible debts are promptly identified and processed according to policy, maintaining accurate financial records and providing clearer oversight for audits.

#### Main Accounting

No standard report to show virement postings to GL - also service do not maintain record of virements.

To address the absence of a standard report for virement postings to the General Ledger and the lack of record maintenance, a standardised process will be implemented. The

Finance Team Manager

June 2026

Work has taken place to determine the requirements for creating an upload template for virement transactions in Unit4, as well as a corresponding download

current procedures related to virement postings in the accounting system will be reviewed, and stakeholders will be consulted to determine specific reporting requirements and necessary data fields. A standard report template for virement transactions will be designed and developed within the system.

A mandatory procedure for documenting all virements at the point of entry will be established. Responsible officers will be appointed to oversee report generation and ongoing record maintenance. An implementation timeline will be set, and all relevant staff will be informed of the process changes. Compliance will be monitored, and adjustments will be made as necessary to ensure the effectiveness and sustainability of the new process.

report to support this process.

Advantages of having an Upload Template and Download Report for Virements in Unit4:

- Enhanced Accuracy:
- Increased Efficiency: Automating both the upload and download processes streamlines the management of virement records.
- Improved Oversight:
- Better Decision-Making: Having accessible and accurate records allows for more informed financial analysis and decision-making, ultimately supporting more effective budget management.

<b>Main Accounting</b>	No standard report showing annual budget upload to UNIT4	To address the absence of a standard report for annual budget uploads to UNIT4, a review of current reporting practices will be conducted in consultation with key stakeholders. A standard report template will be designed and implemented within UNIT4 to ensure consistency and accuracy. A responsible officer will be assigned to oversee the development, with a defined timeline for completion. Relevant staff will receive training on the new process, and compliance will be monitored on an ongoing basis.	Finance Team Manager	June 2026	As above.
<b>Main Accounting</b>	No standard report to confirm opening / closing balances / trial balance	A dedicated review of existing reporting procedures will be initiated to identify gaps in confirming opening and closing balances as well as the trial balance. A standardised report format will be developed and integrated into current systems to ensure accuracy and transparency. A responsible officer will be appointed to oversee the design, implementation, and periodic review of the report. Training will be	Finance Team Manager	June 2026	A significant enhancement to accelerate the account closing process is the integration of into the Year End checklist, utilizing the period 0 Trial Balance report. By formalising this step, the finance team can quickly verify opening balances and ensure all entries are complete and accurate at the start of the new fiscal year. This streamlines reconciliation, reduces the risk of errors, and enables a more efficient and timely close of the accounts.

		provided to relevant staff to ensure consistent application, and compliance will be regularly monitored to support ongoing improvements.			
--	--	--	--	--	--

## Performance - KPI's

Category	Finding	Detailed Action Plan	Responsible Officer	Implementation Date	Progress Update
176 Creditors / Debtors	No KPI's for supplier payments and income collection. No performance monitoring /reporting.	<p>A comprehensive review of current payment and income collection processes will be conducted to identify relevant performance metrics.</p> <p>Following this, a set of KPIs will be developed to effectively measure the efficiency and timeliness of supplier payments and the effectiveness of income collection. These KPIs will include, but not be limited to, average payment processing time, percentage of payments made within agreed terms, and collection rates for outstanding income within defined timeframes.</p> <p>A responsible officer will be appointed to oversee the</p>	Financial Services Team Manager	December 2025	Currently, performance monitoring and reporting for debtors is conducted only on a quarterly basis. With the implementation of Proactis, the organisation will gain the ability to report on supplier KPIs in a more timely and comprehensive manner, enhancing visibility and enabling more effective performance management.

development and implementation of these KPIs. The officer will also be tasked with establishing a structured process for ongoing collection, analysis, and reporting of performance data.

Staff involved in payment processing and income collection will receive targeted training to ensure understanding and compliance with the newly established performance measures.

Performance data will be monitored on a monthly basis, and regular reports will be generated and reviewed by management to identify trends, address issues promptly, and support continuous process improvement.

The objective is to ensure transparency, accountability, and enhanced financial management through systematic measurement and regular performance review.

## Miscellaneous

Category	Finding	Detailed Action Plan	Responsible Officer	Implementation Date	Progress Update	
178	Creditors	Uncertain if action has been taken to recover duplicate payments.	To address the uncertainty regarding the recovery of duplicate payments, a comprehensive review of all recent supplier transactions will be conducted to identify any instances of duplication. Clear procedures for the identification and recovery of duplicate payments will be documented and communicated to relevant staff. Responsibilities will be assigned to designated officers to oversee the process, and deadlines will be established to ensure timely resolution. Progress will be monitored regularly, and findings will be reported to management for further action as necessary.	Financial Services Team Manager	September 2025	The process of recovering duplicate payments is an ongoing effort and has been integrated into standard operating procedures. As duplicate payments are identified, they are promptly addressed and recovered, making this task a routine aspect of regular financial operations.
	Creditors	Supplier payments over £250 are published on the council website in excel and PDF. The PDF version of the report is not user friendly. Also suggest report those payments £500 as Transparency Code.	Furthermore, the accessibility and compliance of supplier payment reports will be enhanced. The current PDF version of the published report is not user-friendly, and improvements will be made to ensure greater clarity and public accessibility. Additionally, reporting	Financial Services Team Manager/Procurement Officer	September 2025	Agreed to amend the amount to £500 and this will be the future published amount.

		<p>practices will be updated to ensure that all payments over £500 are clearly identified and reported in accordance with the Transparency Code. The objective is to achieve a user satisfaction rate of at least 80 percent regarding the usability of the new report format and to ensure that all payments over £500 are accurately and consistently included in the published documentation.</p> <p>Monitoring measures will include the collection and review of user feedback as well as quarterly audits to verify full compliance.</p> <p>A lead from the finance department, in conjunction will be responsible for overseeing the development, implementation, and ongoing monitoring of these improvements.</p>			
<b>Debtors</b>	External debt recovery services are not used.	To address the current lack of external debt recovery services, the Council will initiate a structured review and implementation process designed to improve the recovery of	Financial Services Team Manager	September 2026	As part of our enhanced automated debt recovery process, we are implementing HMCTS online court action and actively

overdue accounts and support robust financial management.

The first step will involve a comprehensive assessment of existing internal debt recovery methods, identifying any inefficiencies or barriers that may be contributing to the accumulation of aged receivables.

Following this evaluation, the Council will research reputable external debt recovery agencies, ensuring they display a consistent record of ethical practices, regulatory compliance, and proven success in similar sectors.

A set of criteria will be established for selecting an appropriate agency, taking into account cost-effectiveness, transparency of process, and alignment with the Council's values.

If this is the approach the Council wishes to take, once a suitable partner is chosen, clear procedures

investigating the use of external debt recovery services. Leveraging these solutions offers several advantages: it streamlines the recovery of overdue accounts, increases efficiency by automating legal proceedings, and gives access to professional expertise for handling persistent debts. This approach is expected to improve recovery rates, reduce administrative burden on staff, and support stronger financial management for the Council.



and escalation protocols will be drafted to govern when and how external debt recovery services will be utilised.

Staff involved in financial operations will undergo training to familiarise themselves with these new procedures and ensure compliance.

Communication will be maintained with debtors to inform them of the updated policy and encourage early resolution of outstanding balances prior to escalation.

To evaluate the effectiveness of this initiative, key performance indicators such as reductions in overdue accounts, recovery rates, and feedback from internal stakeholders will be monitored and reported at regular intervals.

## EXTENDED RECOMMENDATIONS

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	CLT Lead	Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Further Management update	Further extension date
2023/24	Asbestos Management	13.The Council should ensure that all relevant staff have received / undertaken the level of training in Asbestos Management as required by either their job role or their assigned role within the Asbestos Management Policy.	Medium	Whilst all operational staff have the minimum Asbestos Awareness training others at team leader, supervisor and management have received Duty to Manage training. Whilst this is recognised as a minimum requirement, it has been identified that team managers should receive P405 training to mitigate risk at a higher level and to cover duty holder requirements in the absence of other Responsible Persons. HR, in conjunction with managers/ Heads of Service, will be requested to carry out a review of which officers require which level of training across the authority. Following this, training will be arranged.	Health and Safety Officer	Head of HR & OD	September 2024  Training dates will be advised following the review.	Oct 24 – Head of OD & HR to discuss with H&S Manager and to arrange relevant corporate training. Extended to Mar-25 in CLT.	Mar-25	Mar-25 - All relevant officers have been identified with the levels of training required for each officer. A training plan is now being developed and all training will have been completed by March 2026. The action was previously assigned to the Asset Manager and Strategic Director of Communities but as the training is being managed by the Health and Safety Officer responsibility has now been moved.	Mar-26		
2023/24	Capital Programme Management	1. The Capital Governance procedures and forms are reviewed, updated as required are made available to all relevant staff.	Medium	Agreed.	Head of Finance	Director of Resources	Dec-24	Dec-24 - Standard report template produced. Considered part implemented.	Feb-25	Mar-25 - It has been agreed that to eliminate duplication the project office forms will be used for this, however this has meant that the forms will need to be amended.	Sep-25	Sept-25 - Procedure and forms to now be finalised, circulated and made available to relevant staff and these will form part of the training course which will be added to Skillgate and mandatory for relevant staff.	Oct-25
2023/24	Capital Programme Management	4. The documented procedure and request form are published and made available to all relevant staff.	Medium	Agreed.	Head of Finance	Director of Resources	Mar-25	Feb-25 - No response received Mar-25 - Extension agreed to Sep-25	Sep-25			Sept-25 - Procedure and forms to now be finalised, circulated and made available to relevant staff and these will form part of the training course which will be added to	Oct-25

