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**North East
Derbyshire**
District Council

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Date: Friday, 18 July 2025

To: **Members of the Audit Committee**

Please attend a meeting of the Audit Committee to be held on **Monday, 28 July 2025 at 3.00 pm in the Executive Meeting Room**, District Council Offices, 2013 Mill Lane, Wingerworth, Chesterfield.

Yours sincerely

A handwritten signature in black ink that reads "Sarah Steenberg".

Assistant Director of Governance and Monitoring Officer

Members of the Committee

<u>Labour Group</u>	<u>Conservative Group</u>
Councillor Christine Smith – Chair Councillor David Cheetham Councillor Tony Lacey	Councillor Alex Dale Councillor Martin E Thacker MBE JP

For further information about this meeting please contact: Thomas Scott 01246 217045

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 interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

3 Minutes of Last Meeting (Pages 5 - 8)

To approve as a correct record and the Chair to sign the Minutes of the Audit Committee held on 14 April 2025.

4 Reports of the External Auditors - Mazars

a. Audit Strategy Memorandum (Pages 9 - 48)

5 Reports of the Head of the Internal Audit Consortium

a. Internal Audit Consortium Annual Report 2024/25 (Pages 49 - 80)

b. Summary of Progress on the 2024/25 Internal Audit Plan (Pages 81 - 90)

6 Reports of the Director of Finance & Resources and S151 Officer

a. Treasury Management Update (Q4) (Pages 91 - 116)

b. Annual Governance Statement and Code of Corporate Governance (Pages 117 - 174)

c. Statement of Accounts 2024/25 (Pages 175 - 178)

d. Going Concern 2024/25 (Pages 179 - 186)

7 Reports of the Assistant Director Governance & Monitoring Officer

a. Work Programme 2025/2026 to 2028/2029 (Pages 187 - 192)

8 Urgent Matters

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

9 Exclusion of Public

The Chair to move:-

That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined in Paragraph 3 and 5, Part 1 of Schedule 12A to the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006). [The category of exempt information is stated after each item].

10 Reports of the Managing Director

a. Risk Management Update (Pages 193 - 240)

11 Date of Next Meeting

The next meeting of the Audit Committee is scheduled to take place on 3pm Monday 20 October 2025.



**North East
Derbyshire**
District Council

Access for All statement

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- Call with [Relay UK](#) via textphone or app on [0800 500 888](tel:0800 500 888) – a free phone service
- Visiting our [offices](#) at Wingerworth – 2013 Mill lane, [S42 6NG](tel:01246 231111)

AUDIT COMMITTEE

MINUTES OF MEETING HELD ON MONDAY, 14 APRIL 2025

Present:

Councillor Christine Smith (Chair) (in the Chair)
Councillor David Cheetham (Vice-Chair)

Councillor Alex Dale

Councillor Martin E Thacker MBE JP

Also Present:

J Dethick	Director of Finance and Resources & (Section 151 Officer)
J Williams	Head of Internal Audit Consortium
T Scott	Governance and Scrutiny Officer
V Sharma	Assistant Audit Manager - Forvis Mazars

AC/5 Apologies for Absence

**2/24-
25**

An apology for absence was received from Councillor Tony Lacey.

AC/5 Declarations of Interest

**3/24-
25**

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

No declarations of interest were made.

AC/5 Minutes of Last Meeting (20 January and 26 February)

**4/24-
25**

RESOLVED – That the Minutes of the Audit Committee held on 20 January 2025 and the Special Audit Committee held on 26 February 2025 be approved.

AC/5 Update to Accounting Policies - Leases (moved forward)

**5/24-
25**

The Director of Finance and Resources presented a report to the Committee requesting approval of the updated accounting policies to adopt for the current financial year in preparation of the Statement of Accounts 2024/25.

Members referred to the mentions in the updated policy of 'peppercorn' and felt that the word could be confusing because some people would not be aware of how much 'peppercorn' meant in each case. The Director of Finance and Resources agreed to make the wording more direct.

RESOLVED -

(1) That the Committee approved the updated Accounting Policies detailed at

Appendix 1 to the report.

- (2) Members were requested to note that any proposed amendments or changes to these policies will be reported back to this Committee, together with an explanation for the reasons a change is considered to be appropriate and detailing any financial implications of the amendments.

AC/5 **Report of the External Auditors - Mazars**

**6/24-
25**

The Assistant Audit Manager - Forvis Mazars presented the Council's External Audit Progress Report for April 2025.

Members were informed that Section 2 of the report identified national publications with relevance to the Council's External Audit.

RESOLVED – That the update be noted.

