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Hinckley & Bosworth
Borough Council

Bill Cullen MBA (ISM), BA(Hons) MRTPI
Chief Executive

Date: 18 November 2025

To: Members of the Audit Committee

Cllr DS Cope (Chair)	Cllr C Lambert
Cllr R Webber-Jones (Vice-Chair)	Cllr A Pendlebury
Cllr CM Allen	Cllr MJ Surtees
Cllr REH Flemming	Cllr BE Sutton
Cllr SM Gibbens	Cllr P Williams
Cllr E Hollick	

Copy to all other Members of the Council

(other recipients for information)

Dear member,

There will be a meeting of the **AUDIT COMMITTEE** in the De Montfort Suite, Hinckley Hub on **WEDNESDAY, 26 NOVEMBER 2025** at **6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Owen'.

Rebecca Owen
Democratic Services Manager

Fire Evacuation Procedures

- On hearing the fire alarm, leave the building **at once** quickly and calmly by the nearest escape route (indicated by green signs).
- *There are two escape routes from the Council Chamber – at the side and rear. Leave via the door closest to you.*
- Proceed to **Willowbank Road car park**, accessed from Rugby Road then Willowbank Road.
- **Do not** use the lifts.
- **Do not** stop to collect belongings.

Recording of meetings

At HBBC we are open and transparent about how we make decisions. We allow recording, filming and photography at all public meetings including Council, the Executive and Planning Committee as long as doing so does not disturb or disrupt the proceedings. There may occasionally be some reports that are discussed in private session where legislation requires this to happen, but this is infrequent.

We also allow the use of social media during meetings, which helps to bring the issues discussed to a wider audience.

Members of the public, members of the press and councillors are hereby informed that, in attending the meeting, you may be captured on film. If you have a particular problem with this, please contact us so we can discuss how we may accommodate you at the meeting.

Use of mobile phones

To minimise disturbance to others attending the meeting, please switch off your phone or other mobile device or turn it onto silent or vibrate mode.

Thank you

AUDIT COMMITTEE - 26 NOVEMBER 2025

A G E N D A

1. APOLOGIES AND SUBSTITUTIONS
2. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)
To confirm the minutes of the previous meeting.
3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES
To be advised of any additional items of business which the Chair decides by reason of special circumstances shall be taken as matters of urgency at this meeting (to be taken at the end of the agenda)
4. DECLARATIONS OF INTEREST
To receive verbally from members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. **This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the agenda.**
5. QUESTIONS
To hear any questions received in accordance with Council Procedure Rule 12.
6. HRA LAND INCLUSION ON ASSET REGISTER (Pages 5 - 8)
To inform members of HRA land that has not been included in the asset register
7. EXTERNAL AUDIT UPDATE - ADDITIONAL AUDIT RISK (Pages 9 - 10)
Update from the External Auditors
8. EXTERNAL AUDITOR'S ANNUAL REPORT - YEAR ENDED 31 MARCH 2025 (Pages 11 - 34)
Annual report to be presented by the External Auditors
9. INTERNAL AUDIT FINAL REPORT - CAPITAL PROGRAMME 2024/2025 (Pages 35 - 54)
Report of the Internal Auditors
10. AUDIT COMMITTEE FORWARD PLAN (Pages 55 - 56)
To provide members with an update of the work programme
11. ITEMS TO BE REFERRED TO COUNCIL
Members to consider if any items are required to be referred to council
12. ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIR DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY
As announced under item 3 above.

13. MATTERS FROM WHICH THE PUBLIC MAY BE EXCLUDED

To consider the passing of a resolution under Section 100A(4) of the Local Government Act 1972 excluding the public from the undermentioned item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Schedule 12A of the 1972 Act.

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

AUDIT COMMITTEE

1 OCTOBER 2025 AT 6.30 PM

PRESENT: Cllr DS Cope - Chair
Cllr R Webber-Jones – Vice-Chair
Cllr REH Flemming, Cllr SM Gibbens, Cllr E Hollick, Cllr A Pendlebury,
Cllr BE Sutton, Cllr P Williams and Cllr RG Allen

Also in attendance: Councillor KWP Lynch

Officers in attendance: Julie Kenny, Sarah Knowles (Mazars), Madeline Shellard, Rebecca Valentine-Wilkinson, Ashley Wilson, Helen Parks (Azets) and Mark Kinsella (Grant Thornton)

188. **Apologies and substitutions**

Apologies for absence were submitted on behalf of Councillors Lambert, Surtees and C Allen, with the following substitutions authorised in accordance with procedure rule 10:

Councillor R Allen for Councillor Surtees.

189. **Minutes of previous meeting**

It was moved by Councillor Webber-Jones, seconded by Councillor Pendlebury and

RESOLVED – the minutes of the meeting held on 25 June 2025
be confirmed as a correct record.

190. **Declarations of interest**

There were no interests declared at this meeting.

191. **Fraud Risk Assessment - Strategy Action Plan**

A presentation was given to Members on the Counter Fraud Strategy overview by Grant Thornton that included a phased implementation summary, areas covered by HBBC's Fraud Risk Register strategy, and what work they had covered so far.

In response to a question from members around the current indication of fraud within the council, officers confirmed that the fraud case previously reported to the committee was still being investigated by the Police and would be reported back to this committee on the conclusion of their findings.

In response to a question from members around reflections on the current levels of risk, Grant Thornton colleagues confirmed that procurement had been raised in a number of councils where there were some ongoing investigations. In addition, officers were seeing more AI fraud in the charity sector and in the NHS. They

confirmed that there was usually well developed controls and structures in local authorities that were relatively tight and so there was a low level risk.

Members noted the presentation.

192. Internal Audit Final Report - Homelessness 2024/25

Members were presented with the Homelessness internal audit final report for 2024/2025 which had reviewed the adequacy and effectiveness of the key controls in place in relation to Homelessness.

The audit had reviewed the arrangements in place to reduce the level of homelessness and use of temporary accommodation.

In response to a question from members in terms of resources that the council had in order to deliver the assurance and challenges, officers confirmed that demand continued to grow year on year, dealing with the most vulnerable people in society with complex needs. Resourcing was the biggest risk to the authority, and management had taken on board the recommendations and had already implemented 3 out of the 5 recommendations, and the other two were on schedule for completion.

