



Hinckley and Bosworth Borough Council

Internal Audit Final Report

Leisure Centre (04.2024/25)

Audit Sponsor: Simon Jones, Cultural Services Manager

Audit Contacts: Karen Mason, Physical Activity Manager



June 2025

[Reporting Timetable](#)

Debrief Meeting: 25/03/2025

Draft Report Issued: 09/05/2025

Comments Received:
11/06/2025

Final Report Issued: 12/06/2025

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Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley & Bosworth Borough Council 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.

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Your One Page Summary

Audit Objective: To provide assurance on the adequacy and effectiveness of the key controls in place in relation to the Leisure Centre.

Audit rationale

Why the Audit is in Your 2024/25 Plan

To assess key controls in place in relation to the Council's Leisure services.

Your Strategic Risk

N/A- no specific strategic risk.

Your Strategic / Tactical Objective

Help people to stay healthy, happy and active and continue to provide initiatives that support children and young people, older people and our vulnerable residents.

Summary of our opinion

Moderate Opinion

See Appendix A1 for definitions

X

Summary of Recommendations

High Priority	-
Medium Priority	1
Low Priority	-

Actions agreed by you	100%
High Priority completion	N/A
Overall completion	October 2025

Summary of findings

Examples of good practice

- ✓ Review of Performance and Technical reports from February 2024 to January 2025 confirmed that Hinckley received monthly updates on performance from their Contractor, Places Leisure.
- ✓ Reports from November 2024 to January 2025 identified that Hinckley receive data on customer feedback to monitor performance.
- ✓ Hinckley Leisure Centre was subject to an Annual Performance Review by Scrutiny in September 2024.

Highest Priority Findings

- The Finance & Performance Scrutiny presentation, prepared by Places Leisure, included inaccurate finance data.

Key root causes

- A lack of verification of the finance data reported by Places Leisure.

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	Hinckley should: <ol style="list-style-type: none">1. Report the accurate figure to Finance & Performance Scrutiny Committee.2. Verify the finance data reported by Places Leisure going forward, prior to reporting to Scrutiny.	Medium	Simon Jones Cultural Services Manager	31 October 2025

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



Value for Money (VfM) in the public sector is achieved when processes and outputs are economic, effective, and efficient. This is especially key in contract management, to ensure that Council property is managed and used effectively.

Economy can be attained by negotiating competitive terms within the existing contract. While we noted that the annual management fee collected by the Hinckley is contractually set and not subject to annual review, this ensures financial predictability and prevents risk to both parties. However, as outlined in Hinckley's Leisure Management Contract, the annual management fee is subject to annual indexation.

Value for money can also be achieved by implementing preventive maintenance to reduce costs. We confirmed that Hinckley receive monthly Technical Reports which outline Planned Preventive Maintenance and Full-Service Agreements. We also confirmed that the Council receive monthly Corrective Action Logs which are used to monitor maintenance undertaken by the Contractor, Places Leisure. Receiving regular maintenance updates helps to ensure that potential issues are identified and addressed at an early stage, ultimately saving money and providing greater value for money in the long run.

Additionally, effectiveness can be achieved by monitoring contractor performance using Key Performance Indicators (KPI's) and engaging with the community to align services with their needs. We noted that Hinckley receive monthly performance reports which include a KPI summary, and Red and Green Flag reports based on customer feedback to monitor the effectiveness of the service provided.

Sector Comparison



Contract management is a critical function for councils to ensure that services provided by contractors meet the required standards and deliver value for money. Effective contract management involves several key practices. Firstly, councils should define clear contractual terms, including performance expectations and reporting requirements. We noted that within Hinckley's Leisure Management Contract there are several reporting requirements which must be fulfilled by Places Leisure including the production of monthly Performance and Technical reports. We received the Technical and Performance reports from February 2024 to January 2025 to confirm that Places Leisure have fulfilled the reporting requirements.