AC/5 **Implementation of Internal Audit Recommendations**

**7/24-
25**

The Head of the Internal Audit Consortium presented a report summarising the internal audit recommendations made, implemented and outstanding for the financial years 2022/23 to date.

RESOLVED – That the update be noted.

AC/5 **Internal Audit Charter**

**8/24-
25**

The Head of the Internal Audit Consortium presented a report proposing approval of the new Internal Audit Charter that reflects the requirements of the Global Internal Audit Standards in the UK Public Sector.

RESOLVED –

(1) That the Internal Audit Charter was agreed.

(2) That the agreed Internal Audit Charter be reviewed annually or sooner than that in the event of any significant changes to the Internal Audit function or the Global Internal Audit Standards.

AC/5 **Internal Audit Plan 2025/26**

**9/24-
25**

The Head of the Internal Audit Consortium presented a report to consider the Internal Audit Plan for 2025/26.

Members mentioned that for the 'contingency days' in the report, they would like safeguarding and cyber security including within this. The Head of the Internal Audit Consortium explained that safeguarding had performed well in the last Plan, so this was unnecessary. Also, internal Audit were carrying out a Cyber Audit right now.

RESOLVED -

(1) That the Internal Audit Plan for 2025/26 was agreed.

(2) That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any changes in the Council's business, risk operations, programs. Systems, controls and organisational culture.

AC/6 **Internal Audit Progress Update**

**0/24-
25**

The Head of the Internal Audit Consortium presented a progress report in respect of the 2024/25 Internal Audit Plan.

RESOLVED – That the report was noted.

AC/6 **Work Programme**

**1/24-
25**

The Director of Finance and Resources presented a report to enable the Audit Committee to approve the Work Programme for 2024/25.

Members were informed that this would be the final Work Programme of 2024/25 before a new Programme was drafted for 2025/26.

Members were reminded that the new 2025/26 Work Programme would include two previous requests made by the Committee:

- It should set the Committee's work out over a longer period by including the next four years instead of the next one year.
- 'Devolution Risks' should be included in the 2025/26 Work Programme.

RESOLVED – That the draft Work Programme 2024/25 be approved.

AC/6 **Risk Management Update**

**2/24-
25**

The Chair explained to the Committee that the Managing Director had been unable to attend this meeting to present the Risk Management Update.

The Committee agreed to defer the report until the next Audit Committee meeting, to allow the Managing Director to attend and provide more detail.

RESOLVED – That the Risk Management Update be deferred until the next Audit Committee meeting,

AC/6 **Urgent Matters**

**3/24-
25**

None.

AC/6 **Date of Next Meeting**

**4/24-
25**

The next meeting of the Audit Committee was scheduled to take place in the new municipal year.



Audit Strategy Memorandum

North East Derbyshire District Council – Year ending 31 March 2025

July 2025

Page 9

Audit Committee
North East Derbyshire District Council

2013 Mill lane
Wingerworth
Chesterfield
S42 6NG

July 2025

Forvis Mazars

The Corner
Bank Chambers
26 Mosley Street
Newcastle Upon Tyne
NE1 1DF

Dear Audit Committee Members,

Audit Strategy Memorandum – Year ending 31 March 2025

We are pleased to present our Audit Strategy Memorandum for North East Derbyshire District Council for the year ending 31 March 2025.

This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our independence*' summarises our considerations and conclusions on our independence as auditors.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of the audit and our respective responsibilities;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising during the audit process; and
- Ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance, and other risks facing North East Derbyshire District Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.


With that in mind, this report, which has been prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach or role as auditor.

This report also contains appendices that outline our key communications with you during the audit, and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 07881 283 527.

This report was prepared solely for the use and benefit of Audit Committee and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Yours faithfully



James Collins (Jul 17, 2025 19:55 GMT+1)

James Collins

Forvis Mazars

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Appendix A – Key communication points

Appendix B – Current year updates, forthcoming accounting and other issues

This document is to be regarded as confidential to North East Derbyshire District Council. It has been prepared for the sole use of Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents.

Engagement and responsibilities summary

Engagement and responsibilities summary

We are appointed to perform the external audit of North East Derbyshire District Council (the Council) for the year to 31 March 2025. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting.

Our audit does not relieve management or Audit Committee, as those charged with governance, of their responsibilities.

The Section 151 Officer is responsible for the assessment of North East Derbyshire District Council's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements.

