

Public Document Pack



**North East
Derbyshire**
District Council

Contact: Amy Bryan
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Date: Friday, 9 May 2025

To: **All Members of the Council**

You are summoned to attend a meeting of the Council to be held on **Monday, 19 May 2025 (or following the Annual Council meeting, whichever is the soonest) at 3.00 pm** in the Council Chamber, District Council Offices, Mill Lane, Wingerworth, Chesterfield S42 6NG.

Group meetings will be arranged, where necessary, by the Group Leaders.

The meeting will also be live streamed from the Council's website on its You Tube Channel. Click on the following link if you want to view the meeting:

[North East Derbyshire District Council - YouTube](#)

Yours sincerely

A handwritten signature in black ink, reading "Sarah Steuberg".

Assistant Director of Governance and Monitoring Officer

A G E N D A

1 Apologies for Absence

2 Declarations of Interest

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interests, not already on their register of interests, in any items on the agenda and withdraw from the meeting at the appropriate time.

3 Chairman of the Council's Announcements

4 Leader of the Council's Announcements

5 Public Participation

In accordance with Council Procedure Rule No 8 to allow members of the public to ask questions about the Council's activities for a period up to fifteen minutes. The replies to any such questions will be given by the appropriate Cabinet Member. Questions must be received in writing or by email to the Monitoring Officer by 12 noon twelve clear working days before the meeting.

No questions have been submitted under Procedure Rule No 8 for this meeting.

6 Local Government Reorganisation Update

To receive a verbal update from the Managing Director and Head of Paid Service.

7 Auditors Annual Report 2023/24 (Pages 5 - 36)

8 To answer any questions from Members asked under Procedure Rule No 9.2

In accordance with Council Procedure Rule No 9.2 to allow Members to ask questions about Council activities. The replies to any such questions will be given by the Chair of the Council or relevant Committee or the appropriate Cabinet Member. Questions must be received in writing or by email to the Monitoring Officer by 12 noon twelve clear working days before the meeting.

Question 'A' – Proposed by Councillor R Shipman to Councillor S Pickering, Portfolio Holder for Environment and Place

How many reports of fly tipping have been logged in North East Derbyshire and how of those have had fines issued?

9 To consider any Motions from Members under Procedure Rule No 10

In accordance with Council Procedure Rule No 10 to consider Motions on notice from Members. Motions must be received in writing or by email to the Monitoring Officer by 12 noon twelve clear working days before the meeting.

No motions have been submitted under Procedure Rule No 9.2 for this meeting.

10 **Chair's Urgent Business**

To consider any other matter which the Chair is of the opinion should be considered as a matter of urgency.

Access for All statement

You can request this document or information in another format such as **large print** or **language** or contact us by:

- **Phone** - [01246 231111](tel:01246231111)
- **Email** - connectne@ne-derbyshire.gov.uk
- **Text** - [07800 00 24 25](tel:07800002425)
- **BSL Video Call** – a three way video call with us and a BSL interpreter. It is free to call North East Derbyshire District Council with [Sign Solutions](#) or call into the offices at Wingerworth.
- Call with [Relay UK](#) via textphone or app on [0800 500 888](tel:0800500888)– a free phone service
- **Visiting** our [offices](#) at Wingerworth – 2013 Mill lane, [S42 6NG](#)

North East Derbyshire District Council

Council

19 May 2025

Auditor's Annual Report 2023/24

Report of the Deputy Leader of the Council with responsibility for Finance

Classification: This report is public

Report By: **Jayne Dethick, Director of Finance and Resources (S151 Officer)**

Contact Officer: **Jayne Dethick**

PURPOSE / SUMMARY

For Council to consider the Annual Audit Report in respect of 2023/24 which has been prepared by Forvis Mazars LLP for consideration by elected Members of the Council and other stakeholders.

DECISION ROUTE AND REASON FOR DECISION BEING BROUGHT TO COUNCIL

- The report is for Council's information.