												Skillgate and mandatory for relevant staff.	
2023/24	Capital Programme Management	9. A full review of the capital expenditure to date for all capital projects is completed and reported to the Capital Strategy Group as soon as accurate information is available.	High	Agreed. Focus is on updating Unit 4 which focuses on revenue monitoring. Capital monitoring functionality is available and will be considered at a later date to support improved monitoring.	Head of Finance	Director of Resources	Sep-24	Sept 24 - Report is planned to be presented to Capital Strategy Group at end of September.	Oct-24	Oct-2024 No Response on evidence requested		Nov 24 - Work has been carried out in identifying the expenditure on capital projects but further work is required to ensure that all expenditure is captured within Unit 4. This will be completed as part of the close down process.	<del>Mar-25</del> Dec 25
2022/23	Rent Accounting and Arrears	10. With the introduction of Unit 4 (new Finance System) the rent debit should be uploaded automatically from the Housing System to the General Ledger each week. This should enable weekly reconciliations between the two systems to be carried out.	High	Agreed	Housing Strategy and Systems Team Manager/ Head of Finance	Head of Housing	Aug-23	Aug 23 – No response	Sep-23	Sept 23 - Issues regarding UNIT4 - meeting with Finance planned for w/c 11.9.23. Will require an extension to the implementation date.	<del>Oct-23</del>	Nov-23 Further extension requested. Aug-24: Due to the issues with Unit 4 it has not yet been possible to implement this recommendation. Apr-25: Due to issues with Unit 4 and the change in staff it has not yet been possible to implement this recommendation. An extension has therefore been requested to September 2025.  Sept-25 Further extension due to the work required to complete the recommendation.	<del>Mar-24</del> <del>Sept-24</del> <del>Mar-25</del> <del>Sept-25</del> Dec-25
2023/24	Planned maintenance	4. The procedures and system parameters are reviewed to ensure orders and variations are appropriately costed and authorised.	High	An action plan will be put in place to address issues, but these actions will not be able to be addressed until a full complement of Senior Management Team is in place.	Asset Manager	Head of Housing	Apr-25	Mar 25 - Due to there not being a full complement of managers in post this will be extended to March 2026. This will provide the team the opportunity to review and embed new and updated processes.	Mar-26				

2023/24	Planned maintenance	6. Procedures and processes are put in place to ensure relevant inspections are completed, documentation is retained, and completion is evidenced on the housing management system (QL).	High	Post inspections are now being carried out by the asset team.  Asbestos information is currently being addressed with the contractor to enable relevant users to access the information. This will be reviewed once a full complement of Senior Management Team is in place.	Asset Manager	Head of Housing	Apr-25	Mar 25 - Due to there not being a full complement of managers in post this will be extended to March 2026. This will provide the team the opportunity to review and embed new and updated processes.	Mar-26				
2023/24	Planned maintenance	7. Processes are put in place to ensure certificates are obtained upon completion and are filed appropriately for future reference.	High	The reconciliation will, going forward, be carried out by the financial Asset Management Support Officer (AMSO). The process has been confirmed as – the in-house team complete compliance via a tablet. Contractors send through compliance certificates which are uploaded to the MRI software system with relevant reference number. Audit to review in three months to ensure process is now working.	Support Services Manager	Head of Housing	Oct-24	Oct-24 No response on evidence requested.		Dec-24 - Audit testing highlighted controls are not in place for all types of certifications, this has been due to resource issue. To ensure that the process is followed for all certificates an extension is required.	Mar-25	Mar-25 Due to current manual intervention required this still isn't being fully completed. A review of the CAFM system will be done to confirm if this is an appropriate compliance system for housing and consideration will be given to using this in the future. The extension date reflects the time needed to review the system, go live if agreed, and upload all relevant documentation.  Oct-25 File structure has been built to store records and a direct upload to the MRI software from file transfer sites is completed by contractors.	Mar-26
2023/24	Planned maintenance	8. Processes are put in place to ensure snagging works are identified, recorded and monitored to ensure remedial works are completed.	High	Agreed in principle, this will be reviewed once a full complement of Senior Management Team is in place.	Asset Manager	Head of Housing	Apr-25	Mar-25 Due to current manual intervention required this still isn't being fully completed. A review of the CAFM system will be done to confirm if this is an appropriate compliance system for housing and consideration will be given to using this in the future. The extension date reflects the time needed to review the system, go live if agreed, and	Mar-26				

								upload all relevant documentation.					
2023/24	Planned maintenance	9. A review of the process is undertaken and documented to ensure that there is a clear and transparent audit trail in place and the process is relatively managed and monitored, and all officers are aware of the responsibilities in relation to authorisation and payment processes.	High	Agreed in principle, this will be reviewed once a full complement of Senior Management Team is in place and the financial architecture is in place to support this.	Asset Manager	Head of Housing	Apr-25	Mar-25 Due to current manual intervention required this still isn't being fully completed. A review of the CAFM system will be done to confirm if this is an appropriate compliance system for housing and consideration will be given to using this in the future. The extension date reflects the time needed to review the system, go live if agreed, and upload all relevant documentation.	Mar-26				
→ 2023/24	Planned maintenance	10. The complexity of the spreadsheets being used are reviewed and the process is documented to for business continuity purposes. Additionally, any duplication of work should be removed.	High	Agreed in principle, this will be reviewed once a full complement of Senior Management Team is in place.	Asset Manager	Head of Housing	Apr-25	Mar-25 Due to current manual intervention required this still isn't being fully completed. A review of the CAFM system will be done to confirm if this is an appropriate compliance system for housing and consideration will be given to using this in the future. The extension date reflects the time needed to review the system, go live if agreed, and upload all relevant documentation.	Mar-26				

2023/24	Planned maintenance	13. Performance data is obtained and reviewed to ensure managers can monitor contractors' performance against targets and contract terms and conditions. Where targets are not being met the contractor should submit proposals for improving performance. Additionally, officers should be aware of any financial implications of contractors not meeting their contractual agreements, to ensure that these can be enforced if required.	High	The planned structure for the service includes provision to enable this process. New contracts also support this approach. The audit plan for 2024/25 includes a housing contract management audit, to be carried out later in the year which will test and validate this approach.	Asset Manager	Head of Housing	Q4 2024/25	Mar-25 Due to resourcing issues this has still not been implemented. When resources are in place contract supervisors will be assigned to each relevant contract.	Mar-26					
2023/24 2024/25	Responsive Repairs	12. The signing off of the work completed by the QS is documented on the order within the housing management system (QL).	Medium	These processes will be put in place once a substantive management and operational team is in place within the service, and contractors are embedded.	Building Safety and Tenant Involvement Team Manager	Head of Housing	Apr-25	Mar-25 The process will be reviewed when a QS is in post.	Dec-25					
2023/24	Responsive Repairs	14. A payment mechanism is agreed with contractors and is put in place for the processing of consolidated invoices, ensuring a timely, consistent approach.	Medium	The service is re-contracting all major suppliers. During this process the management of batch payments and invoicing has been addressed. The audit plan for 2024/25 includes a housing contract management audit, to be carried out later in the year which will test and validate this approach.	Building Safety and Tenant Involvement Team Manager	Head of Housing	Q4 2024/25	Feb-25 - Extension requested due to staff absences and team changes. This will be fully discussed with the Asset Management Team to ensure that there is a consistent process across the teams.	Apr-25	May-25 - Audit are in the process of undertaking testing. Jun-25 - Extension agreed to enable Quantity Surveyor posts to be filled and allowing time for the processes to be fully embedded	Dec-25			

2023/24	Responsive Repairs	15. Payment Certificates are signed by the Contract Administrator before payment is made.	High	The planned structure for the service includes provision to enable this process. New contracts also support this approach. The audit plan for 2024/25 includes a housing contract management audit, to be carried out later in the year which will test and validate this approach.	Building Safety and Tenant Involvement Team Manager	Head of Housing	Q4 2024/25	Feb-25 - Extension requested due to staff absences and team changes. Payment certificates were not used consistently within the Housing teams but are now being implemented. Audit to test June 2025.	Jun-25	Jun-25 - Extension agreed to enable Quantity Surveyor posts to be filled and allowing time for the processes to be fully embedded	Dec-25		
2023/24	Responsive Repairs	19. Performance monitoring data is obtained from the contactors for review to ensure contract conditions are being met.	Medium	The planned structure for the service includes provision to enable this process. New contracts also support this approach.  The audit plan for 2024/25 includes a housing contract management audit, to be carried out later in the year which will test and validate this approach.	Responsive Repairs Team Manager	Head of Housing	Q4 2024/25	Feb-25 - Extension requested due to staff absences and team changes.	May-25	Mar-25 - Due to current staff vacancies it has not been possible to implement this recommendation. Following the appointment of relevant staff this will be fully implemented. The extension reflects the time taken to have officers in post and implement the new processes.	Mar-26		
2023/24	Asbestos Management	3.The Council should conduct an assessment to identify all areas of non-compliance of statutory duties in relation to Asbestos Management. Following this an action plan should be put in place to ensure that the non-compliance is addressed. Assessments should then be scheduled at regular intervals to ensure ongoing compliance.	High	The Asset Management team holds reports to cover compliance of over 95% of the domestic stock and 100% of communal to comply with CAR2012. The Asset Management team has assessed where non-compliance is occurring and, in the majority, falls down to lack of resources that are managed or influenced by the following – • Two managers absent on long term sick leave. • Failing to recruit to three team crucial posts. • One post being carried out by an unqualified member of staff. Due to the lack of	Asset Manager	Head of Housing	Nov-24	Nov-24 No response		Dec- 24 No response		Jan-25 - Due to multiple unsuccessful recruitment attempts this will need to be extended. Mar-25 - All asbestos recommendations have been reviewed and it has been agreed that the asbestos contractor will carry out all new surveys to provide a baseline of information and the use of their portal will provide the Council with an asbestos register. In addition to this a new asbestos management plan will be written, circulated and appropriately approved.	<del>Apr-25</del> Mar-26

188				<p>resources, the data received day to day, operational admin and data management is not being completed to a sufficient standard. Minimal admin is undertaken, and other staff resources are being utilised to pick up the short fall. Quality assurance is at risk due to insufficient administration of the asbestos data and as a consequence puts operatives, contractors, staff and other end users at risk.</p> <p>Failure to manage properly exposes NWLDC to prosecution from the Regulator, HSE and leading to unlimited fines. The service is continually trying to actively recruit, however, to reduce/ remove the risks associated with the control issues identified, the Housing Asset Management team is currently reviewing options available to them which include outsourcing the control and quality assurance of the asbestos data that is relied on.</p>									
2023/24	Asbestos Management	5.Asbestos surveys should be uploaded to QL / MRI within a reasonable period of time following receipt of the survey.	High	<p>This is a known issue that can only be resolved by adequate resourcing and addressing the issues detailed in the response to recommendation 3 above. The Tersus portal will be used initially to reduce the risks.</p>	Compliance Team Leader – when appointed	Head of Housing	Nov-24	Nov-24 No response		Dec- 24 No response		<p>Jan-25 - Resources and staffing has prevented full implementation.</p> <p>Mar-25 Following the completion of new surveys these will be uploaded to the appropriate software and, linked to QL.</p>	<del>Apr-25</del> Mar-26