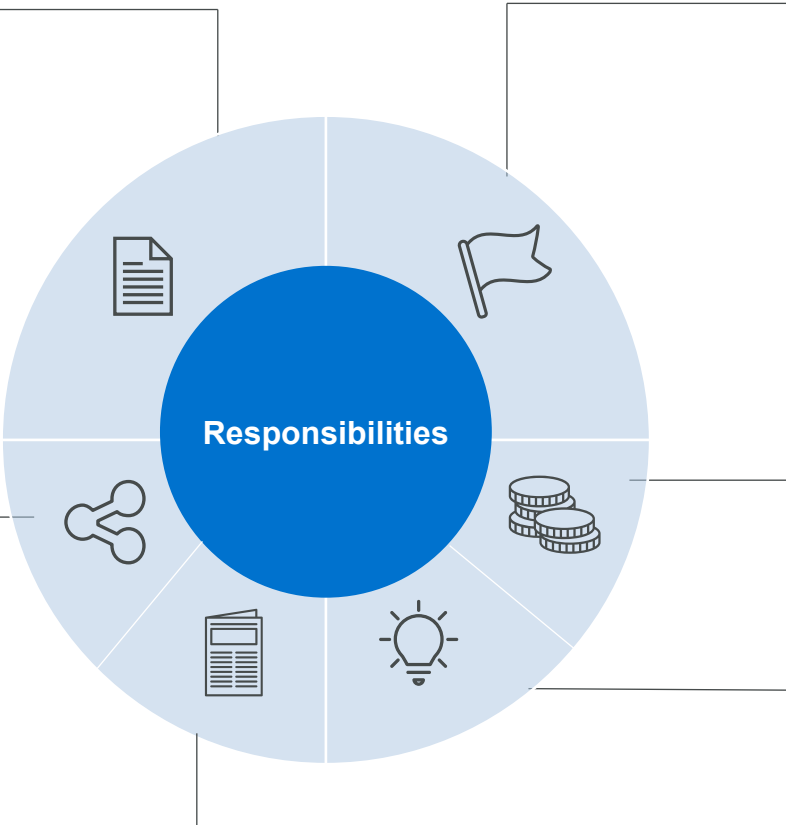
Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North East Derbyshire District Council's internal control.

Whole of Government Accounts

We report to the NAO on the consistency of the North East Derbyshire District Council's financial statements with its Whole of Government Accounts (WGA) submission.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you, key management personnel and internal audit, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in the 'Value for Money' section of this report.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

02

Your audit team

Your audit team



James Collins
Engagement Director
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03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Risk-based Approach



Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with Code of Audit Practice. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality and misstatements'* section of this report.

The diagram on the next page outlines the procedures we perform at the different stages of our audit.

Reliance on internal audit

Where possible, we do not expect to use the work performed by internal audit, but will read reports to determine whether there are additional risk factors not captured from our discussions with management.

Audit scope, approach, and timeline

Management’s and our experts

Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Defined benefit liability	Hymans Robertson LLP	National Audit Office’s (NAO’s) Consulting Actuary (PwC)
Property, plant and equipment and Investment Properties	Wilks, Head and Eve External Valuer (Non-dwellings)	We will consider available market data including the National Audit Office’s expert, Monatgu Evans
	Barlow Property Consultancy External Valuer (Dwellings)	
Financial Instruments	Arlingclose Treasury Management Advisor	None identified at planning
Business Rates Appeals Valuation	Inform CPI Ltd	None identified at planning

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the [Council/Authority] that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We have not identified any service organisation used by the Council.

Audit scope, approach, and timeline



Audit scope, approach, and timeline

Group audit approach

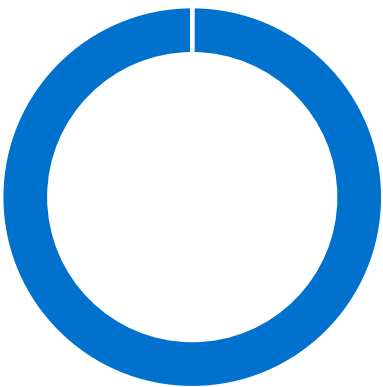
The preliminary scope of our group audit is based on our analysis of the risks we have identified at group level. When scoping our audit, we have considered quantitative criteria (the contribution of each of the group’s consolidated components to the group financial statements); qualitative criteria (the risks of material misstatement of the group financial statements that consolidated components may present individually at component level); and we have assessed the risk of material misstatement across the group’s consolidated components in aggregate.

The nature and extent of audit work we plan to perform on the consolidated components is set out below.

Component name	% of Gross Expenditure	Location	Auditor	Scope
North East Derbyshire District Council	86%	Chesterfield	Forvis Mazars LLP	Full Scope Audit
Rykneld Homes Limited	14%	Chesterfield	Crowe LLP	Full Scope Audit

23-24 – Initial % of group

Gross Expenditure



- Full audit
- Audit of specific account balance(s) and/ or disclosure(s)
- Group engagement team instructed engagement procedures

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to Audit Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

For the group financial statements, we consider that Gross Revenue Expenditure at Surplus/deficit on Provision of Services is the key focus of users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure at surplus/deficit on Provision of Services as the benchmark.