RECOMMENDATIONS

1. That Council considers and notes the attached report from the Council's External Auditors, Forvis Mazars.

Approved by the Portfolio Holder – Cllr P Kerry, Deputy Leader with responsibility for Finance

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

There are no additional financial implications arising from this report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

There are no legal implications directly arising from this report.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

There are no staffing issues arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £125,000 <input type="checkbox"/> Capital - £310,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Equality Impact Assessment (EIA) details:	
Stage 1 screening undertaken <ul style="list-style-type: none"> Completed EIA stage 1 to be appended if not required to do a stage 2 	No, not applicable
Stage 2 full assessment undertaken <ul style="list-style-type: none"> Completed EIA stage 2 needs to be appended to the report 	No, not applicable
Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet <input checked="" type="checkbox"/> SMT <input checked="" type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details:

Links to Council Plan priorities;

- A great place that cares for the environment
- A great place to live well
- A great place to work
- A great place to access good public services

All

REPORT DETAILS**1 Background** *(reasons for bringing the report)*

1.1 The Statement of Accounts is a statutory document which sets out the Council's income and spending during the financial year and its balances at the end of the financial year. The Council published its audited Statement of Accounts in respect of 2023/24 on 28 February 2025 as per the statutory backstop date.

1.2 The statements were audited by the Council's external auditors, Forvis Mazars LLP.

2. Details of Proposal or Information

2.1 The auditor's annual report summarises the work undertaken by the Council's external Auditors, Forvis Mazars LLP, for the year ended 31 March 2024. It provides an opinion on the financial statements, the Council's value for money arrangements and any other wider reporting responsibilities.

2.2 The report is attached at Appendix 1 for the Council's consideration.

3 Reasons for Recommendation

3.1 To ensure that Council is able to effectively consider the outcomes of the work undertaken by the Council's external auditors.

4 Alternative Options and Reasons for Rejection

4.1 There are no alternative options for consideration.

DOCUMENT INFORMATION

Appendix No	Title
1	Auditor's Annual Report 2023/24 – Forvis Mazars
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	
None	



Auditor's Annual Report

North East Derbyshire District Council – year ended 31 March 2024

February 2025

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- 01 Introduction
- 02 Audit of the financial statements
- 03 Commentary on VFM arrangements
- 04 Other reporting responsibilities

- A Appendix A: Further information on our audit of the financial statements

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.
Forvis Mazars LLP – The Corner, Bank Chambers, 26 Mosley Street, Newcastle Upon Tyne, NE1 1DF Tel: +44 (0) 191 383 6300 – www.forvismazars.com/uk
Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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Introduction

Introduction

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for North East Derbyshire District Council (‘the Council’) for the year ended 31 March 2024. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 28 February 2025. Our opinion on the financial statements was unqualified.



Value for Money arrangements

We did not identify any significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Council’s arrangements.



Wider reporting responsibilities

At the date of reporting our work on the Council’s Whole of Government Accounts return remains incomplete whilst we wait for final instructions from the National Audit Office

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2024 and of its financial performance for the year then ended. Our audit report, issued on 28 February 2025 gave an unqualified opinion on the financial statements for the year ended 31 March 2024.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified.

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 appropriately tailored to the Council's circumstances. Draft accounts were received from the Council on 16 September 2024 and were of a good quality.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties, and we have had the full co-operation of management.

Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Council.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

03

Our work on Value for Money
arrangements

VFM arrangements


Overall Summary





VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- 

Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- 

Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- 

Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria		Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
	Financial sustainability	11-14	No	No	No
	Governance	15-17	No	No	No
	Improving economy, efficiency and effectiveness	18-19	No	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Position brought forward from 2022/23

We reported in our Annual Auditor's Report for 2022/23, that we had:

- Reviewed the 2022/23 financial performance and forecasts during the year and considered the Council's financial outturn position as presented in the financial statements.
- Reviewed the Council's Annual governance Statement for any significant issues and considered the general findings from our audit work in other areas.
- Reviewed the Council's capital expenditure and financing arrangements.

There are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from 2022/23. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2023/24, with an established set of processes for budget setting, monitoring and financial control, including arrangements for scrutiny, consultation and integration with business plans to produce the annual budget.

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2023/24. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to meet the needs of the Council's service users.

The Council's financial planning and monitoring arrangements

The Council monitors performance by service, integrating finance and performance management to provide a complete overview against Council Plan objectives. Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements, we confirmed the Council's arrangements for budget monitoring are in place, including reporting to Members on a regular basis. Our review of budget reporting has noted that variances against budget are explained. The outturn position reported in July 2024 was not significantly different to the forecast outturn reported in the year.