2023/24	Asbestos Management	6. There should be a central record containing details of asbestos surveys, the results of the surveys and any action to be taken. The record should be used to enable effective monitoring of actions required. Responsibility for ensuring the record is maintained and actions completed should be assigned.	High	Whilst there are various locations for data held, Asset Management have been working on reducing data depositories to MRI, QL or the contractor portal. A central record is being developed to stream line how these are maintained so there is adequate visibility to all users of the data held. It is to be noted again that this is only feasible with the resourcing issues identified in the response section in recommendation 3. being addressed.	Compliance Team Leader – when appointed	Head of Housing	Mar-25	Mar-25 Following the completion of new surveys these will be uploaded to the appropriate software and, linked to QL.  Sept-25 A review of digital sign off forms has begun.	Mar-26					
2023/24	Asbestos Management	8. All contracts should have a named contract manager and formal contract management arrangements should be put in place.	High	This is a known process within Asset Management. Actioning this process and formally following through with normal contract administration is not possible with the current lack of resources to manage individual contracts. The planned structure for the service includes provision to enable this process. New contracts also support this approach. The audit plan for 2024/25 includes a housing contract management audit, to be carried out later in the year which will test and validate this approach.	Asset Manager	Head of Housing	Q4 2024/25	Mar-25 Due to resource issues it has not been possible to complete this recommendation. An extension is required to provide the time to recruit to the positions and then embed all new processes.	Mar-26					

2023/24	Asbestos Management	9.Key performance indicators (KPI's) and the frequency to which they should be reported to management should be agreed with asbestos contractors. Service Plan KPI's should be a standard agenda item in any contract management meetings.	High	This is a known process within Asset Management and when administrating contracts. The delays in executing and mobilising the contract have set back formalising these arrangements. Adequate resourcing is also essential in capturing this data set. The new suite of KPI's will be discussed at contract management meetings now the new contract is nearly in place.	Asset Manager	Head of Housing	Q4 2024/25	Mar-25 The current contract is due to expire in June 2025. The new contract will have relevant KPI's in place and these will be monitored appropriately.	Dec-25					
2023/24	Asbestos Management	12.For each of the asbestos contracts financial information should be produced and presented to management for both monitoring and discussion at contract management meetings.	High	This is a known process within Asset Management and when administrating contracts. The delays in executing and mobilising the contract have set back formalising these arrangements. Adequate resourcing is also essential in capturing this data set. Agree in principal but, until Unit 4 is fully operational this will not be possible to implement.	Asset Manager	Head of Housing	Mar-25	Mar-25 This is currently reliant on Unit 4 information which is not readily available.	Sep-25	Sep-25 The recommendation needs to be extended to allow the contract management processes to be embedded with the new contracts.	Mar-26			
2023/24	Planned maintenance	2. Management considers the use of a single source to manage, record and monitor progress against the annual programme to remove duplication in work and avoid error.	Medium	Agreed in principle, this will be reviewed once a full complement of Senior Management Team is in place.	Asset Manager	Head of Housing	Sep-25	Sept-25 Extended due to staff absence.	Mar-26					

## 2025/26 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 30/09/2025	Comments
Quarterly Progress Reports to Management Team and Audit and Governance Committee	On track	
Follow up testing completed in month agreed in final report	On track	
To ensure audit coverage is sufficient to enable the Audit Manager to provide a year-end opinion on the governance, risk and control environment - Annual Opinion Report	Completed	Annual opinion report for 2024/25 reported at Audit and Governance Committee in August 2025
95% Customer Satisfaction with the Internal Audit Service		There have not been any satisfaction surveys issued during 2025/26 to date
Compliance with Global Internal Audit Standards in the Public Sector		For 2025/26, measurement will be achieved via internal processes (see separate indicator).
To provide an efficient and compliant audit service - <ul style="list-style-type: none"> <li>Fieldwork is completed within two months of the start date.</li> <li>Management Debriefs are scheduled within 2 weeks of field work being completed.</li> <li>*Management Responses are received within 2 weeks of the debrief meeting.</li> <li>Draft audit reports are issued within 1 week of receipt of full management responses</li> <li>Final audit reports are issued within 1 week of draft audit reports.</li> <li>*, **75% of agreed actions are subsequently signed off as implemented within the agreed time scale.</li> </ul> <p>This will increase to 85% in 2026/27 and 100% in 2027/28.</p>		

*\*This measure is not exclusively a reflection on the Internal Audit Service's performance.*

*\*\*Whilst Internal Audit will track the implementation of agreed actions, management is responsible for completing the actions and ensuring that desired outcomes are achieved.*

This page is intentionally left blank

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025

<b>Title of Report</b>	<b>CORPORATE RISK UPDATE</b>	
<b>Presented by</b>	Paul Stone Director of Resources	
<b>Background Papers</b>	<a href="#"><u>Corporate Risk Update - Audit and Governance Committee 6 August 2025</u></a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications to be considered.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	There are no legal implications to be considered.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing and corporate implications to be considered.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To provide Committee members with an update in respect of the Council's corporate risk register in accordance with the Committee's Terms of Reference which is to monitor progress in addressing risk related issues reported to the Committee.	
<b>Recommendations</b>	<b>THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE LATEST CORPORATE RISK REGISTER AND PROVIDES COMMENTS TO INFORM THE WORK OF THE COUNCIL'S CORPORATE RISK GROUP.</b>	

**1.0 BACKGROUND**

- 1.1 As part of the agreed Risk Management approach this report presents the latest version of the Corporate Risk Register which was reviewed at the last meeting of the officer Corporate Risk Group on 9 October 2025. In line with the Risk Management Policy, members of this Committee are to receive periodic updates on risks monitored through the Corporate Risk Register

## 2.0 RISK REGISTER

2.1 The updated Risk Register can be found at Appendix 1. Of note are updates in respect of:

- CR2 – Detail has been added in respect of the ongoing implementation issues associated with the Council's finance system, Unit4. It also reflects the risks associated with the Government's proposals in respect of the Fair Funding Review.
- CR3 – This has been updated to reflect a lower risk to the Council as recent recruitment campaigns and changes to the recruitment process have seen an increase in applications to vacant positions across the Council.
- CR6 – the Inherent Risk Score and Residual Risk score have been reduced. Officers noted that the Council has adequate emergency response processes and officers have received substantial Local Resilience Forum training in the past year.
- CR8 – Project Management Processes – given recent initiatives across the Council, the inherent risk score has been reduced.
- CR18 – The narrative around health and safety risks and consequences has been revised and updated.
- CR19 – The risk previously included in respect of the Freeport has now been removed from the register. This is because the Freeport is now established, and officers are of the view that the associated risks now fall under the responsibility of the Freeport itself, rather than the Council.
- CR20 – The risk score has been updated as officers consider that there is still further work to ensure compliance. Next steps were due to be considered at the Corporate Leadership Team scheduled for October 2025.

2.2 Out of the 17 active risks, one is red, eight are amber and eight are green. There have been some narrative changes, and these are shown as tracked changes (red text).

2.3 The Director of Resources acts as the lead for corporate risk and is satisfied that the main risks posed to the organisation have been captured within the risk register and that control measures to mitigate these risks are appropriate. The report is based on an update in October 2025, any further update on significant changes in risk will be provided at the meeting.

2.4 The Audit and Governance Committee is asked to review and note this risk update and provide any feedback they wish to be considered by the Corporate Risk Group at its next meeting.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A well-run council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	None
Risks:	The Council manages its risks within existing budgets. Effective risk management protects the Council from insurance and/or compensation claims, fraud, and a range of other financial and non-financial risks.
Officer Contact	Paul Stone Director of Resources <a href="mailto:paul.stone@nwleicestershire.gov.uk">paul.stone@nwleicestershire.gov.uk</a>

This page is intentionally left blank



## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk Score			Likelihood	Impact	Risk Score
CR1	<b>Safeguarding</b>  <b>Risk</b> Death/serious harm to a vulnerable person receiving a Council service and safeguarding compliance is not followed.  <b>Consequence</b> A serious case review arising from death/serious harm to a customers and staff. Reputational damage to Council. Loss of confidence in ability of Council to deliver services. Ensuring compliance with Safeguarding legislation and practise.	4	3	12	Treat	Head of Community Services, Housing and Head of HR & Organisational Development.	3	2	6
197									
Existing Controls	<ul style="list-style-type: none"> <li>An identified Corporate Leads: Head of Community Services and Head of HR and Org Development</li> <li>An identified team responsible for Safeguarding (Community Safety) with responsibility embedded into Team Leader role and Community Safety Officer- Safeguarding Lead officer</li> <li>An agreed Safeguarding Policy refreshed as required. Updated in 2024, refreshed in 2025</li> <li>An identified group of Designated Safeguarding Officers (DSO's) and Safeguarding Service advisors</li> <li>A mandatory training programme for DSOs and service advisors every three years and quarterly team meetings, updates and training</li> <li>A mandatory online training programme is in place for all staff with refresher training carried out every three years.</li> <li>Safer Recruitment training is carried out for managers and safer recruitment is included within the Recruitment Guidelines.</li> <li>The DBS and Barring Policy is in place and up to date.</li> <li>A quarterly senior management review by the Head of Community Services of all cases to check progress/close cases.</li> <li>Annual report to CLT and Corporate Scrutiny as required by exception.</li> <li>A case management review meeting by Environmental Health &amp; Community Safety Team Manager and Community Safety Team Leader to ensure all cases progressed with the Safeguarding lead officer.</li> <li>Commitment to raise awareness of the scale and extent of modern slavery in the UK and ensure our contracts and supplies don't contribute to modern day slavery and exploitation.</li> <li>A computerised system of reporting and managing reports introduced in 2019, ensures constant reminders of new cases, sending alerts at all points in the procedure.</li> </ul>								