For the single entity financial statements, we consider that gross revenue expenditure at surplus/deficit on Provision of Services is the key focus of users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure at surplus/deficit level as the benchmark.

We expect to set a materiality of 2% of gross revenue expenditure at surplus/deficit level for the group financial statements, and a materiality of 1.9% of gross revenue expenditure at surplus/deficit level for the single entity.

As set out in the tables alongside, based draft financial statements 2024-25, we anticipate overall materiality for the year ended 31 March 2025 to be in the region of £1.9m, and performance materiality to be in the region of £1.431m.

For the single entity financial statements, we anticipate overall materiality for the year ended 31 March 2025 to be in the region of £1.8m, and performance materiality to be in the region of £1.381m.

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

Group financial statements

	2024-25 £'000s	2023-24 £'000s
Overall materiality	£1,908	£1,810
Performance materiality	£1,431	£1,358
Clearly trivial	£57	£54

Council's single entity financial statements

	2024-25 £'000s	2023-24 £'000s
Overall materiality	£1,841	£1,800
Performance materiality	£1,381	£1,350
Clearly trivial	£55	£54
Specific materiality – Senior officers' remuneration	£5	£5

Materiality and misstatements

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to Audit Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £0.054, based on 3% of overall materiality. If you have any queries about this, please raise these with James Collins.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement Audit Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and on our audit opinion.

Misstatements also cover qualitative misstatements and include quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to Audit Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach set out in the *‘Audit scope, approach, and timeline’* section, we have identified the risks of material misstatement in the financial statements. These risks are categorised as significant, enhanced, or standard. The definitions of these risk ratings are set out below.

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. As required by auditing standards, a fraud risk is always assessed as a significant risk.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Significant risks and other key judgement areas

Audit risks and planned responses

In this section, we have set out the risks that we deem to be significant and enhanced, and our planned response. An audit is a dynamic process, and should we change our view of risk and/ or our approach to address those risks during our audit, we will report this to Audit Committee.

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
1	Management override of controls (a mandatory significant risk for 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 there is a risk of material misstatement due to fraud on all audits.	In line with our methodology, we plan to address the management override of controls risk through performing audit work over: <ul style="list-style-type: none">• accounting estimates;• journal entries; and• significant transactions outside the normal course of business or otherwise unusual.
2	Valuation of Council Dwellings, land and buildings and Investment Properties £520.136m (2023-24: £509.169m)	○	●	●	<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 and buildings and investment properties. 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 land and property 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 policy's.</p>	<p>We plan to address this risk by:</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 revaluations in 2024/25 are materially correct, including considering the robustness of the approach in light of the valuation information reported by the Council's valuers.

Significant risks and other key judgement areas

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
3	Net defined benefit liability valuation £10.548m (2023-24: Net Pensions liability of £12.119m)	○	●	●	<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 a high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.</p> <p>We will also complete audit procedures on the net benefit liability held by Rykneld Homes Ltd.</p>	<p>We plan to address this risk by:</p> <ul style="list-style-type: none">• Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary, Hymans Robertson;• 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 will include the processes and controls in place to ensure data provided to the Actuary for the purposes of the IAS 19 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 will include comparing them to expected ranges, utilising information provided by PwC and consulting actuary engaged by the National Audit Office (NAO); 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 24/25, its accounting treatment will require specific consideration under IFRIC 14.

Significant risks and other key judgement areas

Significant risks

	Risk name	Error	Judgement	Risk description	Planned response
4	Application of IFRS 16 for the 2024-25 financial year.	●	●	IFRS 16 is applicable from 1 April 2024, designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Council is required to account for its lease arrangements in line with this new standard for the first time in the 2024/25 accounts. This requires the Council to re-classify their leases and account for a right of use asset.	We will: <ul style="list-style-type: none">• critically review the accuracy and completeness of the Council's assessment of leases under IFRS 16;• Review the accounting treatment for a sample of leases to test the valuation of the liability and right of use asset.

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, we would like to seek your views/ knowledge of the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between North East Derbyshire District Council and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to Audit Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

Internal audit function

We will obtain a copy of the reports issued by internal audit relating to the financial period under audit determine whether any findings will have an impact on our risk assessment and planned audit procedures.

06

Value for Money

Value for money

The framework for value for money work

We are required to form a view as to 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 in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

This will be the first audit year where we are undertaking our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place, and to report in the auditor’s report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council’s arrangements in the Auditor’s Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor’s Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor’s Annual Report). Further information will be provided in Appendix A.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **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 approach

Our work falls into three primary phases as outlined opposite. We gather sufficient evidence to support our commentary on the Council’s arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified, we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle, and we are not expected to wait until issuing our overall commentary to do so.