On the 26th January 2023 the council presented the Medium Term Financial Plan (MTFP) to the Cabinet, which showed a balanced budget for 2023/24. In its MTFP the council projected shortfall and budgeted for this to be funded by contributions from resilience reserves. Below are the figures from the revised budget for 2023/24 presented to the Cabinet on 25 January 2023.

Year / £m	2023/24	2024/25	2025/26	2026/27	2027/28
Planned Budget (Surplus) / Shortfall before council tax	0.524	0.302	0.972	1.852	1.971
Council tax increase	0.193	0.202	0.404	0.606	0.808
Contribution (to) or from reserves	0.331	0.100	0.568	1.246	1.163

As per above, the Council projected a shortfall of £0.331m as per the updated budget. However, as reported to Cabinet in July 2024 the financial outturn, of the Council detailed that it had been successful in removing the need to utilise the use of reserves to fund the General Fund budget. The outturn report detailed a contribution of £0.244m to the Resilience Reserve. This followed an overall reported underspend on net cost of services of £0.525m.

Budget Setting and the Medium-Term Financial Plan

We confirmed through review of minutes that the Council's budget setting arrangements follow an agreed timetable. This timetable allows time for scrutiny and challenge of the Council's plans. Our review of the MTFP confirms the MTFP highlights the risks and uncertainties, such as continued financial pressures including the delays in the local government funding reform which makes setting the MTFP uncertain. The MTFP detailed that the Council continued to identify savings and implement them. The 2023/24 and 2024/25 MTFP took into account pay awards and inflationary increases in expenses such as energy costs, fuel, etc. The Council also updated the budget for agreed changes to fees and charges.

We have reviewed Committee reports covering the 2023/24 and 2024/25 Medium-Term Financial Plan and we met with officers throughout the year. We are satisfied the MTFP for 2023/24 and 2024/25 sufficiently explained the revenue and capital budgets. We identified no indication of excessive use of capital flexibilities to support revenue expenditure. There is no indication that the Council's Medium Term Financial Plan and budget setting process is not aligned to supporting plans given the Council has a track record of delivering against budget. We confirmed MTFP were approved by Cabinet and Council in February 2023 and 2024. At the time of drafting this report the 2025/25 MTFP is going through similar approval.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

2023/24 Statement of Financial Position and Outturn Report

We have reviewed the Council's outturn reports 2023/24:

£m	Budget	Outturn	Variance
Net Cost of Services	14.034	13.509	0.525
Net Cost of HRA Services	7.400	7.412	0.012

As detailed in the outturn report presented in July 2024 the variance in cost of services was mainly made up of savings in supplies and services and pay costs.

The Council's usable reserves have increased by £2.071m from £69.894m to £71.965m in 2023/24, with:

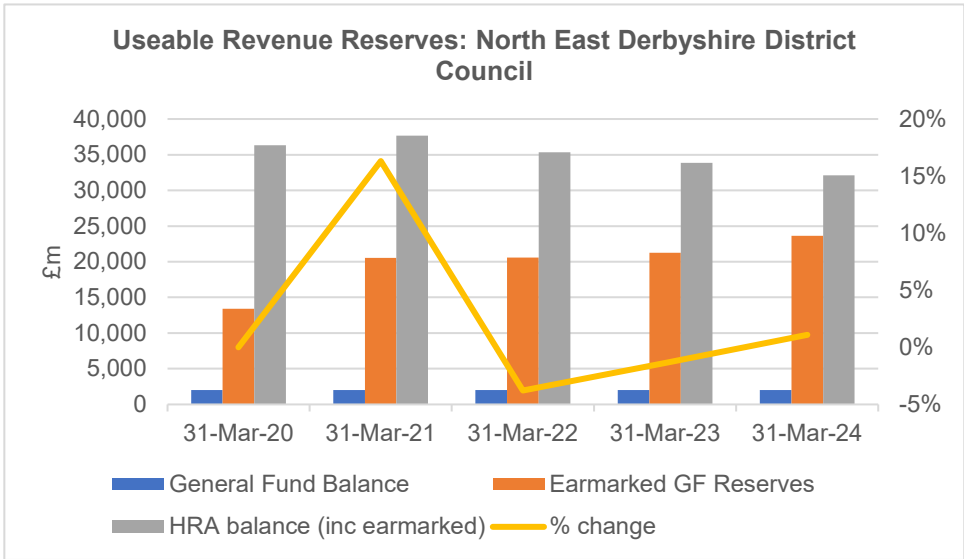
- Combined General Fund and GF earmarked reserves of £25.644m, up from £23.272m in the prior year
- Housing Revenue Account Reserve of £32.108m, down from £33.860m
- Capital Receipts Reserve of £3.642m , down from £3.863m