CORPORATE RISK REGISTER

OCTOBER 2025

	<ul style="list-style-type: none"><li>There is now a requirement for suppliers to provide details of their safeguarding policies or agreed to adopt the Council's safeguarding policies as part of the Council's tender process.</li><li>Health and Safety Policy</li><li>Managers within the relevant services have a legal requirement to conduct regular risk assessments.</li><li>Staff induction training.</li><li>Annual reminders to complete/update health and safety risk assessments</li><li>Review of the referral process for safeguarding referrals has been implemented in 2024/2025</li><li>Review of the performance indicators for the safeguarding referral service has been implemented</li><li>Training provided for new DSO's and refresher training for existing DSO's in July and August 2025. Safeguarding lead officer continues with meeting all DSO's and provides relevant updates and information sharing, best practice etc.</li></ul>		
Planned mitigating actions		Delivery timescales	Ongoing
		Reason for delay in delivery	
Comments and progress on actions	Stable		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR2	<b>Management of Council finances</b>  <b>Risk</b> <p>Reduced funding from Government. Increased demand for services, coupled with high inflation and pay awards has led to a funding gap over the medium term. Government plans reduction in business rates share to the Council. Changes to the local authority financial settlement. Economic downturn / recession. Commercial opportunities not progressed. Changing rent policies. The new Food Waste collections to be introduced in 2025/26 has a risk of insufficient revenue funding from Government being provided.</p> <p>The Council's consultations in respect of Business Rates Retention and the Fair Funding Review issued in 2025, suggest that the Council may face significant losses in terms of business rates growth.</p> <p>The Council's finance system, Unit4, requires enhancements following implementation in April 2023 to ensure that financial information is timely and accurate to support decision making.</p> <b>Consequence</b> <p>Possible cessation of services or reduction of services provided.</p> <p>Central government intervention and special measures if Council issues a S114 notice.</p> <p>Inability to deliver Council Delivery Plan as resources are restrained.</p> <p>Potential staff redundancies.</p> <p>Funding of external groups is withdrawn.</p> <p>Potential breach of statutory duties/ability to deliver objectives compromised.</p>	4	3	12	Treat	Head of Finance	2	3	6

## CORPORATE RISK REGISTER

### OCTOBER 2025

Existing Controls	<ul style="list-style-type: none"><li>• Regular financial reporting to CLT and quarterly to Cabinet. Improved narrative on reports to Cabinet as well as additional reporting which tracks progress against savings targets.</li><li>• Audit and Governance Committee have received regular reports regarding the Council's progress in respect of completing the Statement of Accounts for 2023/24 and 2024/25, the last report being considered by the Audit and Governance Committee on 4 June 2025.</li><li>• Financial Regulations form part of the Council's Constitution. Contract Procedure Rules were updated and approved by full Council in February 2025 to reflect the Procurement Act 2023 which was introduced on 24 February 2025.</li><li>• Financial planning processes are documented and reviewed regularly.</li><li>• No risky investments.</li><li>• Capital is funded from the Council's business rates growth.</li><li>• Enhanced governance around capital strategy spending, monitored/scrutinised by Capital Strategy Group.</li><li>• Monthly Statutory Officer meeting.</li><li>• Robust level of general fund and earmarked reserves.</li><li>• External support for technical finance/accounting i.e. Arlingclose (Treasury Management) and PSTax (VAT).</li><li>• Medium Term Financial Plan in place and is updated as part of the budget setting process.</li><li>• A clear financial strategy was established as part of the budget setting for 2023/24.</li><li>• Head of Finance monitoring of Local Government funding reviews - business rates review not expected until 2026/27 and fair funding review delayed again.</li><li>• Funding advisor engaged.</li><li>• Participation in Business Rates Pooling.</li><li>• Accessing external funding where appropriate.</li><li>• Income collection procedures in Revenues and Benefits Service and Housing sound. Leicestershire Revenues and Benefits Partnership has two trained officers working solely on Council Tax Reduction Scheme Fraud and act as Single Point of Contact for Department of Work and Pensions (DWP) referrals.</li><li>• Capital Strategy to use business rates reserve to fund the capital programme</li><li>• Transformation Programme in train to support the closing of the funding gap.</li><li>• Contingency budget was created in 2025/26 budget to manage the risk of insufficient ongoing revenue funding for food waste</li><li>• The Statement of Accounts 2021/22 and 2022/23 were signed off by Audit Committee on 9 December 2024.</li><li>• The Council has agreed provisional dates for completion of the Statement of Accounts 2023/24 and 2024/25 with the external auditors, Azets, of 31 August 2025 and 30 November 2025 respectively.</li><li>• The Council is liaising actively with officials from Government in order to negate a 'cliff edge' funding loss over the medium term.</li><li>• The Council responded to the Fair Funding Review 2.0 Consultation, details of which were reported to Cabinet in September 2025.</li><li>• Work is ongoing with S151 Officers across the county to consider the financial implications of moving to Local Government Reorganisation. The group meets on a regular basis.</li><li>• In response to recent delayed payment of invoices to some suppliers, the Council has implemented temporary resource. The implementation of an automated invoice payment system in September 2025 will speed up the payment of invoices. Where appropriate, the Council is working with suppliers to ensure prompt payment.</li><li>• The Council has an internal Steering Group in place to oversee enhancements to the Unit4 system.</li><li>• Priorities have been identified for Unit4 enhancements and work has been ongoing with the implementation partner to implement necessary changes.</li></ul>
-------------------	---

CORPORATE RISK REGISTER

OCTOBER 2025

	<ul style="list-style-type: none"> <li>A dedicated temporary Project Manager has been employed to oversee system enhancements</li> <li>The support contract for the Unit4 system is due for renewal in December. The Council is actively exploring its options to ensure robust support is provided.</li> </ul>		
Planned mitigating actions	<ul style="list-style-type: none"> <li>Compliance with CIPFA and accounting codes in meeting the revised backstop dates to ensure that the closure of the 2024/25 Statement of Accounts aligns with the statutory deadline.</li> <li>Address internal control weaknesses identified in a range of finance audits</li> <li>Action Plan developed to address financial management weaknesses which is monitored by the Finance Leadership Team</li> <li>Unit 4 to be developed to provide timely and accurate budget monitoring for all key stakeholders. Project manager with Unit 4 experience employed to address outstanding issues with priorities identified.</li> <li>MTFP to be further developed to include sensitivity analysis and presented to Cabinet in November 2025</li> <li>Additional third party support has been sourced to assist with key reconciliations to support the closedown process.</li> </ul>	Delivery timescales	April 2027
		Reason for delay in delivery	
Comments and progress on actions	<p><b>Stable</b></p> <p>A project board oversees the financial systems work.</p> <p>The closure of the Statement of Accounts 2023/24 has been completed and 2024/25 is currently on track.</p> <p>Budget setting for 2026/27 has commenced with a focus on identifying savings over the medium term.</p>		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR3  202	<p><b>The employment market provides unsustainable employment base for the needs of the organisation.</b></p> <p><b>Risk</b></p> <p>The Council is exposed to strategic and operational risks due to an unsustainable external employment market that fails to meet its workforce needs. Limited availability of skilled candidates, increased competition, and shifting labour market dynamics hinder recruitment and retention efforts. <b>Consequences</b></p> <p>This may lead to prolonged vacancies, reduced service delivery capacity, increased reliance on agency staff, higher employment costs, and challenges in maintaining statutory and strategic commitments</p> <p>The Council is unable to perform its statutory duties and/or deliver the Council Delivery Plan.</p> <p>The Council's partners are unable to perform duties.</p> <p>Use of external resources at a significantly higher cost</p>	2	4	8	Treat	Head of HR and OD	2	2	4
Existing Controls	<ul style="list-style-type: none"> <li>• Advance planning to mitigate this risk;</li> <li>• Non pay benefits improved during the last year to attract and develop the right skills and promoting existing staff talent through secondments and tailored development programmes. IIP silver award maintained in 2025. New focus on apprenticeships development to allow the Council to 'grow our own' and to tackle ageing workforce distribution.</li> <li>• Ability to divert resources from other services, bringing in additional resources from other sources (e.g. Agencies, Consultants, Voluntary/ Community sector etc.) would be activated.</li> <li>• Market conditions are tested through recruitment processes, some challenges in some specialist areas. Market supplements and other measures are applied as needed where there are recruitment difficulties in some professional areas.</li> </ul>								

CORPORATE RISK REGISTER

OCTOBER 2025

	<ul style="list-style-type: none"><li>• The Council can offer a package of additional benefits to enhance the recruitment offer.</li><li>• Mitigations in place for variety of staffing related aspects - e.g. mental health awareness, overall wellbeing work etc.</li><li>• The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive.</li><li>• The Council’s recruitments processes have been reviewed to make the process easier.</li><li>• Recruitment and retention discussed at CLT in February 2024 and a sub-group has been established to consider potential future improvements to inform and update a new People Plan.</li><li>• Work is underway at a national and regional level working with East Midlands Councils and the Local Government Association to promote the local government sector. National campaign to launch in November 2024.</li><li>• New agency request process to reduce reliance on agency workers and ensure permanent recruitment takes place.</li><li>• Utilising specialist agencies for hard to fill roles</li></ul>		
Planned mitigating actions	<ul style="list-style-type: none"><li>• Constantly reviewing its advertising strategies.</li><li>• Specialist journals and their associated websites are also used depending on the role.</li><li>• Social media is also used for advertising roles.</li><li>• Retention project underway with LGA to support and encourage retention</li><li>• </li><li>• Recruitment Refresh which includes:<ul style="list-style-type: none"><li>○ Reviewing and updating our application form and interview process</li><li>○ Setting up HR clinics</li><li>○ Improving the content on our website and social media channels regarding recruitment and promoting NWLDC as an employer</li></ul></li></ul> <p>Updating our recruitment policy and creating guidelines for managers</p>	Delivery timescales	April 2026
		Reason for delay in delivery	
Comments and progress on actions	Stable		