It was proposed by Councillor Flemming, seconded by Councillor Webber-Jones and

RESOLVED – the report be noted.

193. Internal Audit Final Report - Fire Safety 2024/25

Members were presented with the Fire Safety internal audit report for 2024/2025 that had assessed the design and effectiveness of the control framework in relation to fire safety.

The audit had reviewed the controls in place to ensure compliance with the relevant fire safety legislation for commercial premises and officers had confirmed that all the agreed actions had been implemented.

It was proposed by Councillor Williams, seconded by Councillor R Allen and

RESOLVED - the report be noted.

194. Internal Audit Progress Report

Members were presented with an update on the current position of the delivery of the internal audit plan dated 1 October 2025 that set out work completed and work still to do.

It was noted that the Capital Programme and IT Vulnerability Management reports had been issued in draft, and were awaiting management responses.

It was moved by Councillor Flemming, seconded by Councillor Pendlebury and

RESOLVED – the report be noted.

195. Unaudited Statement of Accounts 2024/25

Members were presented with the unaudited Statement of Accounts for 2024/2025 and Annual Governance Statement for 2024/2025 that were currently subject to external audit.

It was agreed that an informal session would be arranged for members to go through this report with officers in detail.

It was proposed by Councillor Webber-Jones, seconded by Councillor Williams and

RESOLVED – the draft Financial Statements and Annual Governance Statement for 2024/2025 be approved.

196. Audit Committee Annual Self-Assessment - Update proposal 2025

Members agreed that an informal session to go through the annual self-assessment for 2025 would be useful.

Members agreed to consider training and the next phase of the action plan in addition to the annual report to Council.

It was proposed by Councillor Flemming, seconded by Councillor Webber-Jones and

RESOLVED – that the content of the report be considered along with all actions required to complete the next phase of the action plan.

(The Meeting closed at 8.02 pm)

CHAIR

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Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Audit Committee

26 November 2025

Wards affected:

all wards

HRA land inclusion on asset register

Report of (Assistant Director of Finance and Audit)

1. Purpose of report

- 1.1 To inform the audit committee of HRA land that has not been included in the asset register.

2. Recommendation

- 2.1 That the audit committee note the report

3. Background to the report

- 3.1 Our External Auditor have noted that there were disposals of HRA land in 2022/23 that related to land that was not in the asset register. This gives an audit concern in relation to the completeness of information in the financial statement, which is based on the asset register. This can lead to a qualification of the audit opinion if sufficient evidence is not provided to ensure the information is materially complete. This was part of the work completed for “back fill” of audit assurance and relates to a year where EY were the auditors, who failed to identify any concerns in this area.
- 3.2 Work on an HRA land strategy was already being completed, which was trying to identify all HRA land held, but this now needs to be linked to the need to ensure information on the asset register is complete for audit purposes.
- 3.3 An initial review of disposals and assets valued for disposal has identified the land valued at £1,086,000 in the table as not on the asset register. These will now be added to the asset register.

HRA sites currently being progressed for disposal

Site	Valuation for disposal	Comments
Garage plots rear of Hazel Street, Desford	£16,500	Approved for sale
Garage plot rear of 11 Willow Street, Desford (1plot)	£3,500	Approved for sale
Garage plot rear of 13 Willow Street, Desford (2 plot)	£11,000	Approved for sale
Land Station Rd, Market Bosworth	£15,000	Approved for sale
Land Beckett Avenue, Market Bosworth	£120,000	Approved for sale
Land Thornfield Avenue, Stoke Golding	£115,000	Approved for sale
Warwick Close, Thornton	£275,000	Next step approval at Full Council

HRA Sites currently being considered for future options

Site	Valuation for disposal
Langdale Road, Hinckley	£135,000
Richmond Road, Hinckley	£150,000
Tudor Road, Hinckley	£245,000

- 3.4 The risk area is HRA land and no other areas, as it is HRA land appearing as a recurring issue for assets not making the register. From an audit perspective they are showing in the accounts as they identified as disposals. We are reviewing other records held in housing, to identify other items of land that may not be on the asset register. Work is currently ongoing, checks on land at 89 HRA garage sites that are considered at risk of not being on the asset register are being reviewed. Full details will be reported as soon as available.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report

6. Legal implications

- 6.1 None

7. Corporate Plan implications

- 7.1 None

8. Consultation

- 8.1 All budget holders and members of Executive, Scrutiny and Finance, Audit and Performance Committee will be consulted in the Budget setting process.

9. Risk implications

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively. It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively
- 9.3 The following significant risks associated with these report / decisions were identified from this assessment:

None

10. Knowing your community – equality and rural implications

- 10.1 The budget process will impact on all areas of the Borough and all groups within the population.

11. Climate implications

- 11.1 There are no direct implications arising from this report

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Asset Management implications

Background papers: None
Contact officer: Ashley Wilson
Executive member: Cllr K Lynch

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Hinckley and Bosworth Borough Council

Audit Committee Update – additional audit risk

November 2025

Change to significant risks identified

We presented our audit plan to the Audit Committee meeting on 25 June 2025. This plan included information on the significant risks we had identified for the Council as a result of our planning procedures. Since we communicated this to you, we have identified an additional significant risk relating to the completeness of HRA land.

Identified risk	Planned audit procedures
<p>Completeness of HRA land</p> <p>As previously communicated to the Audit Committee, we have performed testing on capital movements as part of our approach to rebuilding assurance on the Council’s balance sheet.</p> <p>Our work on asset disposals identified an inconsistency between the value of assets sold, and the amount of sale proceeds received.</p> <p>Further investigation highlighted that the Council has sold items of HRA land which were not recorded in the Council’s fixed asset register and consequently were not included in the value of assets in the balance sheet. There is a risk that the HRA land value may be materially understated.</p> <p>Management is to complete an exercise to understand whether there are any other items of HRA land that are not recorded within the Council’s asset management records.</p> <p>Inherent risk of material misstatement: HRA land (Completeness): High risk</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none">• Documenting our understanding of the process used by management for recording new purchases of HRA land;• Reviewing the exercise undertaken by management to identify additional items of HRA land that are not currently included within the balance sheet;• Testing a sample of HRA land from other source records and ensuring items have been included in the exercise completed by management;• Where HRA land has been revalued ahead of inclusion in the balance sheet we will review the basis on which the valuations are carried out and challenge the key assumptions applied.