At peer organisations, regular performance monitoring against Key Performance Indicators (KPIs) is essential to ensure that contractors are meeting the council's expectations. We confirmed that Hinckley receive KPI's within monthly performance reports produced Places Leisure.

Additionally, the National Audit Office (NAO) framework for contract management¹ outlines the importance of clear financial management and value for money throughout the contract lifecycle. Financial performance monitoring can enable councils to monitor whether they are achieving value for money. Review of the Hinckley Leisure Centre Finance & Performance Scrutiny presentation, prepared by Places Leisure, identified inaccurate finance data. We have raised a recommendation regarding this in Section 03.

¹ [Good practice contract management framework.pdf](#)

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. Inaccurate data used within the Finance & Performance Scrutiny presentation.	
Finding(s) and Risk	Recommendation(s)
<p>To ensure the Council is achieving value for money, accurate financial reporting for the Leisure Centre should be in place. The Physical Activity Manager advised that there is an annual requirement to report to the Finance & Performance Scrutiny Committee in September each year. We confirmed that the Hinckley Leisure Centre Annual Performance Review for 2023/24 was presented to the Finance and Performance Scrutiny Committee in September 2024. This included a presentation provided by representatives from Places Leisure which covered the Leisure Centre’s financial performance from April to July 2024.</p> <p>We sought to confirm that the finance data presented by Places Leisure to the Scrutiny Committee was accurate. Review of the backing data for a sample of four figures used to measure financial performance (Operational Trading, Income, Fitness Income, and Swimming) identified that the figure used for Operational Trading was inaccurate. The presentation states that Operational trading (excluding management fee) is £44,878 profit year to date. Review of email correspondence between the Contracts Manager from Places Leisure and the Physical Activity Manager on the 24 May, identified that the correct figure should have been £222,622.</p> <p>The Contracts Manager advised that the error occurred due to running the report for August before accounts were finalised, resulting in an incorrect figure. However, we confirmed that this figure was not included in the Hinckley Leisure Centre Annual Performance Review 2023/24 Report.</p> <p>Risk and Impact: Where data related to financial performance is misstated by Places Leisure, this may lead to decision making by Hinckley that is based upon inaccurate data.</p>	<p>Hinckley should:</p> <ol style="list-style-type: none"> 1. Report the accurate figure to Finance & Performance Scrutiny Committee. 2. Verify the finance data reported by Places Leisure going forward, prior to reporting to Scrutiny. <p>Root Cause(s)</p> <p>A lack of verification of the finance data reported by Places Leisure.</p>
Management Comments / Agreed Actions	

The issue noted does not change the level of management fee received by HBBC, but it is accepted the error occurred, which was mainly down to timing issues faced by Places for People in drafting the information. We will double check the amount reported to Finance & Scrutiny commission this year to ensure it is not repeated

Responsible Person	Simon Jones Cultural Services Manager	Action Due Date	31 October 2025
		Priority Level	Medium

A1 Audit Information

Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley & Bosworth Borough Council has in place adequate and appropriate policies, procedures and controls in relation to the Leisure Centre 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:

Governance

- Governance arrangements are not in place to ensure that the services provided meet the expectations and visions of the council.

Health and Safety

- The Leisure Centre is not compliant with applicable health and safety legislation.

Income

- Inaccurate annual management fees, owed by the service provider, are collected by the Council.
- Service fees are not subject to annual review, in accordance with the contract, resulting in income not being maximised.
- Income due to the Council, as a result of the profit share agreement, is not collected.

Contract Performance

- Inadequate contractor performance results in poor service delivery and reputational damage.

Financial Control

- The Council does not achieve value for money as a result of inadequate or inaccurate financial control.

Planned and reactive maintenance

- The Leisure Centre is not maintained resulting in deterioration of Council assets.
- Unauthorised or inappropriate adaptations are undertaken on Council assets.

Management information and reporting

- Inaccurate or untimely reporting on performance resulting in inappropriate decision making.

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 & Bosworth Borough Council 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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