Planning	<p>Obtaining an understanding of the Council’s arrangements for each specified reporting criteria. Relevant information sources will include:</p> <ul style="list-style-type: none">• 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 staff and members
Additional risk based procedures and evaluation	<p>Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.</p>
Reporting	<p>We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements which forms part of the Auditor’s Annual Report.</p> <p>Our commentary will also highlight:</p> <ul style="list-style-type: none">• Significant weaknesses identified and our recommendations for improvement; and• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Value for money

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, work completed to-date has not identified any risks of significant weaknesses in arrangements.

We will report any identified risks to the Audit Committee, if any arise, as part of our continuous risk assessment.

Audit fees and other services

Audit fees and other services

Fees for work as the Council’s appointed auditor

Our fees (exclusive of VAT) as the Council’s appointed for the year ended 31 March 2025 are outlined below.

Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit. At this stage of the audit, we are not planning any divergence from the scale fees set by PSAA.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Code Audit Work	£180,869	£174,922
Additional fee in respect of ISA315	N/A	£9,410
2024-25 Expected fee variations: <ul style="list-style-type: none">• Introduction of IFRS 16 Leases• Additional work caused by the introduction of ISA 600 Revised Group Audits	TBC	N/A

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section ‘Confirmation of our independence’.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Pooling of Housing Capital Receipts	TBC*	£6,000

* To be confirmed if we are engaged to complete this work.

Confirmation of our independence

Confirmation of our independence

Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

Compliance

We are not aware of any relationship between Forvis Mazars and North East Derbyshire District Council that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of North East Derbyshire District Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to North East Derbyshire District Council, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC’s Revised Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with me in the first instance.

Prior to the provision of any non-audit services, I will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 1 July 2021 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

C: Consultations on measures to tackle the local government financial reporting and audit backlog

Appendix A: Key communication points

We value communication with Audit Committee, as a two-way feedback process is at the heart of our client service commitment. The Code of Audit Practice as well as ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of matters with you. We meet these requirements, principally, through presenting the following documents to you:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Our Auditor’s Annual Report.

These documents will be discussed with management prior to being presented to you and their comments will be incorporated as appropriate.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Changes introduced by the 2024 Code of Audit Practice

The 2024 Code now requires the auditor to issue the draft Auditor’s Annual Report by 30th November following each year end. For the 2024/25 audit, this means that we must issue our draft Auditor’s Annual Report by 30 November 2025, whether our audit is complete or not.

In instances where our audit work is not complete by 30 November for any given year, the 2024 Code requires us to provide a summary of the status of the audit at the time of issuance and should reflect the work completed to date since we issued our previous Auditor’s Annual Report. In such instances, we will issue an Interim Auditor’s Annual Report to meet the 30 November deadline. On completion of any outstanding financial statement audit work or Value for Money arrangements work, we will re-issue the Auditor’s Annual Report which will include an updated commentary on Value for Money arrangements.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none">• Uncorrected misstatements and their effect on our audit opinion;• The effect of uncorrected misstatements related to prior periods;• A request that any uncorrected misstatement is corrected; and• In writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none">• Inquiries with Audit Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity;• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and• A discussion of any other matters related to fraud.	Audit Completion Report and discussion at Audit Committee meetings, audit planning meetings, and audit clearance meetings

Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Council or Audit Committee in the context of fulfilling your responsibilities. 	<p>Audit Completion Report</p>

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to the Council to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that Audit Committee may be aware of.	Audit Completion Report and Audit Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> Whether the events or conditions constitute a material uncertainty; Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and The adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management:</p> <ul style="list-style-type: none"> Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm’s strategies and priorities Identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.) Identify, design, and implement responses as part of the process to strengthen our firm’s internal control environment and overall quality Evaluate responses and remediate control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p> <p>The details of our evaluation of our system of quality management as of 31 August 2024, and our conclusion, set out in our 2023/24 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix A: Key communication points

Required communication	Where addressed
An overview of the work to be performed at the components of the group and the nature of our involvement in the work to be performed by component auditors.	Audit Strategy Memorandum and Audit Completion Report
Instances where our review of the work of the component auditor gave rise to a concern about the quality of the component auditor's work, and how we addressed that concern.	Audit Completion Report
Any limitations on the scope of the group audit, for example, significant matters related to restrictions on access to people or information.	Audit Strategy Memorandum and Audit Completion Report, as necessary
Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group's system of internal control or others when the fraud resulted in a material misstatement of the group financial statements.	Audit Completion Report and discussion at Audit Committee meetings, audit planning meetings, and audit clearance meetings