Hinckley and Bosworth Borough Council

Auditor's Annual Report
Year ended 31 March 2025

November 2025

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Headlines from our audit

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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 2024/25. The report meets the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office and is required to be published by the Council alongside the statement of 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 Council 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 the previous four years have been disclaimed because of the local authority backstop, it has not been possible to regain full assurance and it is not possible for us to undertake sufficient work to support an unmodified audit opinion ahead of the backstop date of 27 February 2026. The limitations imposed from this lack of assurance on opening balances and closing balances in key areas means we do not expect to be able to form an opinion on the 2024/25 financial statements. We will therefore require to disclaim our audit report.

Narrative report and Annual Governance Statement

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

We anticipate being unable to conclude on whether the other information included in the statement of accounts is consistent with our knowledge of the Council and the financial statements. This is because it is not possible to undertake sufficient audit work to reach a conclusion before the statutory backstop date of 27 February 2026.

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 to 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.

We have not identified any 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 have other powers under the Local Audit and Accountability Act 2014, including the right to issue a Public Interest Report, issue statutory recommendations, issue an Advisory Notice, apply for a judicial review, or apply 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>We have not issued a Public Interest Report this year.</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>We have not made any statutory recommendations this year.</p>	<p>We may issue an advisory notice if we believe 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>We have not issued an advisory notice this year.</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>We did not make an application for judicial review this year.</p>	<p>We may apply to the courts for a declaration that an item of expenditure the Authority has incurred is unlawful.</p> <p>We have not applied to the courts this year.</p>



Headlines from our audit

Findings and recommendations

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Findings from our financial statements audit

Detailed findings from our audit of the financial statements, including our consideration of significant risks, are communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2025
- audit completion (ISA 260) report to Those Charged with Governance

Our audit completion report will be reported to the Council's Audit Committee on 04 February 2026 as we are still performing audit work on the 2024/25 financial statements as of November 2025.

Requests for our audit completion (ISA260) report should be directed to the Council.

Recommendations arising from our financial statements audit

Recommendations relating to internal controls and other matters arising from our financial statements work are contained in the audit completion (ISA 260) report.

Our audit completion report will be reported to the Council's Audit Committee on 04 February 2026 as we are still performing audit work on the 2024/25 financial statements as of November 2025.

Key recommendations arising from our value for money work

We provide a summary of our findings in respect of value for money in the commentary in this report.

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.

We have not made any key recommendations this year.

We will continue to assess this up until the backstop date of 27 February 2026 and report if necessary.

Other recommendations arising from our value for money work

We make other recommendations if we identify areas for improvement which do not relate to identified significant weaknesses

We have made some other recommendations this year, which are included later in this report.



Value for money

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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 not identified any significant weaknesses in the Council’s arrangements and so are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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



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.

Page 19 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 assess 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
- Interviewing, as appropriate, other executive officers and management
- Reviewing Council and committee reports and attending audit committee meetings
- Reviewing reports from third parties
- Considering the findings from our audit work on the financial statements
- Reviewing the Council's Annual Governance Statement and Narrative Report and other publications
- Considering the work of internal audit and the counter fraud function
- Considering other sources of external evidence.



Value for money

Overview

Hinckley and Bosworth Borough Council (the Council) is a borough 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 three-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 110,000 people. The Council provides social housing from an in-house Housing Revenue Account. The Council faces, over the medium term, growing financial challenges and increasing uncertainty over its longer-term income predictions.

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, reorganising multi-tier council areas into a series of unitary authorities with devolved powers at a regional, mayoral level. The changes proposed would impact Hinckley and Bosworth 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. 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 reasonable level of general fund reserves. 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 of State for Local Government and English Devolution asked all councils in two-tier areas to develop proposals to bring together upper and lower tier local government services in new unitary councils. Final detailed proposals were 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.

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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.

General fund

At 31 March 2025 the Council's total general fund stood at £8.357m, a reduction of £618k from the general fund balance at 31 March 2024. The level of earmarked reserves (included within the total general fund balance) decreased during the year from £7.688m to £6.443m. This is a reasonable level of reserves; the Council's net expenditure on services in 2024/25 was £9.343m and this level of reserves provides a buffer for unexpected short-term shocks.

However, 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 non-earmarked general fund balance of £1.914m as at 31 March 2025, whilst currently above the Council's minimum level of 15% of the net budget requirement, is the true reserve for 'unanticipated' cost pressures.

Medium term financial strategy (MTFS)

The Council uses external consultants to aid with identifying pressures and assumptions that are factored into the MTFS. The Council's assumptions in its financial strategy appear reasonable but there is risk attached to them. Assumptions include those for pay awards, inflation and cessation of New Homes Bonus funding. The MTFS also includes 5% relating to transitional funding, or 'damping'. Management acknowledge that there is a high degree of uncertainty relating to this as the government has not confirmed what these arrangements will be.

The Council has historically experienced good growth in Non-Domestic Rates income. The MTFS for the period presented to the Executive Committee in February 2025 therefore includes three scenarios based on whether there is a business rate refresh outside of the MTFS period, a reset in 2027/28, or a reset in 2026/27 (the expected scenario).

The MTFS highlights that in two of the scenarios the Council will be required to make savings in 2027/28 to bridge funding gaps, however the timing of a business rate reset impacts the extent to which savings will be needed to balance the budget. If the reset happens in 2026/27 which is the expected scenario, savings of £3.45m will be required. If the reset happens in 2027/28 £1.89m of savings will be required.

Value for money: financial sustainability

The Council has not had to implement material levels of savings in recent years as reserves have been used to balance any budget shortfalls. However, continued use of reserves to fund shortfalls is not sustainable in the longer term and reduces the Council's ability to absorb unexpected cost pressures, or reductions in income. The Council has started to consider options for savings and additional income generation as a method of bridging funding gaps.