CORPORATE RISK REGISTER

OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR4	<b>Personal data breach</b>  <b>Risk</b> Loss or unlawful use of personal data constituting a breach of data protection legislation. Systems not in place to protect sensitive data. Staff are not properly trained in managing information and do not follow internal procedures.  <b>Consequences</b> Monetary penalties from Information Commissioners Office (ICO), adverse publicity, private litigation and personal criminal liability of officers.	4	3	12	Treat	Head of Legal and Support Services	2	2	4
204									
Existing Controls	<ul style="list-style-type: none"><li>• Policies and procedures are in place and rolled out</li><li>• The Information Governance polices have been reviewed and brought together under an Information Governance Framework which was approved by Cabinet in September 2024 Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. eLearning module updated and rolled out as mandatory annual training for all staff. Information Governance training delivered to leaders in November 2023.</li><li>• The Council has a dedicated Senior Information Risk Officer (SIRO) and Data Protection Officer (DPO).</li><li>• Quarterly meetings with Information Governance team and SIRO</li><li>• Annual SIRO report considered by Audit and Governance Committee in April 2025 – provided overview of the Council’s compliance in relation to regulatory requirements, management of information risk across the Council and work done over the year.</li><li>• Training on information governance and data protection was delivered to the Corporate Leadership Team and Extended Leadership Team in November 2024 as part of the Corporate Governance training programme.</li></ul>								
	<ul style="list-style-type: none"><li>• Information Governance Team to cooperate with the supervisory authority and monitor compliance with Data Protection laws.</li></ul>			Delivery timescales		Ongoing			



CORPORATE RISK REGISTER

OCTOBER 2025

Planned mitigating actions	<ul style="list-style-type: none"><li>Quarterly meetings with Information Governance team and SIRO to continue</li><li>Annual SIRO report 2025/26 to be taken to Audit and Governance Committee in April 2026</li><li>Information Governance Framework will be reviewed in 2025/26 alongside other corporate governance policies.</li><li>Corporate Governance training programme in November 2025 to include an update on information governance and data protection</li></ul>	Reason for delay in delivery	
Comments and progress on actions	Stable		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR5	<p><b>Procurement and management of contracts</b></p> <p><b>Risk</b></p> <p>Contracts have not been adequately secured and administered. This can lead to a range of issues, including suboptimal terms, potential legal disputes, and financial losses. Legal and procurement teams are not consulted when contractors are engaged. Procurement procedures are not followed. The Council contributes to modern slavery via its contracts and supplies. Insufficient resources to monitor and implement contractual arrangements.</p> <p>The Council fails to meet the requirements of the Procurement Act 2023.</p> <p><b>Consequences</b></p> <p>Council liable to incur additional costs, contract overrun, litigation and potential health &amp; safety issues as well as service disruptions.</p> <p>Failure to meet the requirements of the Procurement Act 2023 may lead to fines, sanctions or other legal actions, as well as reputational damage to the Council.</p>	3	3	9	Treat	Strategic Director of Resources	2	3	6
206									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• Oversight board structure in place to oversee major project work and compliance group now in place to oversee these elements of contracted work.</li> <li>• Corporate procurement support and legal team to support where necessary on contract management.</li> <li>• Review of procurement compliance undertaken leading to enhanced contract register and updated strategy</li> <li>• Processes have been reviewed and procurement templates revised.</li> <li>• V4 have been employed as the Council's Procurement partner to provide day-to-day advice and support.</li> <li>• A refreshed Procurement Strategy was approved by Cabinet on 25 March 2025.</li> <li>• Contract Procedure Rules updated and approved by Council in February 2025 to reflect the Procurement Act 2023.</li> <li>• Procurement Officer and V4 meet quarterly with Directors to discuss pipeline projects</li> </ul>								

CORPORATE RISK REGISTER

OCTOBER 2025

<div>Planned mitigating actions</div> <div>207</div>	<ul style="list-style-type: none"> <li>Procurement toolkit to be produced to cover majority of lower value procurements with high value and complex procurements to be supported by specialised function.</li> <li>V4 are continuing to work with services to ensure an accurate contracts register is published and maintained.</li> <li>Implement wider procurement response outside of financial to determine the competency of a contractor to undertake work – Health and Safety (H&amp;S) competency, training, quality, environmental etc</li> <li>Review of the Contract Procedure Rules as part of the constitution review to address any changes required since they have been operating in practice</li> <li>Contract management training for relevant officers to be delivered</li> <li>A suite of procurement training is scheduled throughout 2025 to ensure officers are aware of the changes to processes as a result of the introduction of the Procurement Act 2023. Further communications are required across the Council to ensure that officers are complying with the Procurement Act</li> <li><a href="#">HRA Procurement Officer to be recruited to support the service in the development of housing contracts</a></li> </ul>	Delivery timescales	December 2025
		Reason for delay in delivery	
Comments and progress on actions	Stable		

CORPORATE RISK REGISTER  
OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR6  208	<b>Emergency response</b>  <b>Risk</b> Failure to respond to an emergency event in an appropriate manner. Lack of planning, training and exercising of Emergency plans.  <b>Consequences</b> General public at risk of harm or unable to access relevant services (e.g. emergency accommodation or rest centre).	3	3	9	Treat	Head of Human Resources and Organisation Development	2	2	4
<b>Existing Controls</b>	<ul style="list-style-type: none"><li>Business continuity plans have been reviewed and updated at Head of Service level as part of the 2025/26 business plans process. LRF and Council emergency plans and arrangements are being constantly updated and have been used during recent storm flooding events that have affected the district in late 2023 and early 2024. Exercises also take place at regional and national level for a variety of emergency planning scenarios.</li><li>The LRF partnership arrangement with all Leicestershire and Rutland authorities provides resilience during civil emergency situations.</li><li>Business Continuity exercises show the readiness of the Council to deal with emergencies. System of ICO / FLM duty rotas is in place and continued reassessment for ongoing incidents. COVID experience shows capability and ability to perform.</li><li>LRF delivered training to the Corporate Leadership Team in 2024</li><li>Senior managers attend LRF situational based training.</li><li>ICO's and FLM's issued with guidance documentation to support their roles.</li><li>Continual development training and updates provided by Local Resilience Forum</li></ul>								
					<b>Delivery timescales</b>	Ongoing			

CORPORATE RISK REGISTER

OCTOBER 2025

Planned mitigating actions		Reason for delay in delivery	
Comments and progress on actions	Stable		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR7	<b>Cyber-attack</b>  <b>Risk</b> Systems not in place or kept current to deflect any foreseeable cyber-attack, including those attackers using generative AI, which is increasing in the industry. Limited staff awareness of possible threats. Lapse in security awareness and basic processes from a technical AI and human perspective  <b>Consequences</b> Business as usual” would not be possible. Cost of repelling cyber threat and enhancing security features.	4	4	16	Treat	Head of ICT	2	2	4
210									
Existing Controls	<ul style="list-style-type: none"> <li>The Council receives security and cyber-attack feeds daily from various sources including Local Governemnt Association(LGA), National Cyber Secuirty Centre( NCSC), East Midlands Warning, Advise and Reporting Group (EWARPG), Active Cyber Defense (ACD) Early warning system, this helps us remain on the front foot when it comes to being alerted to potential vulnerabilities and cyber-attacks.</li> <li>Fully resilient network environment in place with no single points of failure for core systems. Systems which are running on premise have a daily off-site backup regime. In the case of on-premises systems which become unavailable for any reason, services would need to revert to their service BCP's to resume service.</li> <li>Yearly IT security health check and PEN (penetration) testing is carried out, by an Identity Attack Surface Management (IASME) security accredited supplier, with remediation action plan in place to mitigate any risks found. In 2024 the Council had 0 critical, 5 high, 15 medium and 31 Low issues. <b>These have been remediated with only 3 medium risks remaining.</b> The Council has also passed our Public Services Network (PSN) accreditation for 24/25 and working on 25/26 renewal.</li> <li>Phishing campaigns run four times a year to test staff security awareness and feedback results to CLT, with improvement plans in place for those who have not passed the test. Campaigns will now include members as they were excluded previously. <b>The quarterly results from these phishing campaigns shows that we are moving in the direction when it comes to user security awareness and education.</b></li> <li>Quarterly Cyber security awareness training held for staff and new starters, to protect staff at home and in the office.</li> <li>Yearly mandatory information security training conducted for all staff on the Skills gate training system.</li> <li>New business systems are run in remote fully resilient data centres and existing systems are being progressively migrated to cloud computing centres</li> <li>Diversity of environments used to avoid single point of failure risk, with backups now in the cloud, <b>for Office 365 and storage data.</b></li> <li>Improved business recovery arrangements have been implemented to minimise recovery time.</li> </ul>								