The council maintains a balance of £2m in General Fund and transfer the remaining balance in earmarked reserves every year. For the Housing Revenue Account (HRA), the Council maintains a balance of £3m in HRA reserve and transfer the remaining balance in earmarked reserve. Our review of the outturn report and statement of accounts confirmed there was no significant unplanned use of reserves in 2023/24.

The purpose of the Council's General Fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Whereas earmarked reserves, are set aside for specific purposes. The Section 151 Officer confirms as part of the budget setting arrangements that they are satisfied the levels of reserves are adequate to fund the Council's planned expenditure and risks that face the Council.

Our audit work has not highlighted any evidence of a significant weakness in arrangements or indicators of a risk to the Council's financial sustainability.

Through a review of the financial statements, we have considered the Council's revenue reserves over time as shown in the charts below. The Council's reserves position does not indicate a risk of significant weakness in arrangements to secure financial sustainability.



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

The Council's capital expenditure and financing

The Council's arrangements for setting and monitoring capital expenditure are consistent with the previous year, which we did not identify evidence of a weakness in arrangements. We considered the Council's capital financing requirement as set out in Note 37 of the financial statements, which has increased from £183.936m in 2019/20 to £202.852m in 2023/24. We also considered the sources of capital finance in the capital programme, which shows over the past four years capital spend has been mainly financed through grants and contributions.



In 2023/24, the Council spent £41.472m on capital additions and £3.977m of REFCUS. Our testing of these balances did not identify any material issues.

The Councils Minimum Revenue Provision (MRP) Statement is approved in the Annual Treasury Investment Strategy. The 2023/24 MRP Statement was approved by Council in January 2023. The council's MRP for the 2023/24 financial year was £0.146m. The Councils Capital Financing Requirement (CFR) as reported in the 2023/24 Statement of Accounts was £178.984m, which include amounts relating to the HRA. The remaining £23.868m includes loans to third party of £15.853m with capital receipts being used to reduce the CFR. The loans are to Rykneld Homes (RHL) and Northwood. Officers have confirmed loan repayments continue in line with agreements and have not highlighted to us any risks to the repayment of these loans which may indicate a potential weakness in arrangements. The MRP on the residual is c.2% (after adjusting for in year additions). The Council deem the MRP policy appropriate and this was approved for the 2024/25 financial year by full Council in January 2024. We are satisfied the Council's capital expenditure and capital financing does not give rise to a risk of significant weakness in arrangements, however, the importance and impact of the MRP is often poorly understood outside of finance teams and can lead to significant issues affecting the financial sustainability of a local authority. It is important that the Council continues to monitor its MRP policy and charges to ensure future MRP charges are prudent.

In our 2022/23 Auditors Annual Report we detailed the impact of the Northwood Group Limited (NGL) joint venture. The Council loans with NGL were secured against the assets of NGL and the Council had first rights to these assets. Approximately £8m of the council's funds were held by the joint venture. In 2023 the Council agreed to sell NGL to an independent developer. Consequently the Council's share in the NGL joint venture ceased. A repayment programme was agreed which ensured the Council loans, including interest, and sale of the development land is repaid in full. We have reviewed minutes and obtained an update from Officers which confirms there have been no significant changes to this arrangement. Based on this we have seen no evidence the Council will suffer any significant financial loss as a result of the loans invested in NGL and interest due from those loans. We will continue to monitor this arrangement in our future VFM work.

We are satisfied our work has not identified evidence to suggest a significant weakness in the Council's arrangements in relation to financial sustainability for the year ended 31 March 2024.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Overall commentary on Governance

Position brought forward from 2022/23

There are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from the previous year and the council's arrangements in 2023/24 have not significantly.