It has also been considering whether there are options for delivering services in ways that better manage cost pressures. The Council is aware that one of its key budget pressures is the increase in demand for temporary accommodation, the additional costs of which are not funded by central government resulting in numerous years where spend has been significantly higher than budget. In order to reduce some of the pressure, the Council produced a business case to purchase 20 accommodation units to use as temporary accommodation which would be funded by the general fund. Some of the associated costs can be reclaimed through housing benefit subsidy. Capital costs as per the business case are expected to be £5.3m for 20 units and a net benefit of £213k per annum is expected to be realised.

Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) on 25 July 2025 stated that "it is essential that decisions regarding ongoing service delivery and the medium-term financial strategy of existing councils do not compromise the future sustainability of new councils". As such the Council has a responsibility for ensuring long term financial sustainability alongside any plans for local government reorganisation.

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Summary

We have not identified any significant weaknesses in the arrangements in place to support financial sustainability.

However, we have discussed the Council's financial outlook with the Section 151 officer who has raised some concerns regarding the potential impact of the three-year funding settlement due to be announced in December 2025. We will therefore review any changes made to the MTFS in light of the announcement and report to the Council should our assessment change following this.

We have made one other recommendation as follows:

The Council should look to develop and finalise options for savings as soon as possible and ensure that the planned savings go far enough to help ensure resilience against any unexpected costs or changes in funding announcements. The Council should also ensure that there are strong arrangements in place to monitor progress against savings plans.



Value for money: governance

This relates to the arrangements in place for overseeing the Council's performance, identifying risks to achievement of 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.

Governance arrangements

The Council has clearly documented governance structures in place which are described in the financial statements and on the Council's website. These include:

- An agreed Constitution which is reviewed annually
- Committee structure which supports Cabinet and the full Council
- An organisational structure which has been kept under review.

Internal audit services are provided to the Council by Mazars and the Audit Committee approves their annual plan of work. At time of writing Mazars had not been able to issue their Head of Internal Audit Opinion for 2024/25 due to delays in receiving management responses to recommendations. However, from attendance at Audit Committee meetings and our review of internal audit reports we are not aware of any significant weaknesses being raised in the Council's internal control.

The outcome from our 2023/24 VFM assessment resulted in the identification of a significant weakness in governance arrangements relating to the Audit Committee not discharging its responsibilities effectively in line with its terms of reference. We made a number of recommendations to address this.

We have assessed the actions taken by the Audit Committee and we consider that there is no longer a significant weakness in arrangements.

However, we have raised an 'other' recommendation that the Audit Committee should continue to implement the remaining items on the action plan which was created following its self-assessment and ensure they are embedded in the ongoing activities of the Committee. The committee should re-assess itself annually to identify any further areas for improvement.

Value for money: governance

Financial monitoring

Financial outturn reports are taken to the Finance and Performance Scrutiny Committee on a quarterly basis. These provide an update on the Council's performance against forecast year to date and full year budget outturn, and explanations for any variances. The outturn report also gives an update on capital spend against forecast and final outturn.

Treasury management reports are presented to the Finance and Performance Scrutiny Committee on a quarterly basis. They provide an update on the levels of borrowing and investments held by the council, and the risk implications.

Heads of service and budget holders are engaged in the budget setting process so that the Council's key priorities, along with expected levels of growth or pressures, can be incorporated into financial plans.

Risk Management

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The Council has a risk management framework which was last updated in June 2024. This was presented to the Audit Committee in January 2025, alongside the latest version of the strategic risk register. The risk management strategy is reviewed on an annual basis and approved by the Audit Committee. All risks are reviewed and monitored throughout the year by the senior leadership team and are reported quarterly to the Finance and Performance Scrutiny Committee.

Summary

We have not identified any significant weaknesses in the Council's arrangements. The Council has effective arrangements in place for overseeing the Council's performance, identifying risks to the achievement of its objectives, the proper management of its risks and taking key decisions.

We have made one 'other' recommendation as follows:

The Audit Committee should continue to implement the remaining items on the action plan which was created following its self-assessment and ensure they are embedded in the ongoing activities of the Committee. The Committee should re-assess itself annually to identify any further areas for improvement.



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.

Local Government Association (LGA) peer review

The Council received a Local Government Association (LGA) peer review in December 2024, the results of which were presented to members in May 2025 along with management's action plan to address the recommendations made in the LGA's report. The report's executive summary is overall positive in nature, but does highlight that the Council will need to clearly define its role in any future partnerships, and would benefit from clearly and publicly re-defining the roles of the executive, scrutiny and audit committees. The report includes nine recommendations, of which "Continue to develop an income and savings plan with councillors and senior staff to minimise future impact of service" echoes our findings regarding the council's financial sustainability.

Partnerships

The Council is involved in a number of partnership arrangements with other local authorities for the provision of a variety of services including Revenues and Benefits and ICT services. The governance and oversight arrangements in place to monitor the performance of these services vary by service. The operation of Hinckley Leisure Centre is outsourced to Places Leisure who have held the contract since 2014. A monthly operational meeting is held to review performance against contract KPIs and the senior leadership team receives updates on this quarterly. An annual performance report for the leisure centre is produced and presented to the Finance and Performance Scrutiny Committee.

Performance reporting

The Council uses InPhase to record and monitor performance against a suite of Key Performance Indicators (KPIs) designed to cover a comprehensive range of the Council's activities. These are used to help monitor both the cost and the effectiveness of services.

The KPI descriptions and targets are reviewed annually by managers to ensure they are still relevant, before being approved by the Senior Leadership Team (SLT). There is a performance manager who is responsible for making sure service managers and KPI owners update the InPhase system so the performance monitoring dashboard is up to date. A quarterly performance report is produced and reviewed by the SLT and is then presented to the Finance and Performance Scrutiny Committee.



Value for money: improving economy, efficiency and effectiveness

The committee also receives a Performance and Risk Management end of year summary. An annual summary of achievements against the corporate plan is produced and presented to full Council.

The Council produced a productivity plan for 2024/25 which looked at the Council's core spending power. As part of this a limited comparison was included comparing costs of four areas to the district councils average using data from LG Inform Value for Money Profiles. The data is only available up to 2022/23 and is only for four metrics relating to total net expenditure per head; total expenditure per head on council tax and housing benefits administration; total expenditure per head on environmental services; total expenditure per head on housing services.