CORPORATE RISK REGISTER

OCTOBER 2025

211	<ul style="list-style-type: none"> <li>• Accreditation to Cyber Essentials and the Public Services Network.</li> <li>• Latest audit / assessments all confirm secure environment with reasonable assurance. Some formalisations of processes required and review of backups restoration window.</li> <li>• Purchase of external vulnerability scanner now in place. This allows the Council to scan and monitor its external perimeter daily and proactively mitigate issues. Cloud Centre of Excellence (CCOE) latest scan showed 23 medium and 102 Low Vulnerabilities, which the Council is working to mitigate using the tool which it has been purchased.</li> <li>• An annual external IT audit assessed the organisation’s IT arrangements in a range of areas against best practice. The outcome of the audit in 2024 was, limited assurance, with two critical recommendations and twelve mediums, The two high recommendations have been resolved, as well as the nine mediums. Three remediations due for completion in December have been completed.</li> <li>• The Council has signed up to the Cyber Assessment framework (CAF), which is another cyber assessment carried by Cabinet Office. This has now been completed successfully, and we are starting the 2<sup>nd</sup> phase of the CAF framework assurance.</li> <li>• Backups are now stored in the cloud as “offline backups”, this is for all Council data and Office 365 tenancy</li> <li>• Active Directory (AD) password complexity has increased from eight characters to 12 characters. This makes it harder for password to be cracked</li> <li>• Replacement of firewalls now in place providing NEXGEN protection</li> <li>• Password protection now implemented so that when staff change AD passwords, they are checked against a Microsoft database of known weak passwords. This will prevent the use of insecure and weak password in the Council.</li> <li>• Internal audit recommendations <u>two remaining to be completed by Dec</u></li> <li>• <b>IT risk register has been updated to capture specific cyber risks and mitigations.</b></li> </ul>		
Planned mitigating actions	<ul style="list-style-type: none"> <li>• Need a list of business-critical systems in order of restoration priority, in conjunction with CLT</li> <li>• Introduction of Microsoft Co-Pilot AI, AI governance controls, and guard rails required before implementation of AI</li> <li>• <b>Review AI threat landscape and attack vector</b></li> <li>• <u>Development of Cyber Security Strategy document as per external audit recommendation</u></li> </ul>	Delivery timescales	Ongoing
		Reason for delay in delivery	
Comments and progress on actions	<p><b>Stable</b></p> <p>Good progress on keeping staff and the business secure.</p>		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR8	<b>Project Management Processes</b>  <b>Risk</b> Projects are poorly managed. Failure of proposed projects could result in failure to achieve overall objectives. Inefficient use / waste of resources.  <b>Consequences</b> Failure to implement project management techniques. Poor corporate oversight of projects. Inadequate controls on expenditure and poor budget monitoring. Inadequate monitoring of external contracts. Failure to engage project management expertise when required	2	3	6	Treat	Director of Resources	2	2	4
212									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Greater use of professional project managers for key projects.</li> <li>Work ongoing to address project methodologies deployed across the Council.</li> <li>Greater use of external / non-subject board members.</li> <li>Board structure covering all major projects in place.</li> <li>Properly convened project teams with PID and project plan in place, including project risk registers. Progress on corporate projects scrutinised by CLT. Implementation of contract management framework for outsourced services.</li> <li>Scrutiny of quarterly monitoring reports on capital expenditure.</li> <li>Deploying Internal Audit to audit individual projects and assess project management effectiveness.</li> <li>Scrutiny of risk registers or project management framework of individual projects by Corporate Risk Group.</li> <li>Project management guidance has been developed and published, as well as a suite of templates</li> <li>Guidance has been developed to ensure that projects report to the appropriate boards or steering groups.</li> <li>Project Management Training was delivered to key officers in September 2024.</li> </ul>								



CORPORATE RISK REGISTER

OCTOBER 2025

Planned mitigating actions	<ul style="list-style-type: none"><li>A schedule of all projects across the Council has been developed and will be monitored by the Transformation Steering Group</li><li>E-learning module is being developed</li><li>Key communication to all staff on the decision-making process across the organisation</li><li>A range of internal steering groups are in place for major projects/initiatives</li></ul>	Delivery timescales	April 2026
		Reason for delay in delivery	
Comments and progress on actions	Stable		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR9	<p><b>Ultra vires decisions/Local authority failure</b></p> <p><b>Risk</b></p> <p>Council makes ultra vires (beyond the Council's powers and functions) decisions or those which it does not have the correct permissions to undertake. Staff / Members proceeding without established governance arrangements. Failure to consult with Legal / Monitoring Officer.</p> <p>There is greater focus from Government and regulators on the local government sector. There is a risk of an impact of an adverse external assessment on the Council. If this risk materialised it could impact on service delivery, performance levels, governance, reputation and decision-making arrangements. Greater focus on the local government sector from Government and regulators following high profile council 'failures'.</p> <p><b>Consequences</b></p> <p>Potential challenge to decision/litigation against the Council, resulting in increased costs / compensation. Financial, reputational, legal and political damage to the Council.</p>	4	3	12	Treat	Head of Legal and Support Services	1	4	4
214									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Constitution reviewed annually – 24/25 review completed, and Constitution approved at Council in Feb 25.</li> <li>Legal advice provided to officers and legal implications considered in reports to members as appropriate.</li> <li>Statutory Officer checks take place on reports to Council, Cabinet, Scrutiny, Licensing, Planning and Audit and Governance Committees</li> <li>Advice provided to members by the MO/Dep MO as needed on matters being considered by Council/Committees.</li> <li>Policies and procedures in place, governance processes are documented and in operation, ongoing assessments and reviews are performed.</li> <li>Completion of the Annual Governance Statement.</li> <li>Corporate governance training on decision making provided in 2023 to CLT/ELT and on report writing process in 2024</li> <li>The Council has in place a range of controls including financial procedures, governance framework, performance management framework, project management methodology, strategies, controls underpinning its operations, clear communication with staff, Statutory officer meetings and internal audit plan.</li> </ul>								

## CORPORATE RISK REGISTER

### OCTOBER 2025

	<ul style="list-style-type: none"> <li>• “Golden triangle” of Statutory Officers is in place with monthly meetings of Statutory Officers taking place</li> <li>• Recognised in case study by the LGA for having good governance in place</li> <li>• LGA Peer Review completed June 2024</li> <li>• Internal audits of finance functions completed. Finance Leadership Team meet regularly to track recommendations.</li> <li>• Where specific regulatory regimens are in place additional oversight and control implemented – e.g. Housing Improvement Board</li> <li>• The Council has completed the Office for Local Government Best Value Self-Assessment and is performing well against the measures.</li> <li>• Corporate Governance Training delivered to Managers in November 2024</li> <li>• “in session” video in respect of Governance/decision-making recorded and shared with staff in January 2025.</li> <li>• Governance toolkit for officers updated with guidance on decision-making and internal governance processes</li> </ul>		
Planned mitigating actions  215	<ul style="list-style-type: none"> <li>• Annual review of Constitution 2025/26 <b>has commenced</b></li> <li>• Legal advice provided to officers and legal implications considered in reports to members as appropriate.</li> <li>• Statutory Officer checks to take place on reports to Council, Cabinet, Scrutiny, Licensing, Planning and A and G Committees</li> <li>• Guidance and training to be provided to report authors</li> <li>• Corporate Governance Training to be provided to Managers in November 2025</li> <li>• Report authors guide to be refreshed and rolled out for officers</li> <li>• Programme of governance training, including detailed training on decision-making to be delivered to relevant staff in 2025/26</li> <li>• Member training programme being developed and delivered to members, including in relation to specific roles e.g. Audit and Governance Committee members</li> </ul>	Delivery timescales	Ongoing
		Reason for delay in delivery	
Comments and progress on actions	Stable		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR10	<b>Fraud</b>  <b>Risk</b>  Council is subject to serious fraud, corruption or theft. Lack of checks and balances within financial regulations. Poor budget / contract management. Poor monitoring of / adherence to financial systems. Changes in working practises causing unintended risk/exposure.  <b>Consequences</b>  Financial, reputational and political damage to Council.	4	3	12	Treat	Strategic Director of Resources, Heads of Service and all Team Managers.	2	3	6
216									
Existing Controls	<ul style="list-style-type: none"><li>A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy. Policies refreshed annually. Approved by Cabinet in September 2024.</li><li>The Internal Audit annual planning process takes into account high risk areas, which considers fraud risks. Fraud risks are considered as part of specific audits with testing designed to detect fraud where possible. The Council is also subject to External Audit. Internal control and governance arrangements such as segregation of duties, schemes of delegation, bank reconciliations of fund movements, and verification processes.</li><li>Participation and strengthening of involvement in National Fraud Initiative (mandatory)</li><li>Information on how to report fraud is on the website including relevant links.</li><li>A Fraud module is available on Skillgate and will be a requirement to refresh the training every two years.</li></ul>								
Planned mitigating actions	<ul style="list-style-type: none"><li>Fraud discussions and promotion of Fraud policies to be included by internal audit when attending team meetings.</li></ul>			Delivery timescales		Ongoing			
				Reason for delay in delivery					

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR13	<b>Political Administration</b>  <b>Risk</b> No overall control of the Council following the May 2023 elections could lead to instability in the decision-making process which could impact adversely on service delivery. The election in May 2023 changed the political make-up of the Council.  <b>Consequences</b> Financial, reputational and political damage to the Council. Slower decision making.	3	3	9	Treat	Chief Executive	2	3	6
217									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>There has been extensive work by officers to work with all Groups to minimise the impact. This work has been supplemented by external engagement with the Local Government Association. The work undertaken to date includes regular briefings with all Groups, a member induction programme, a continuing training programme for councillors, clarity on the roles of councillors on each committee and engaging with staff to raise their awareness in dealing with/responding to/working with councillors.</li> <li>The Strategy Group meets fortnightly to review and steer strategic initiatives. Core membership includes the Leader, Deputy Leader, and Chief Executive, with other alliance members invited as needed. The Chief Executive also holds regular meetings with opposition members to ensure broader engagement.</li> <li>The Council has in place a range of controls including financial procedures, governance framework, performance management framework, project management methodology, strategies, controls underpinning its operations, clear communication with staff, Statutory officer meetings and internal audit plan. Monthly Statutory Officer meetings</li> <li>Scrutiny protocol developed and being trialled to improve relationship between Cabinet and Scrutiny now that the Scrutiny Committees are chaired by opposition members</li> </ul>								
	<ul style="list-style-type: none"> <li>Continued engagement with all groups/members.</li> <li>Advice provided to members on Constitution to enable members to undertake their roles.</li> </ul>			<b>Delivery timescales</b>	ongoing				

CORPORATE RISK REGISTER

OCTOBER 2025

Planned mitigating actions	<ul style="list-style-type: none"><li></li></ul>	Reason for delay in delivery	
Comments and progress on actions	Stable		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR15	<b>Climate Change/Zero Carbon Delivery</b>  <b>Risk</b> Inability to deliver programme due to resource / financial / operational / procedural process. Inability to gain action by partners  <b>Consequences</b> The failure of the Council to achieve carbon neutrality for its operations by 2030 and carbon neutrality for the District by 2050. This may have long term impacts on both the financial picture of the council and the ability of key service provision in the long term.	3	4	12	Treat	Head of Community Services	2	2	4
219									
Existing Controls	<ul style="list-style-type: none"><li>Achievement of the carbon reduction ambitions are mainly vested in our Zero Carbon Policy and Roadmap. The Action Plan contains planned and programmed actions and will be reviewed annually. It will quantify the estimated net financial costs and net carbon savings associated with the contents of the Plan. Attaining the targets in the Plan is one of the Council Delivery Plan Key Performance Indicators. Whilst the action plan has been agreed it does contain several actions where funding has not been committed. The Strategy and Plan have identified the main carbon emissions sources. The Council will be alive to the many and various windfall opportunities for interventions in between the annual Plan revisions where these are considered likely to make significant impacts on reducing emissions. Emerging statute and government policy will exert significant influence over the Council’s operations and indirect influence in relation to climate change.</li></ul>								
Planned mitigating actions	<ul style="list-style-type: none"><li>Work is ongoing to understand the costs of zero carbon delivery which in turn will help to understand the risks.</li></ul>			Delivery timescales		April 2026			
				Reason for delay in delivery					
Comments and progress on actions	Stable								