The Council's governance structure

We have confirmed the Council has established governance arrangements in place and these are consistent with previous years. These are detailed in the Statement of Accounts and Annual Governance Statement. We have considered both documents against our understanding of the Council as part of our audit and identified no apparent inconsistencies.

We have confirmed the Council has an agreed Constitution. This sets out how the Council operates, how decisions are reached and what procedures are followed to ensure that these are transparent and accountable to local people. Any recommendations for amendments to the Constitution need to be approved by Full Council. We confirmed through review of minutes there is regular consideration and, where necessary, updates to the Constitution. The latest Constitution was approved by Council in May 2024. A Committee structure is in place and is detailed in the Constitution. The Constitution have four values that underpin what the council does and four aims that help the council deliver their long term vision which are documented as follows:

Values:

- Honest, open and accountable;
- Treat everyone fairly and with respect;
- Listen, involve and respond; and
- Embrace change and innovation.

Aims:

- Enhancing our residents' quality of life;
- Protecting and promoting the character of our district;
- Delivering high quality cost-effective services by engaging with our residents, our partners and our staff; and
- Growing our local economy and being a business-friendly district.

Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. We have confirmed that minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made.

Risk management and internal control

The Council has an established Risk Management Strategy and systems in place which are built into the governance structure of the organisation. The Council's Risk Management Strategy includes the Council's approach to managing risk, guidance, the Council's risk appetite and roles and responsibilities for risk management. We confirmed the Risk Management Strategy 2024 was presented to the Council's Audit Committee in April 2024. The Audit Committee has responsibility for considering the effectiveness of the Council's risk management arrangements.

There is a member-led risk management group in place, which oversees all the Council's operational and strategic risk registers and provides challenge as part of the process. The Group includes is elected Member led and includes the Councils Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety.

We confirmed through review of minutes that the Council's Audit Committee is presented with the Risk Register on a regular basis and provides challenge as part of the process. The Corporate Leadership Team consider the Committee's minutes and summary reports and then determine appropriate risk appetite, risks and opportunities. These arrangements are consistent with what we would expect at a local authority.

We have reviewed the risk registers and confirmed they are reviewed regularly, with each strategic risk identified being assigned a responsible person. This ensures there is control and accountability for each risk. The risks have target dates attached to them and responsible individuals provide an update on a regular basis to the Audit Committee. Our work has not identified any significant weakness in arrangements for risk management.

Internal Audit

We have considered arrangements for assurance over the effective operation of internal controls, including the prevention and detection of fraud. The Audit Committee is responsible for monitoring the effectiveness of the system of internal control.

We considered the role of Internal Audit, which is provided by an Internal Audit Consortium. Our review of papers confirmed Internal Audit undertake a series of key control assignments throughout the year which look at the critical areas of business for the Council. The planned work is detailed in an Annual Audit Plan. The plan is agreed with management at the start of the financial year and is reviewed and approved by the Audit Committee. We confirmed there was regular progress reporting to the Committee in 2023/24.

We have reviewed minutes, reports and attended committee meetings to confirm that Internal Audit progress reports are presented to each Audit Committee meeting. The reports include follow up reporting on recommendations from previous Internal audit reports. This allows the Committee to effectively hold management to account.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

At the end of each financial year the Head of Internal Consortium (HOIC) provides an Annual Report including an opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework based on the work completed during the year. For the 2023/24 financial year the report was presented to the Audit Committee in July 2024. The HOIC provided 'reasonable assurance' on the 'overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2023/24'. We have reviewed the HOIC report and confirmed this was appropriately reflected in the Council's Annual Governance Statement. We also confirmed that Internal Audit recommendations are reviewed regularly by the Audit Committee which considers any delays in implementation of recommendations against agreed timeframes

We have attended Audit Committee meetings throughout the year and reviewed supporting documents. We have identified no evidence of a weakness in arrangements. Our attendance at these meetings has confirmed there continues to be an appropriate level of challenge from Members.

We made specific enquiries of management and Internal Audit regarding fraud and corruption. No significant matters have been brought to our attention to indicate a weakness in arrangements.