Aside from the above, the Council participates in limited benchmarking activity against other similar local authorities. The Council may benefit from understanding how the costs associated with delivering its services compare to other councils and therefore, when combined with the Council's performance against KPI's, whether the services provided represent value for money.

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Summary

We have not identified any significant weaknesses in the Council's arrangements. The Council has effective arrangements in place for using financial and performance information to make informed decisions for improving the way it manages and delivers services and working with partnerships effectively.



Recommendations

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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.

Observation	Criteria	Other recommendation	Management response
<p>In two of the scenarios included within the MTFS the Council will be required to make savings in 2027/28 to bridge funding gaps. The latest information we have received which considered options for potential savings was from 2024. However, these had not been finalised and were expected to deliver between £1.6-2.7m of efficiencies compared to the savings required in the most likely MTFS scenario of £3.45m. The Section 151 Officer has also raised concerns that, depending on the outcome of the funding settlement expected in December 2025, there could be additional pressures to those currently reflected in the MTFS.</p>	<p>Financial sustainability</p>	<p>The Council should look to develop and finalise options for savings as soon as possible and ensure that the planned savings go far enough to help ensure resilience against any unexpected costs or changes in funding announcements. The Council should also ensure that there are strong arrangements in place to monitor progress against savings plans.</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.

Observation	Criteria	Other recommendation	Management response
<p>The outcome from our 2023/24 VFM assessment resulted in the identification of a significant weakness in governance arrangements relating to the Audit Committee not discharging its responsibilities effectively in line with its Terms of Reference. We made a number of recommendations to address the weakness in arrangements. See page 21 for further detail of our finding and recommendations.</p> <p>We have assessed the actions that the Audit Committee has taken since we raised the recommendations as part of our 2023/24 VFM assessment. We consider that there is no longer a significant weakness in arrangements.</p>	<p>Governance</p>	<p>The Audit Committee should continue to implement the remaining items on the action plan created following its self-assessment and ensure they are embedded in the ongoing activities of the Committee. The Committee should re-assess itself annually to identify any further areas for improvement.</p>	



Value for money: follow up of prior recommendations

The recommendations we made in previous years are set out below, together with actions taken by the Council in 2024/25 to address them. Our detailed commentary is set out in this Auditor’s Annual Report.

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>A review of papers presented at Audit Committee meetings since November 2022 highlighted that the committee had not been receiving information relating to its responsibilities for overseeing risk management and counter-fraud arrangements.</p> <p>Page 33 There were not adequate compensating arrangements in place to gain assurance over these areas through other committees or oversight functions. As a result, oversight of risk management and counter fraud arrangements within the council were not effective.</p>	<p>Governance</p>	<p>Key recommendation: We recommended that the Audit Committee's Terms of Reference are reviewed to ensure they accurately reflect the role of the Committee in the Council's governance arrangements.</p> <p>Following this, an annual work plan should be created to ensure the committee receives appropriate and timely information and assurance from management and others to allow it to discharge its terms of reference effectively.</p> <p>The Audit Committee should also produce an annual report so the Council can receive assurances and monitor the committee’s performance against its delegated responsibilities.</p> <p>The Audit Committee should seek to implement all actions identified following a self-assessment of its effectiveness within timescales specified in the action plan.</p>	<p>We have assessed the actions that the Audit Committee has taken since we raised the recommendation. We consider that there is no longer a significant weakness in the Council’s arrangements for governance.</p> <p>However, we have raised an ‘other’ recommendation that the Audit Committee should continue to implement the remaining items on the action plan which was created following its self-assessment and ensure they are embedded in the ongoing activities of the Committee. The committee should re-assess itself annually to identify any further areas for improvement.</p>



Value for money: follow up of prior recommendations

The recommendations we made in previous years are set out below, together with actions taken by the Authority in 2024/25 to address them. Our detailed commentary is set out in this Auditor’s Annual Report.

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Levels of general fund reserves went below the approved minimum of 15% of the budget requirement in 2023/24 and are forecast to do the same in 2024/25. The Council has historically been reliant on use of reserves to bridge funding gaps. The current MTFS for the period until 2027/28 outlines the impact the timing of a potential business rate reset would have on the levels of available reserves. Consequently, in two of the scenarios include in the MTFS the council will need to implement a savings programme to be able to balance its budget from 2027/28 onwards.</p>	<p>Financial sustainability</p>	<p>Other recommendation- The Council should consider whether savings need to be implemented ahead of 2027/28, and if the planned savings go far enough to help ensure resilience against any unexpected costs or unforeseen changes in funding announcements. The Council should also ensure that there are strong arrangements in place to monitor progress against savings plans.</p>	<p>The latest MTFS we have reviewed was updated in February 2025. The scenario included in the MTFS outlines that in the most likely scenario (a business rate reset in 2026/27) the Council will need to find £3.45m of savings in 2027/28 in order to balance its budget. The latest draft savings plan we have been provided with identify £600k in 26/27 and £1.2m in 27/28, thereby falling short of the required amount.</p> <p>In December 2025 the Council is expecting to hear the results of the three-year financial settlement. MHCLG has contacted the Council to inform them it is likely the Council will be worse off than they currently are over the life of the settlement.</p> <p>We therefore consider this recommendation to still be relevant. However, we will review any changes to the Council’s financial planning following the outcome of the financial settlement and assess whether our recommendation needs to amended at that point.</p>

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Hinckley and Bosworth Borough Council: Internal Audit Final Report **Capital Programme (2024/25)**

Audit Sponsor: Ashley Wilson (Head of Finance)

Audit Contacts: Ilyas Bham (Accountancy Manager)

November 2025

[Reporting Timetable](#)

Debrief Meeting: 09/04/2025

Draft Report Issued: 09/05/2025

Comments Received: 14/07/2025 / 13/10/2025

Final Report Issued: 11/11/2025

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Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley and Bosworth Borough Council (Hinckley) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment, and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations, and confidentiality.

Your One Page Summary

Audit Objective: To assess the design and effectiveness of the control framework for managing the Capital Programme.

Audit rationale

Why the Audit is in Your 2024/25 Plan

High risk area with mixed views on performance.