Appendix B: Current year updates, forthcoming accounting & other issues

Current and forthcoming accounting issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2019

IFRS 16 Leases (Issued January 2016)

- IFRS 16 Leases (IFRS 16) will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17. Lessees will need to recognise right of use assets and associated lease liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed. Subsequent to initial recognition, a service concession arrangement liability will subsequently measured following the principles set out in IFRS 16. The introduction of this standard is likely to lead to significant work being required in order to identify all leases and service concession arrangements to which the Council are party to. There will also be consequential impacts upon capital financing arrangements at many authorities which will need to be identified and addressed. IFRS 16 was adopted by the Code of Practice on Local Authority Accounting in 2024/25.

Effective for accounting periods beginning on or after 1 January 2023

IFRS 18 Presentation and Disclosure in Financial Statements (Issued April 2024)

- IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements. As IFRS 18 was only issued in April 2024 it has yet to be adopted by the Code of Practice on Local Authority Accounting in 2024/25 therefore the applicability to local government is to be determined.

Appendix B: Current year updates, forthcoming accounting & other issues

International Standard on Auditing (UK) 600 Revised - Special considerations - Audits of group financial statements (Including the work of component auditors)

ISA (UK) 600 deals with the special considerations that apply to audits of group financial statements, including those circumstances when component auditors are involved. The auditing standard has been revised. The revised standard is effective for audits of group financial statements for periods beginning on or after 15 December 2023. The revisions made to ISA (UK) 600 impact how we perform audits of group financial statements, and how we communicate our audit strategy and audit findings arising from audits of group financial statements, going forward. This page sets out the key changes made to ISA (UK) 600 and how Forvis Mazars will apply the requirements of the revised standard in practice.

Key changes

The previous ISA (UK) 600 included prescriptive requirements in respect of the audit procedures required over 'significant components' of a group, i.e., a 'full scope' audit of a significant component's financial information relevant to the group financial statements was required. Forvis Mazars defined a 'significant component' as one that contributed to the group financial statements more than 15% of the materiality benchmark selected to determine group materiality, e.g., if we had determined materiality using a profit before tax benchmark, any component that contributed more than 15% of the group's reported profit before tax would be classified as a significant component and a 'full scope' audit would be performed over that component's financial information.

ISA (UK) 600 Revised eliminates the 'significant component' concept, opting instead for consideration of risks of material misstatement at the assertion level of the group financial statements that are associated with components. This results in a group audit that is better focused on the risks of material misstatement of the group financial statements and affords greater flexibility in how we classify components and how we may design the nature and extent of audit procedures to be performed over a component's financial information, i.e., we can determine the nature and extent of the audit procedures to be performed over a component's financial information based on the specific risks relevant to the group financial statements.

ISA (UK) 600 also, however, removed the option to limit the procedures performed over a 'non-significant' component's financial information to desktop analytical procedures. We are now required to perform substantive audit procedures (or a combination of substantive audit procedures and tests of controls) over the group financial statements, including the financial information relating to components in the group, until the residual, untested balances, classes of transaction and disclosures in the group financial statements are below our group materiality. This is to ensure that aggregation risk (the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole) is addressed appropriately.

In combination, these changes may result in a change to the nature and extent of the audit procedures we perform over the financial information of components on a group audit compared to previous years and may result in components that were not previously in scope of our group audit being brought into scope going forward to ensure that we address aggregation risk appropriately.

To ensure consistency of approach, Forvis Mazars will apply the definitions set out below when performing audits of group financial statements going forward:

Key component	Material component	Non-material component
Any component: i. Which is greater or equal to 15% of the benchmark chosen for calculating group materiality (key by size); or ii. Where the specific nature or circumstance of its financial information make it likely to include significant risks of misstatement of the group financial statements (key by risk).	Any component, other than a key component, that contributes to one or more group financial statement areas an amount that is above group financial statement materiality.	A component, that is not a key component or a material component, that is scoped into a group audit to reduce the risk of material misstatement of the group financial statements to an acceptably low level (based on size or risk) in situations when, after assessing which components are key components and material components, the aggregate amount of a financial statement area related to un-scoped components is still above group financial statement materiality.

Appendix B: Current year updates, forthcoming accounting & other issues

International Standard on Auditing (UK) 600 Revised - Special considerations - Audits of group financial statements (including the work of component auditors)

Key changes (continued)

Definition of ‘component’ - The definition of ‘component’ has been revised to “an entity, business unit, function or business activity, or some combination thereof, determined by the group auditor for the purposes of planning and performing audit procedures in a group audit”.

