

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	Statement of Accounts 2023/24 Update - Audit and Governance Committee 4 June 2025	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	THAT AUDIT AND GOVERNANCE COMMITTEE 1. NOTES THE UPDATE ON THE COUNCIL'S STATEMENT OF ACCOUNTS. 2. RECOGNISES AND ENDORSES THE STEPS BEING TAKEN BY THE DIRECTOR OF RESOURCES TO RESOLVE THE DELAYS TO THE PUBLICATION OF THE ACCOUNTS.	

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 paul.stone@nwleicestershire.gov.uk