Budget setting and the Medium-Term Financial Plan 2024/25

The Council's financial regulations contained in the Constitution, allow the Chief Financial Officer to determine the exact approach to the annual preparation of the Medium Term Financial Plan (MTFP) under the direction of the Cabinet. Consultation takes place with all departments and their input is included in the MTFP. A central finance team prepares the MTFP based on discussions with all service areas. Cabinet Members are involved in process through budget workshops.

Previous years' budgets are used as a starting point. The previous years' outturn and spend to date are analysed to check if the budget requirement is still the same. Assumptions are made on pay award, inflation, investment interest, fees and charges and income levels by the finance team and S151 officer, in consultation with external advisors. Inputs to the MTFP are taken from sources external to finance such as using HR establishment lists for staff budgets. Government's provisional finance settlement is included and cross-checked to external advisors' data.

An updated MTFP was presented to Cabinet on 25 January 2024 which highlighted a potential General Fund shortfall of £5.097m from 2024/25 through to 2027/28, which is expected to reduce to £3.077m after application of Council tax increase. This is consistent with the 2023/24 MTFP which had a shortfall of

£3.732m. The report highlights that to mitigate the effect of the shortfall, the Council needs to continuously identify and deliver service efficiencies. Based on our review of the MTFP we have identified no evidence of inappropriate use of one-off means to balance the budget. Assumptions used in setting the budget are based on information available at the time of preparation.

The Council's financial position, as set out in our commentary on financial sustainability arrangements, does not appear to present an immediate risk of significant weakness in arrangements, however there is an increasing need to identify, agree and implement a plan to close the widening the financial gap.

We are satisfied our work has not identified evidence to suggest a significant weakness in the Council's arrangements in relation to Governance for the year ended 31 March 2024.

VFM arrangements

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



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Position brought forward from 2022/23

There are no indications of a significant weakness in the Council's arrangements brought forward from the previous year.

Council Plan

The council has a Council Plan 2023-27 which sets out its four objectives:

- A great place that cares for the environment.
- A great place to work.
- A great place to live well.
- A great place to access good public services.

Under each objective there are several strategies which prioritise what the Council is setting out to achieve by March 2027. Under each strategy there are specific tactics or commitments that will shape our approach and under those a range of activities that in combination will help us to deliver the objectives.

The Council has in place a performance management framework built around its priorities. The framework includes identified responsibilities of managers and processes for regular performance reporting and, where required, corrective action to achieve the objectives. Portfolio Holders meet regularly with Assistant Directors and Directors to discuss, amongst other things, the progress on the targets.

We confirmed through minutes review there is quarterly reporting to the Cabinet, in which the progress against the Plan objectives are presented. These quarterly reports take the form of a dashboard and identify whether the targets have been achieved or is on/off track. This is designed to allow for scrutiny of the Council's performance.

The Council's overall performance is summarised in the Narrative Report as part of the Statement of Accounts. This outlines the Council's progress against its ambitions, highlighting key successes and risk areas. This provides the public with an overall assessment of the Council activities for the financial year. We reviewed the Report and identified no evidence of a material inconsistency.

We have reviewed quarter 4 monitoring report and we have noted that no specific concerns or issues have been raised under the objectives for this period. We have not identified evidence to indicate a significant weaknesses in the Council's arrangements.

Regulators / Inspections

Our work has not identified any adverse findings from inspectors leading to any intervention action at the Council.

The Regulator of Social Housing put into effect new standards for social housing landlords, designed to protect tenants and improve the service they receive from 1 April 2024. The regulator inspected the Council in 2024 and provided an overall C2 rating. We have reviewed the findings detailed in the report and identified no matters to indicate a weakness in arrangements.

Procurement

Through our work on the financial statements, our testing of expenditure, and consideration of key financial controls, has not identified any evidence of a weakness in arrangements relating to procurement. Section 21 of the Council's Constitution sets out the Finance Rules of the Council.

Partnerships

There has been minimum changes in the council's partnership arrangements.

The Council's social housing is managed by Rykneld Homes Limited (RHL). We have confirmed there is regular monitoring and reporting of RHL performance. Based on review of minutes, discussions with officers and attending Audit Committee meetings we have identified no evidence of a significant weakness in arrangements.