This provides clarity on how components may be identified in a group audit and may result in a change to how we identify components on a group audit compared to previous years. For example, we may group separate legal entities (e.g., subsidiaries) in a group based on common characteristics (such as common management, common information systems, and common geographical locations) and treat those components as a single component, when appropriate to do so.

Common controls - The definition of ‘group-wide’ controls has been removed and we are instead required to consider ‘common controls’, being controls that operate in a common manner for multiple entities or business units.

This may assist us in grouping separate legal entities, business units, functions, or business activities in a group into a single component for the purposes of a group audit; or it may result in us grouping specific account balances or classes of transaction recorded by individual legal entities, business units, functions, or business activities into a single population for the purposes of our audit procedures.

For audits where we are adopting a controls-based audit strategy, this may result in efficiencies, as we can rely on a single control for the purposes of the audits of more than one component where that control is common to those components.

Definition of ‘engagement team’ - The definition of ‘engagement team’ has been revised to include component auditors. While this change may seem inconsequential, it forms part of the overall changes intended by ISA (UK) 600 Revised to enhance two-way communication between the group auditor and component auditors during a group audit. This will result in enhanced direction and supervision of component auditors by the group auditor during a group audit.

Calculation of component materiality - The requirement to set overall materiality for a component has been removed. We are now only required to determine component performance materiality.

Other changes - ISA (UK) 600 Revised includes new and revised requirements and application material that better aligns the standard with recently revised standards such as ISQM (UK) 1, ISA (UK) 220, and ISA (UK) 315. The new and revised requirements also strengthen our responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and audit documentation. These changes are to encourage proactive management of quality at the group engagement level and the component level; reinforce the need for robust communication and interactions during a group audit; and foster an appropriately independent and challenging sceptical mindset.

Scope of audit work to be performed over a component’s financial information - Forvis Mazars will, going forward, determine the scope of work to be performed over a component’s financial information on a group audit using the definitions set out below:

Full scope	Specific scope	Group Engagement Team Instructed Procedures
Designing and performing audit procedures on the entire financial information of a component.	Designing and performing audit procedures on one or more specified account balances, classes of transaction, and/ or disclosures of a component.	Performing specified audit procedures, as designed and instructed by the group engagement team.

Contact

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North East Derbyshire District Council

Audit Committee

28th July 2025

Internal Audit Consortium Annual Report 2024/25

Report of the Head of the Internal Audit Consortium

Classification: This report is public

Report By: **Jenny Williams: Head of the Internal Audit Consortium**

Contact Officer: **Jenny.Williams@ne-derbyshire.gov.uk**

PURPOSE / SUMMARY

The purpose of this report is to: -

- Present the 2024/25 Internal Audit Consortium Annual Report for North East Derbyshire District Council and the Head of Internal Audit's opinion on the adequacy of the Council's arrangements for governance, risk management and control.
- The report enables the Audit Committee to obtain necessary assurances on the overall arrangements of governance, risk management and control systems.

RECOMMENDATION

1. That the 2024/25 Internal Audit Consortium Annual Report for North East Derbyshire District Council and the overall assurance opinion on the Council's governance, risk management and control arrangements be accepted.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☒

Details:

The annual report provides assurance to the Audit Committee on the governance, risk management and control arrangements in place.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☒

Details:

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

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 - £100,000 <input type="checkbox"/> Capital - £250,000 <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
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details:

Links to Council Plan priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.
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The Head of Internal Audit's annual opinion helps to provide assurance that the council's resources and priorities are focused on achieving the objectives within the Council Plan and that there are appropriate governance, risk and control arrangements in place.

REPORT DETAILS

1 Background

- 1.1 The Public Sector Internal Audit Standards (applicable for the 2024/25 financial year) require that the Head of the Internal Audit Consortium delivers an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement.

2. Details of Proposal or Information

- 2.1 The 2024/25 Internal Audit Consortium Annual Report that includes the audit opinion for North East Derbyshire District Council is attached at Appendix 1.
- 2.2 The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control. The work of internal audit over the year allows the Head of Internal Audit to form the annual internal audit opinion as required by the PSIAS. The opinion is also derived from other assurances such as the work of the Risk Management Group, External Audit, the Social Housing Regulator and PSN compliance.
- 2.3 The Head of Internal Audit's opinion for 2024/25 set out in the attached annual report is that: -

"Reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2024/25. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. This year 23 reports have been issued 15 with substantial and 8 with reasonable assurance. Action plans have been agreed and managers are in the process of implementing the audit recommendations made.

The exception to this opinion is in relation to the IT cyber and network security arrangements of Rykneld Homes Ltd. Internal Audit can not provide assurance in this area, an external review was planned to have taken place however this has been delayed.