Your Strategic Risk

S58: Balanced MTFs

Your Strategic / Tactical Objective

No specific strategic / tactical objective

Summary of our opinion

Limited Opinion

See Appendix A1 for definitions

Summary of Recommendations

High (Priority 1)	-	Actions agreed by you	100%
Medium (Priority 2)	6	High Priority completion	N/A
Low (Priority 3)	-	Overall completion	31 March 2026

Summary of findings

Examples of good practice

- ✓ Confirmed for three quarters that a budget outturn report including spend relating to the Capital Programme was presented to Finance & Performance Scrutiny committee.
- ✓ The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy in place which was approved by the Council in February 2024

Highest Priority Findings

- The arrangement for non-complex/small projects is not documented.
- Evidence of project authorisation not provided.
- Projects progress is not consistently monitored.
- Project risks are not consistently monitored.

Key root causes

- The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy is high level and not supported by documented procedures.
- The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy does not define the approach to monitoring project progress for noncomplex projects.

01 Summary Action Plan

Below is a high level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Responsible Person	Due Date
1	<ol style="list-style-type: none"> 1. The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define the characteristics of a complex project, and to include the £250,000 limit. 2. The arrangements for projects not considered complex should be defined and documented. This should include the approach to defining the scope of the project; identifying and monitoring risks; and project monitoring arrangements. 	Medium	Ilyas Bham Accountancy Manager (Deputy S151 Officer)	31 March 2026
2	<ol style="list-style-type: none"> 1. A New Scheme Document or budget authorisation form should be produced for all new projects. This should be considered as part of the authorisation process. 2. Evidence of approval should be retained for all new capital projects. 3. Detailed guidance/procedures should be produced on the approval process for capital projects, including which templates are required to be complete for each project. This should be shared with any staff involved in the process. 	Medium	Ilyas Bham Accountancy Manager (Deputy S151 Officer)	31 March 2026
3	<ol style="list-style-type: none"> 1. The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define the arrangements for monitoring project deliver for non-complex projects. 2. Any projects which do not require their own Project Board should be included in the monitoring spreadsheet used by the ESB, or equivalent overarching boards. 3. The monitoring spreadsheet used by the ESB should be updated to include updates on costs, timescales and risks. 	Medium	Ilyas Bham Accountancy Manager (Deputy S151 Officer)	31 March 2026

Ref	Recommendation	Priority	Responsible Person	Due Date
4	<ol style="list-style-type: none"> 1. The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define when a risk register is required for a project. 2. For any existing projects which meet the above criteria, review should be carried out to ensure that an updated risk register is in place. 	Medium	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	31 March 2026
5	<ol style="list-style-type: none"> 1. Guidance should be produced which defines the handover arrangements which must be followed upon the completion of projects. 2. A formal sign off process should be introduced to confirm that all handover activities have been complete. 	Medium	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	31 March 2026
6	<ol style="list-style-type: none"> 1. Guidance should be produced which defines the lessons learned activities which must be followed, including when the End Project Report is required to be complete. 2. End Project Reports should be reported to the Senior Leadership team and Project Boards to ensure lessons learnt are embedded across all future projects. 	Medium	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	31 March 2026

02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency, and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

Value for Money (VfM)	Sector Comparison
<div data-bbox="219 491 383 655"> </div> <p>Effective project management should result in the achievement of project objectives, which ultimately lead to the achievement of an organisation's strategic objectives and improved overall Value for Money (VfM). Mature organisations (in terms of established project management practices) have shown to deliver more significant cost savings per project.</p> <p>While Hinckley have a Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy which defines the high-level process for capital project planning and the governance framework in place, we found that this is only followed consistently for projects considered to be 'complex', or over £250,000. The arrangements for monitoring project delivery, for example, is not documented or clearly defined for projects under £250,000. This could result in a lack of effective monitoring of projects resulting in an overrun on costs, and potentially not achieving the desired benefits as a result.</p> <p>We found that a project board was only in place for complex projects, and while the Economic Prosperity Board (EPB) is in place to monitor the delivery of low-cost projects, we found that not all projects are monitored through this board, and some do not have alternative formal monitoring and reporting arrangements in place. This potential lack of oversight relating to project scope, costs and risks could impact VfM as a result of the project going over budget or not achieving the desired outcomes. We have raised a recommendation in relation to this in Section 03 of this report.</p>	<div data-bbox="1854 491 2018 647"> </div> <p>In our experience in providing assurance over capital projects in the sector, we have found several best practice and industry standards may be applied to maximise the efficiency of delivering public funded projects.</p> <p>While not mandated, the HM Government Functional Standard 'GovS 002: Project Delivery' (GovS002) is a useful application of good practice for publicly funded works. It defines certain principles to enable successful project delivery such as capturing experiences and lessons learned.</p> <p>It is considered best practice to produce a post project report which documents the outcomes of any lessons learnt reviews and which can then be reported to senior leadership and project teams in order to apply lessons going forward and promote future improvement. While we were advised that lessons learnt would be considered as a result of a project, there is no formal process for reporting on lessons learnt, and we were not provided with evidence of the use of the End of Project Report template to document the outcome of any reviews.</p> <p>We see effective management of the capital programme resulting from the application of defined management processes and procedures. We note that there are no procedures or project manual in place to support the Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy, which provides a high-level approach to the capital programme. We have raised a recommendation in relation to this in Section 03 of this report.</p>

03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1. The arrangement for non-complex/small projects are not documented.	
Finding(s) and Risk	Recommendation(s)
<p>Hinckley has a Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy in place which was approved by the Council in February 2024. This document defines the high-level process for capital project planning and the governance framework, including authorisation, approval and monitoring arrangements.</p> <p>We were advised by the Accountancy Manager that the process is only to be followed for complex projects, or projects over £250,000. They advised that projects of less than £250,000 would follow a more simplistic approach and would not require the completion of a Project Initiation Document. The £250,000 limit was not documented in the Capital Strategy, and it was not defined what characteristics result in a project being considered complex however it was documented in the Economic Prosperity Board Terms of Reference (December 2024). The Economic Prosperity Board is responsible for overseeing and ensuring delivery of the outcomes of the Council's property and investment projects and regeneration schemes. We note that projects within the programme under £250,000 make up a combined total of £1.7 million of the £25.7 million total.</p> <p>Furthermore, we note that for smaller/projects not considered complex, there was no formal process to document and define other considerations such as scope, risk or timescales of each project.</p> <p>Risk and Impact: Where scope, risk or timescales are not defined, there is a risk that projects may overrun or exceed expected costs, or expected benefits not being achieved.</p>	<p>The arrangements for projects not considered complex should be defined and documented. This should include the approach to defining the scope of the project; identifying and monitoring risks; and project monitoring arrangements.</p>
	Root Cause(s)
	<p>No clear framework or templates in place for managing non-complex projects as complex projects are prioritised.</p>
Management Comments / Agreed Actions	