As detailed in the Governance section, the Council had a joint venture – Northwood Group Limited. This ceased in 2023/24. Through our review of a report to cabinet in October 2023 and Share Purchase Agreement, we confirmed legal completion of the agreement for the transfer of the loans and sale of the shares to a third party in 2023. The repayment of the loans will commence during 2024/25. Through our further discussion with the Management, they have confirmed that to date the third party are delivering in line with the agreement. The council continue to forecast receipt of the loaned money.

We are satisfied our work has not identified evidence to suggest a significant weakness in the Council's arrangements in relation to Economy, Efficiency and Effectiveness for the year ended 31 March 2024.

Other reporting responsibilities

Other reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data, as at the date of writing, instructions regarding sampled components have not yet been received.

Appendices

Appendix A: Further information on our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	How we addressed the risk	Audit Conclusion
<p>Management override of controls</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• accounting estimates impacting amounts included in the financial statements;• journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements; and• consideration of identified significant transactions outside the normal course of business.	<p>Our work has provided the required assurance, and we have no matters to report.</p>

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings.

Risk	How we addressed the risk	Audit Conclusion
<p>Valuation of the LGPS defined benefit pension</p> <p>The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Derbyshire Pension Fund.</p> <p>The defined benefit assets and liabilities are significant items in the Council's balance sheet and the Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.</p> <p>As part of our testing, procedures will be performed on the net defined liability held by Rykneld Homes Limited</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary; • Liaising with the auditors of the Derbyshire Pension Fund to gain assurance over the design and implementation of the controls in place at the Pension Fund. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate; • Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information by PwC and consulting actuary engaged by the National Audit Office; and • Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements. In the event of a pension surplus arising in 23/24, its accounting treatment required specific consideration under IFRIC 14. 	<p>We identified an adjusted misstatement of £15.149m and an unadjusted misstatement of £0.239m as set out in Appendix A of this report. We have nothing further to report.</p>

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

Risk	How we addressed the risk	Audit Conclusion
<p>Valuation of land, buildings, and investment properties</p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of land, buildings and investment properties.</p> <p>Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE due to the significant judgements and number of variables involved in providing revaluations.</p> <p>We have therefore identified the valuation of land, buildings and investment properties to be an area of significant risk.</p> <p>We will complete audit procedures on land and buildings held by Rykneld Homes to ensure they are valued in line with Group accounting policies.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;• Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;• Assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends;• Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluation in 2023/24 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers	<p>Except for a £0.123m unadjusted misstatement as set out in Appendix A, we have no further matters to report.</p>

Appendix A: Further information on our audit of the financial statements

Summary of uncorrected misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Pensions Reserve Cr: Net Pensions Liability The Pension Fund auditor identified an unadjusted difference in asset values during their audit of the Pension Fund. The above is our estimation of the impact on the Council's asset valuations based on the Council's share of Pension Fund assets.			239	239
Dr: Pensions Reserve Cr: Net Pensions Liability The Pension Fund auditor identified an unadjusted difference in asset values during their audit of the Pension Fund. The above is our estimation of the impact on the Rykneld Homes Limited's asset valuations based on it's share of Pension Fund assets.			109	109
Dr: Property, plant and equipment Cr: Revaluation reserve Our testing of property valuations identified some discrepancies in the floor area measurements used in the valuations. This led to an understatement of a property.			123	123
Aggregate effect of unadjusted misstatements	-	-	471	471

Appendix A: Further information on our audit of the financial statements

Follow up on previous year recommendations

We set out below an update on internal control points raised in the prior year.

Description of deficiency – Members have not completed declaration of interest – Level 2

As part of our testing of related party disclosures in the accounts, we reviewed declaration forms completed by members and officers. Through this testing, we noted that 19 members had not completed these forms.

Potential effects

Related party transactions could go undetected which may result in disclosure misstatements in the accounts.

Recommendation

All members should complete declaration of interest forms.

Current position

For 2023/24 there was increased communication to Members, numerous reminders were sent, and Management tried their best endeavours to ensure that all members completed their declarations. However, our related party testing in 2023/24 identified that four declaration forms were not received from current Councillors. This was despite attempts from Officers to obtain this information.

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