



Hinckley and Bosworth Borough Council

Auditor's Annual Report
Year ended 31 March 2025

November 2025

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Headlines from our audit



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

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



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.

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.

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.

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.

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

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.

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



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>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>