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR16	<p><b>Changes in national priorities and legislative/regulatory change</b></p> <p><b>Risk</b></p> <p>Changes in national priorities given the new Government elected in July 2024. This could include changes in delivery of statutory services. Changes in Legislation (e.g., Employment Rights Bill 2024)</p> <p><b>Consequences</b></p> <p>Council may not have the necessary resources to deliver on key projects. Projects may adversely affect local residents.</p> <p>Introduction of new statutory duties may change the strategic direction of the Council, entail additional workload for officers, change the way existing services are delivered and increase financial pressures.</p>	3	3	9	Treat	Chief Executive	2	2	4
220									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Briefings to officers on relevant changes</li> <li>Working alongside other stakeholders and partner organisations to keep informed of developments such as the Local Government Association, District Councils Network and Leicestershire Chief Executives Group</li> <li>A range of officers are actively involved in the business case development for Local Government Reorganisation (LGR) in Leicestershire. Significant communication and engagement has taken place with key stakeholders</li> <li>Members are briefed and debate has taken place at the full Council meeting in respect of LGR</li> <li>Staff have been provided with regular updates and a staff hub has been established to share information as LGR proposals are developed.</li> <li>The Council is promoting public consultation the North, City, South website, where residents can review the proposals and provide feedback. The consultation period runs form 9 June to 20 July 2025.</li> </ul>								



CORPORATE RISK REGISTER

OCTOBER 2025

	<ul style="list-style-type: none"><li>Performance Team to provide regular updates on progress in respect of the Local Government Outcome Framework (LGOF) as these progress and are finalised and to facilitate benchmarking/self-assessment against the agreed metrics.</li><li>HR team undertake regular CPD to identify the impact of changes to legislation on policy and Practice</li><li></li></ul>		
Planned mitigating actions	<ul style="list-style-type: none"><li>Circulation of relevant briefings to key officers on proposed/new legislation</li><li>Effective business continuity planning</li><li>Regular updates to Members on developments and potential changes in legislation</li><li>Coordination and sharing of information with other local authorities through various networks and forums</li><li>Continued staff, member and stakeholder engagement on LGR as proposals develop.</li></ul>	Delivery timescales	Ongoing
		Reason for delay in delivery	
Comments and progress on actions	Stable		

## CORPORATE RISK REGISTER

### OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR17	<h2>Housing Landlord Function</h2> <p><b>Risk</b></p> <p>That the Council fails to deliver services in compliance with the new regulatory standards and the longer-term arrangements for the service.</p> <p><b>Consequences</b></p> <p>Loss of control of service provision , loss of function, unlimited fines, reputational and political risk.</p>	3	4	12	Treat	Head of Housing	2	3	6
222									
Existing Controls	<ul style="list-style-type: none"><li>Control over the major areas of compliance exist in general sense – achieved through system control, process and evidenced through auditing processes and self-assessment</li><li>Greater burdens to provide assurance that performance management is robust, and intervention taken when performance drops. Assurance the data is correct, timely and is being seen and understood by the appropriate governing body</li><li>High level of external oversight and reporting to regulatory bodies – including engagement with the same on regular basis</li><li>Adherence to policy and improvement of policy in line with new guidance and process from regulator</li><li>Comprehensive Audit Plan for service in place</li><li>Increased member oversight via Housing Improvement Board</li><li>Self Assessment against new housing standards completed and outcome fed into revised Improvement Plan</li></ul>								
Planned mitigating actions	<ul style="list-style-type: none"><li>Housing Improvement Plan in place and regularly reviewed with oversight from Cabinet, Scrutiny and Housing Improvement Board – this sets out a phased improvement plan to address regulatory change and service change as a whole</li><li>Engagement of external bodies to assist with third party view and development of detailed plans in areas of focus featured in the Improvement Plan.</li></ul>			Delivery timescales		April 2026			
				Reason for delay in delivery					

**CORPORATE RISK REGISTER**  
**OCTOBER 2025**

<b>Comments and progress on actions</b>	<b>Stable</b>
---	---------------

CORPORATE RISK REGISTER

OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR18	<div>Health and Safety</div> <div><b>Risk:</b> The Council fails to comply with health and safety legislation and does not adequately manage associated risks in the delivery of its services, including risks to employees, service users, contractors, and the public. This includes failure to identify, assess, and mitigate hazards such as unsafe working environments, inadequate training, poor incident reporting, lack of emergency preparedness, and insufficient monitoring of compliance across departments." <b>Consequences</b> Legal Action: Risk of fines, prosecution, and imprisonment for serious breaches. Financial Loss: Increased insurance costs, compensation claims, and service disruption. Reputational Damage: Loss of public trust and negative media attention. Human Impact: Potential injury, illness, or death affecting staff, contractors, and the public. Operational Risk: Enforcement notices, reduced productivity, and possible service shutdowns. Leadership Accountability: Senior staff may face disqualification or personal liability.</div>	3	4	12	Treat	Head of HR and Organisational Development	2	3	6

CORPORATE RISK REGISTER

OCTOBER 2025

Existing Controls	<ul style="list-style-type: none"> <li>Corporate Health and safety policy in place and reviewed annually.</li> <li>Supporting policies, Fire, Legionella, Asbestos, <b>Lone Working, Managing Violent persons</b> (PVP) in place.</li> <li>Teams undertake risk assessments and record on the SHE Assure system to identify and implement controls to reduce risk.</li> <li>Health and safety training programme implemented with further development progressing.</li> <li>Health and safety discussion forms part of regular meetings with CLT, Management Teams, JTUCC and Union safety reps.</li> <li>Increased security at the Customer Centre</li> <li>Panic alarms upgraded at the Customer Centre</li> <li>Posters on display stating that the Council will not tolerate threatening behaviour</li> <li>Issues raised with the Police Inspector in Coalville</li> <li>CLT memebbers have receieved Health and safety Leadership training</li> <li>Health Surveillance (Noice and hand arm vibration)</li> </ul>		
Planned mitigating actions  225	<ul style="list-style-type: none"> <li>Further development of a H&amp;S management system in line with ISO 45001</li> <li>Introduction of H&amp;S guidance notes and introduction of H&amp;S page as a single point to access H&amp;S information.</li> <li>Social media campaign planned to highlight that the Council will not tolerate threatening behaviour</li> <li>Consideration of body cams for front line staff where appropriate</li> <li>Consideration of call recording on all telephony platforms</li> <li>Structural alteration to the Customer Centre where areas of risk have been identified</li> <li>Overarching corporate review of policies relating to these areas.</li> </ul>	Delivery timescales	<ul style="list-style-type: none"> <li>April 2026</li> <li></li> </ul>
		Reason for delay in delivery	
Comments and progress on actions	Stable		

CORPORATE RISK REGISTER

OCTOBER 2025

226	<ul style="list-style-type: none"><li></li></ul>								
	<ul style="list-style-type: none"><li></li></ul>								

CORPORATE RISK REGISTER

OCTOBER 2025

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
NR20	<div>Local Plan</div> <div><b>Risk</b> The preparation and implementation of the Local Plan may face significant delays and challenges due to a combination of factors including loss of staff, insufficient capacity, insufficient budget, lack of political ownership, non-compliance with legal requirements, potential legal challenges, environmental issues, changes in housing requirements, administrative shifts, delays in critical studies, slow responses from statutory consultees, infrastructure policy constraints, lack of support for specific provisions, changes in national approaches, and incomplete transport modelling. <b>Consequences</b> These issues collectively threaten the deliverability, viability, and timely completion of the Local Plan, potentially leading to unmet needs, increased costs, and compromised development strategies.</div>	3	4	12		Head of Planning and Regeneration	2	3	6

CORPORATE RISK REGISTER

OCTOBER 2025

Existing Controls	<ul style="list-style-type: none"><li>Local Plan Project Board oversees preparation of Local Plan and meets quarterly.</li><li>Risk register reviewed at Project Board meetings.</li><li>Portfolio Holder and Shadow Portfolio Holder briefed on a monthly basis.</li><li>Key pieces of evidence commissioned or in process of being commissioned.</li></ul>		
Planned mitigating actions	<ul style="list-style-type: none"><li>Additional capacity to be sought using grant provided by government</li></ul>	Delivery timescales	April 2026
		Reason for delay in delivery	
Comments and progress on actions	New		

228

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR6	<b>Driver and fleet compliance</b>  <b>Risk</b> Non-compliance with DVSA, Health and Safety at Work Act, and corporate manslaughter legislation.  Failure to meet conditions of the O-Licence including vehicle safety, driver hours, and record-keeping.  Risk  <b>Consequences</b>	4	4	16	Treat	Chief Executive/Director of Communities	4	4	16



CORPORATE RISK REGISTER

OCTOBER 2025

	Fines, licence revocations, criminal charges, and director liability.								
Existing Controls	<ul style="list-style-type: none"><li>• New starter checks to include DVLA check from Oct 2025</li><li>• Maintenance and servicing of vehicles</li><li>• Health and wellbeing (including eyesight) is monitored in waste</li><li>• Transport manager in post</li></ul>								
Planned mitigating actions	<ul style="list-style-type: none"><li>• Monitoring of driver behaviour</li><li>• Organisation wide monitoring of health and wellbeing</li><li>• Driver training</li></ul>			Delivery timescales	Ongoing				
				Reason for delay in delivery					
Comments and progress on actions	Stable								

229

Assessing the likelihood of exposure

1. Low	Likely to occur once in every ten years or more

CORPORATE RISK REGISTER

OCTOBER 2025

2. <i>Medium</i>	Likely to occur once in every two to three years
3. <i>High</i>	Likely to occur once a year
4. <i>Very High</i>	Likely to occur at least twice in a year

Assessing the impact of exposure

1. <i>Minor</i>	<p>Loss of a service for up to one day. Objectives of individuals are not met. No injuries.</p> <p>Financial loss over £1,000 and up to £10,000. No media attention.</p> <p>No breaches in Council working practices. No complaints / litigation.</p>
2. <i>Medium</i>	<p>Loss of a service for up to one week with limited impact on the general public.</p> <p>Service objectives of a service unit are not met.</p> <p>Injury to an employee or member of the public requiring medical treatment.</p> <p>Financial loss over £10,000 and up to £100,000.</p> <p>Adverse regional or local media attention - televised or newspaper report.</p> <p>Potential for a complaint litigation possible. Breaches of regulations / standards.</p>

CORPORATE RISK REGISTER

OCTOBER 2025

3. <i>Serious</i>	Loss of a critical service for one week or more with significant impact on the general public and partner organisations. Service objectives of the directorate of a critical nature are not met. Non-statutory duties are not achieved. Permanent injury to an employee or member of the public Financial loss over £100,000. Adverse national or regional media attention - national newspaper report. Litigation to be expected. Breaches of law punishable by fine.
4. <i>Major</i>	An incident so severe in its effects that a service or project will be unavailable permanently with a major impact on the general public and partner organisations. Strategic priorities of a critical nature are not met. Statutory duties are not achieved. Death of an employee or member of the public. Financial loss over £1m. Adverse national media attention - national televised news report. Litigation almost certain and difficult to defend. Breaches of law punishable by imprisonment.