The £50,000 definition is in the Economic Prosperity Board's terms of reference. All projects are reported as part of the budget monitoring process to SLT and Finance and Performance. Non-Complex projects are managed by budget holders. This monitoring of these projects will be added to the overview process by the Economic Prosperity Board (EPB).

Responsible Person	Ilyas Bham Accountancy Manager	Action Due Date	31 March 2026
		Priority Level	Medium

2. Evidence of project authorisation not provided

Finding(s) and Risk

The authorisation limits for each project are defined within the Financial Procedure Rules, based on the total value of the project. We were advised that for each project, a New Scheme Document or budget authorisation form should also be produced, which breaks down the total expected costs of the project for approval.

For a sample of five projects, we sought to confirm that each had been approved in accordance with the Financial Procedure Rules. For one of the five projects, relating to car park major works with a total cost of £160,000, evidence of approval was not provided at the time of the audit. Furthermore, while we note that the total budget was approved within the Capital Programme, we were unable to ascertain that the budgets were supported by accurate breakdown of costs, as the New Scheme Document and budget authorisation form were not provided for one of the samples of five projects.

We note that there are no procedures/manuals in place to provide guidance to staff in following the governance arrangements with regards to the Capital Programme.

Risk and Impact: When a project is not supported by an approved and accurate budget, there is a risk of value for money not being achieved.

Recommendation(s)

1. A New Scheme Document or budget authorisation form should be produced for all new projects. This should be considered as part of the authorisation process.
2. Evidence of approval should be retained for all new capital projects.
3. Detailed guidance/procedures should be produced on the approval process for capital projects, including which templates are required to be complete for each project. This should be shared with any staff involved in the process.

Root Cause(s)

Supporting procedures are not in place.

Management Comments / Agreed Actions

All capital projects re approved by members as part of the budget setting process and their approve is minuted The EPB have already set in place forms for the setting up of new projects and these will be put forward for use in the case of complex, projects (Over £250,000). Smaller projects will have a simplified form for completion put in place. The budget authorisation forms have been drafted, and the forms and requirements have already been sent to all staff in March 2025.

Responsible Person	Ilyas Bham Accountancy Manager	Action Due Date	31 March 2026
		Priority Level	Medium

3. Projects are not consistently monitored

Finding(s) and Risk

The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy defines that project progress should be monitored by the Project Team and that the Project Board will receive Highlight Reports and a Project Risk Register. We were advised that this only applies to complex projects.

From a sample of five projects, we were advised that a project board was only in place for one project. We were advised that for small projects, they will be monitored through various project boards covering multiple projects in the programme, such as the Economic Prosperity Board (EPB) which covers all projects relating to the Council's property and investment projects and regeneration schemes. We were provided with a spreadsheet used for monitoring projects which are the responsibility of the EPB. We sought the confirm that the four projects from our sample which did not have a Project Board in place were included and were being monitored by the EPB. We note none of the four projects were included in the spreadsheet.

Furthermore, on review of the spreadsheet we found this did not include information such as: current costs, expected timescales and whether these have been met, or ongoing risks.

Risk and Impact: Where scope, risk or timescales are not monitored, there is a risk that projects may overrun or exceed expected costs, or expected benefits not being achieved.

Recommendation(s)

1. The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define the arrangements for monitoring project deliver for non-complex projects.
2. Any projects which do not require their own Project Board should be included in the monitoring spreadsheet used by the EPB or equivalent overarching boards.
3. The monitoring spreadsheet used by the EPB should be updated to include updates on costs, timescales and risks.

Root Cause(s)

The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy does not define the approach to monitoring project progress for noncomplex projects.

Management Comments / Agreed Actions

The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy will be updated to define the arrangements for monitoring project deliver for non-complex projects.

The Economic PB is for items over £250k unless requested, so is this really required or adding value, what are the benefits of this as reported to budget holders, SLT and F&P members on a quarterly bases as part of the Outturn reports.

Where relevant they will be included, the EPB already has a RAG rating, which covers a high-level risk position.

Responsible Person	Ashley Wilson	Action Due Date	31 March 2026
	Assistant Director Finance & Audit (S151 Officer)	Priority Level	Medium

4. Risks are not consistently monitored			
Finding(s) and Risk		Recommendation(s)	
<p>The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy states that prior to project approval and sign off, a feasibility exercise will be carried out to identify the project objectives, project cost and project risks.</p> <p>For the sample of five projects, we sought to confirm that the risks had been identified. However, an active risk register could only be provided for one of the five projects. We were advised for smaller projects that there is no defined approach to identifying and recording risks, or when a risk register is required for a project.</p> <p>Risk and Impact: Where risks are not defined or monitored, there is a risk that projects may overrun or exceed expected costs, resulting in expected benefits not being achieved.</p>		<div><div>1. The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define when a risk register is required for a project.</div><div>2. For any existing projects which meet the above criteria, review should be carried out to ensure that an updated risk register is in place.</div></div>	
		Root Cause(s)	
		The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy is high level and not supported by documented procedures.	
Management Comments / Agreed Actions			
Agree. Definitions of when a risk register is required for a project will be included and risk registers are already in place for key projects. This will be discussed with service heads to see what the most practical way to do this is. However, for the small expenditure samples selected this would be overly onerous in terms of the benefits derived. 4 out of 5 were less than £250k.			
Responsible Person	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	Action Due Date	31 March 2026
		Priority Level	Medium

5. A lack of formal completion and handover activities.

Finding(s) and Risk

Upon the completion of capital projects, it is essential to have formal handover activities to ensure an effective and robust transition of responsibilities. We were advised that the handover in relation to capital projects is not defined or documented and that handover activities would be done on a project-to-project basis. We were further advised that the outcomes were not documented and therefore we were unable to test in this area.

Risk and Impact: In absence of consistently apply mandated completion and handover activities, there is a risk of poor uptake from end users/stakeholders and the risk of reputational damage or missed achievement of benefits.

Recommendation(s)

1. Guidance should be produced which defines the handover arrangements which must be followed upon the completion of projects.
2. A formal sign off process should be introduced to confirm that all handover activities have been complete.

Root Cause(s)

No formal documented approach to follow.

Management Comments

Agree. Guidance will be included in updates to project documentation. The sign off process can be included in the Project Guidance document but will take into consideration the type and complexity of the capital project. i.e. handing over a refurbished building compared to installation of ICT equipment.

Responsible Person

Ashley Wilson
Assistant Director Finance & Audit (S151
Officer)

Action Due Date

31 March 2026

Priority Level

Medium

6. No formal process for assessing lessons learned upon the completion of a project

Finding(s) and Risk	Recommendation(s)
<p>It is important to assess a project upon its completion, to identify any issues and their root causes; opportunities for improvement to allow for improving performance; and to avoid repeat mistakes for future projects. It is best practice to produce a post project report which documents the outcomes of any lessons learnt reviews and then report to senior leadership and project teams in order to apply lessons going forward.</p> <p>We were advised that whilst lessons learnt would be considered as a result of a project, there is not a formal process for reporting on lessons learnt to ensure they can be embedded for future projects. We were however provided with an End of Project Report template which includes a section for the Achievement of the Projects Objectives; Performance Against the Planned Target Time and Cost; and the Key Learning Points. However, no evidence was provided to confirm these had been completed for recently completed projects.</p> <p>We note that the requirement for the End Project Report is not documented.</p> <p>Risk and Impact: Where formal lessons learnt activities are not carried out and reported, there is a risk that mistakes relating to cost and delivery are repeated for future projects, resulting in expected benefits not being achieved.</p>	<ol style="list-style-type: none"> 1. Guidance should be produced which defines the lessons learned activities which must be followed, including when the End Project Report is required to be complete. 2. End Project Reports should be reported to the Senior Leadership team and Project Boards to ensure lessons learnt are embedded across all future projects.
	Root Cause(s)
	No documented approach to lessons learned activities.

Management Comments / Agreed Actions

Agree. Lessons learned is included in the Project Templates. Anything which needs highlighting can be added to an annual report to the EPB. The same annual report to the Economic Partnership Board could be forwarded to SLT as required.

Responsible Person	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	Action Due Date	31 March 2026
		Priority Level	Medium

A1 Audit Information

Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley has in place adequate and appropriate policies, procedures, and controls in relation to the management of the Capital Programme, with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

Capital Programme Management

- The processes defined for managing projects within the Capital Programme do not align with the agreed best practice methodology and exposes Hinckley to risk in terms of successful delivery.

Investment Criteria and Selection

- Projects in the capital programme are initiated without a basis of investment criteria, leading to resources used for projects with limited beneficial value.

Project Appraisal and Approval

- Hinckley does not include relevant assumptions/costs in appraisals which may lead to approval of unviable or unsuitable projects.
- Capital Project appraisals do not adequately identify the required parameters for successful delivery to time, scope, and budget impacting the optimum use of programme funds.
- Approval criteria for Capital Projects are unclear and inconsistently applied which may lead to approval of unviable or unsuitable projects.

Project Monitoring

- Projects are not accurately monitored and managed leading to scope creep and slippages in time, budget and quality parameters.
- Governance processes are inadequate for the delivery of Capital Projects, leading to poor decision-making impacting project quality and benefits realisation.

Completion and Handover

- Capital Projects do not consistently apply mandated completion and handover activities leading to poor uptake from end users/stakeholders and the risk of reputational damage or missed achievement of benefits.
- Lessons learned are not considered post capital projects leading to repeated mistakes, increased costs, and compromised quality in future projects.

Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels		
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.	
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.	
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.	
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.	
Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

Statement of Responsibility

We take responsibility to Hinckley for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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FORWARD PLAN FOR AUDIT COMMITTEE 2024-2025

Item	Date	Contact
Update on Audit Committee Action Plan for improvement Internal Audit Report (TBC) External Audit Reports Audit Plan for 2024/25 Fraud report (If any issues to report) Training needs confirmed	25 June 2025	S151 Officer/ Chair of Audit Committee Mazars Azets Monitoring Officer/S151 Officer Chair of Audit Committee
Financial Reporting (Draft Financial Statements) Governance Risk and Control (Draft Annual Governance Statement) Chair/Deputy Chair Private Pre-Meet External Audit Annual Report of Audit Committee to Council Audit Committee Annual Self-Assessment Corporate Risk Register report Fraud Risk assessment/ Fraud Strategy and Action plan Internal Audit Report (TBC) External Audit Reports (TBC)	1 Oct 2025	S151 Officer Deputy S151 Officer S151 Officer Chair of Audit Committee Chair of Audit Committee Chair of Audit Committee Monitoring Officer/S151 Officer S151 Officer Mazars Azets
Internal Audit Report (TBC) External Audit Reports (TBC) Fraud report (If any issues to report)	26 Nov 2025	Mazars Azets Monitoring Officer/S151 Officer
Internal Audit Report (TBC) External Audit Reports (Annual Audit Report on financial statements)	4 Feb 2026	Mazars Azets

Financial Reporting (Final Financial Statements) Fraud Strategy and Action plan update Governance Risk and Control (Final Annual Governance Statement)		S151 Officer S151 Officer S151 Officer
Corporate Risk Register report Update on Audit Committee Action Plan for improvement Financial Reporting (Approve Accounting Policies) Internal Audit Report (TBC) External Audit Reports (TBC) Fraud report (If any issues to report) Training needs confirmed	1 April 2026	Monitoring Officer/S151 Officer S151 Officer Deputy S151 Officer Mazars Azets Monitoring Officer/S151 Officer Chair of Audit Committee