Risk matrix

		Likelihood			
		1	2	3	4
Impact	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4

## CORPORATE RISK REGISTER

### OCTOBER 2025

Traditionally in risk management there are four ways to mitigate the risks to the organisation, these being typically referred to as **Treat, Tolerate, Transfer and Terminate** and are known collectively as the “Four Ts”.

- **Tolerate** means the risk is known and accepted by the organisation. In such instances the senior management team should formally sign off that this course of action has been taken.
- **Transfer** means the risk mitigation is transferred i.e. it is passed to a third party such as an insurer or an outsourced provider, although it should be noted that responsibility for the risk cannot be transferred or eliminated.
- **Terminate** means we stop the process, activity, etc or stop using the premises, IT system, etc which is at risk and hence the risk is no longer relevant.
- **Treat** means we aim to reduce the likelihood of the threat materialising or else reduce the resultant impact through introducing relevant controls and continuity strategies.

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 12  
NOVEMBER 2025

<b>Title of Report</b>	<b>STANDARDS AND ETHICS REPORT - QUARTER 2</b>	
<b>Presented by</b>	Kate Hiller Head of Legal and Support Services	
<b>Background Papers</b>	None	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications to be considered.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	The report details the Council's compliance with legislative requirements including Freedom of Information requests, Environmental Information Requests and use of RIPA powers from the previous quarter.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing and corporate implications to be considered.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To receive and consider the figures for the Local Determination of Complaints and Ethical Indicators for Quarter 2 of 2025/26.	
<b>Recommendations</b>	<b>THAT THE COMMITTEE NOTES THE REPORT.</b>	

**1.0 BACKGROUND**

- 1.1 The Audit and Governance Committee assists the Council in fulfilling its duty under the Localism Act 2011 to promote and maintain high standards of conduct by Councillors and co-opted Councillors of District and Parish Councils.
- 1.2 This is a quarterly report to the Committee. The Standards and Ethics Report appended provides information in two categories: Local Determination of Complaints and Ethical Indicators. Each category is split for ease of reference. The report for Quarter Two of 2025/26 is attached at Appendix 1.
- 1.3 This report will enable the Audit and Governance Committee to keep track of how many complaints are received by the Monitoring Officer each quarter and how these are dealt with. Where the Councillor Code of Conduct has been breached, this will

also be recorded to enable the Committee to determine whether there needs to be further targeted training.

- 1.4 The report also allows the Committee to have oversight on the quarterly data for Ethical Indicators. This includes reporting on instances of concern raised regarding Modern Slavery, reporting of whistleblowing incidents, whether the Council has used its RIPA powers, and several other indicators.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A well-run Council.
Policy Considerations:	N/A
Safeguarding:	Customers and the community are safeguarded in relation to modern slavery by having the ability to raise instances of concern, which must be looked into and referred to the national agencies where appropriate.
Equalities/Diversity:	N/A
Customer Impact:	None arising directly from the report. Details regarding the process for making an FOI request or making a complaint about a councillor are on the Council's website.
Economic and Social Impact:	N/A
Environment, Climate Change and Zero Carbon	N/A
Consultation/Community/Tenant Engagement:	N/A
Risks:	Receiving regular reports on the statistics of Ethical Indicators and councillor complaints enables the Committee to exercise oversight of their function under the Localism Act 2011 and manage risks.
Officer Contact	Kate Hiller Head of Legal and Support Services <a href="mailto:kate.hiller@nwleicestershire.gov.uk">kate.hiller@nwleicestershire.gov.uk</a>

# Standards and Ethics Quarter 2 Report

2025-2026



# Introduction

---

This is the quarterly report to the Audit and Governance Committee detailing both the figures for the Ethical Indicators and the figures for the Local Determination of Complaints process for 2025/26.

For clarification purposes the months covered by the quarters are as follows:

- Quarter 1 - 1 April to 30 June
- Quarter 2 - 1 July to 30 September
- Quarter 3 - 1 October to 31 December
- Quarter 4 - 1 January to 31 March

The report covers local determination of complaints, ethical indicators and Freedom of Information requests.

The quarterly reports will enable the Audit and Governance Committee to build up a picture over time of how many complaints are received and any trends where similar incidents are occurring. The parts of the Code of Conduct which have been breached will also be recorded, to enable training to be targeted effectively.



# Local Determination of Complaints

---

The Monitoring Officer received 2 complaints in Quarter 2 of 2025/26 (1 July 2025 - 30 September 2025).

One complaint received in Quarter 2 is still ongoing.

One complaint received in Quarter 2 was unable to be progressed as the initial tests were not met.

One complaint received in Quarter 1 of 2025/26 is still ongoing.

## 2.1 Assessment Sub-committee Decisions

The Monitoring Officer pursues an informal dispute resolution process prior to initiating formal proceedings via the Sub-committee route. No complaints have been resolved informally in Quarter 2.

There have been three Assessment Sub-committee meetings in this quarter. These related to complaints received in Quarter 3 and Quarter 4 of 2024/25 and a complaint received in Quarter 1 of 2025/26. The Sub-committee decided to refer two of the complaints for further investigation and to take no further action in relation to the other complaint.

## 2.2 Determination Sub-Committee Decisions

None to report - see above.

# Complaints made to the Monitoring Officer under the Code of Conduct during Q2 2025/26

<u>Qtr 2 25/26</u>	<u>Complaint from</u>	<u>About District/ Parish councillor</u>	<u>Regarding</u>	<u>Status</u>
238	District Councillor	Parish Councillor	Unacceptable behaviour and being declined the opportunity to vote on a matter when declaring a pecuniary interest.	Ongoing
	Member of the Public	Parish Councillor	Causing offense by their actions and not respecting the public or welcoming challenge.	Initial tests not met

This table helps to show where there are patterns forming as to behaviour complained about, to enable the Audit and Governance Committee to determine where there needs to be further training for councillors. Some matters may not have been found to be a breach of the Code, but it is still important to know what issues are being raised so that future complaints can be prevented. So far this year, the following areas of the Code have been complained about:

- Treating others with respect
- Bullying, harassment and discrimination
- Confidentiality and access to information
- Use of position
- Bringing the Council into disrepute

# Ethical Indicators

PERFORMANCE INDICATOR	Q1			Q2			Q3			Q4		
	23/24	24/25	25/26	23/24	24/25	25/26	22/23	23/24	24/25	22/23	23/24	24/25
Instances of concerns raised re Modern Slavery	0	1	0	0	0	0	0	1	0	0	0	0
Instances of concerns raised re Modern Slavery referred to national agencies	0	0	0	0	0	0	0	0	0	0	0	0
Number of whistle blowing incidents reported	0	0	0	0	0	0	0	0	0	0	0	0
Number of Challenges to procurements	0	0	0	0	0	0	0	0	0	0	0	0
Public interest Reports	0	0	0	0	0	0	0	0	0	0	0	0
Objections to the Councils Accounts	0	0	0	0	0	0	0	0	0	0	0	0
Disciplinary action relating to breaches of the Member/Officer Protocol	0	0	0	0	0	0	0	0	0	0	0	0
Follow up action relating to breaches of the Member/Officer Protocol	0	0	0	0	0	0	0	0	0	0	0	0
Use of RIPA powers	0	0	0	0	0	0	0	0	0	0	0	0

# FOI Data for Q1 25/26

	Subject Access Requests											
	Q1			Q2			Q3			Q4		
	23/24	24/25	25/26	23/24	24/25	25/26	22/23	23/24	24/25	22/23	23/24	24/25
Total number received	11	11	25	11	10	24	5	9	12	10	8	21
% answered on time		100%	100%		90%	87%		78%	92%		88%	95%
Internal reviews		1	0		0	0			1			1
240	Freedom of Information Requests											
	Q1			Q2			Q3			Q4		
	23/24	24/25	25/26	23/24	24/25	25/26	22/23	23/24	24/25	22/23	23/24	24/25
Total number received	157	122	161	196	132	154	108	157	197	148	194	204
% answered on time	93%	89%	91%	86%	90%	90%	60%	92%	92%	91%	92%	90%
Internal reviews	1	0	4	2	0	2	3	1	1	1	0	1
	Environmental Information Requests											
	Q1			Q2			Q3			Q4		
	23/24	24/25	25/26	23/24	24/25	25/26	22/23	23/24	24/25	22/23	23/24	24/25
Total number received	6	4	10	5	6	15	7	3	1	7	3	6
% answered on time		100%	90%	80%	100%	87%		100%	100%		100%	85%
Internal reviews		0	0	0	0	1		0	0		0	0

The Council received one fewer SAR in this Quarter than in Q1. The number being answered on time is below target, due to delays in receiving information on more complex requests from the relevant service area.

This Quarter saw a decrease in FOI Requests, with a slight decrease in the amount dealt with on time.

The number of EIRs answered on time is also below target, as the service area dealing with most requests is struggling to provide responses in time due to issues with resourcing.

\*some columns are blank as the reporting format has changed since those dates, so statistics were not previously available.