Assurance can never be absolute. In this context “reasonable assurance” means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required”.

- 2.4 The annual report also provides a summary of the work undertaken by Internal Audit in 2024/25, information on the performance of the Internal Audit service, an assessment of conformance against the Public Sector Internal Auditing Standards and the results of the Quality Assurance and Improvement Programme (QAIP). A progress update in respect of the action plan to achieve full compliance with the Global Internal Audit Standards is also included.

3 Reasons for Recommendation

- 3.1 To present to Members the annual report for the Internal Audit Consortium in respect of North East Derbyshire District Council for 2024/25.
- 3.2 To ensure compliance with the Public Sector Internal Audit Standards that were applicable for the 2024/25 financial year before the introduction of the Global Internal Audit Standards in April 2025.
- 3.3 To provide an annual opinion on the overall adequacy and effectiveness of the Council’s governance, risk and control arrangements including any qualifications to that opinion.

4 Alternative Options and Reasons for Rejection

- 4.1 Alternative options are not applicable, the PSIAS require that an annual report is produced including an opinion on the Council’s governance, risk and control arrangements.

DOCUMENT INFORMATION

Appendix No	Title
Appendix 1	Internal Audit Consortium Annual Report 2024/25 for North East Derbyshire District Council.
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)	

Annual Report of the Internal Audit Consortium

2024/25

**North East Derbyshire District
Council**



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Jenny Williams

Head of the Internal Audit Consortium

Introduction and Background

- 1.1 For the year 2024/25 the Public Sector Internal Audit Standards (PSIAS) apply to all internal audit service providers, whether in-house, shared services or outsourced.
- 1.2 The PSIAS state: -
- The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
 - The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
 - The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Summary of Work Undertaken

- 2.1 Appendix 1 details the audit reports issued in respect of audits included in the 2024/25 internal audit plan. The appendix shows for each report the overall assurance level provided on the reliability of the internal controls and the assurance level given at the last audit. The report opinions can be summarised as follows: -

Assurance Level	2023/24 Number	2023/24 %	2024/25 Number	2024/25 %
Substantial	9	68	15	65
Reasonable	4	32	8	35
Limited	3	0	0	0
Inadequate	0	0	0	0
Total	16	100	23	100

- 2.2 A definition of the above assurance levels is shown at the bottom of Appendix 1.

2.3 No fraud was identified.

Performance of the Internal Audit Consortium

3.1 The following table summarises the performance indicators for the Internal Audit Consortium.

Description	2024/25		2025/26
	Plan	Actual	Plan
Cost per Audit Day	£346	£334	£366
Percentage of Plan Completed (NEDDC and RHL)	75%	94%	75%
Sickness Absence (Average Days per Employee)	8.0	3.16	8.0
Customer Satisfaction Score (NEDDC)	85%	97.6%	85%
To issue internal audit reports within 10 days of the close out meeting	90%	100%	90%
Quarterly reporting to Audit Committee	100%	100%	100%

Audit Opinion 2024/25

4.1 The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

"In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2024/25. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. This year 23 reports have been issued 15 with substantial and 8 with reasonable Assurance. Action plans have been agreed and managers are in the process of implementing the audit recommendations made.

The exception to this opinion is in relation to the IT cyber and network security arrangements of Rykneld Homes Ltd. Internal Audit cannot provide assurance in this area, an external review was planned to have taken place however this has been delayed”.

- 4.2 Assurance can never be absolute. In this context “reasonable assurance” means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.
- 4.3 The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans. An internal audit plan for 2024/25 was developed with the intention of being able to provide independent assurance on the adequacy and effectiveness of systems of governance, risk and control across a range of financial and organisational areas.
- 4.4 As well as internal audit work assurance has also been gained from previous years’ work, the work of the Risk Management Group, External Audit, Public Sector Network compliance and the Social Housing Regulator.
- 4.5 The work of the Risk Management Group provides assurance as key members of the Council’s management team meet on a regular basis to discuss both strategic and operational risks and the mitigating factors in place or required to reduce risk.
- 4.6 Holding a valid Public Sector Network Compliance certificate provides assurance that the Council’s network security arrangements, policies and controls are sufficiently rigorous to be allowed to interact with the Public Sector Network and those connected to it.
- 4.7 External audit sign off the statement of accounts and review value for money arrangements. External audit progress reports provide positive assurance that the

accounts are produced accurately and timely.

- 4.8 A recent inspection of the Council's housing services by the Regulator of Social Housing saw Rykneld Homes Ltd achieve the second highest positive rating possible. The grade means that while there are some areas for improvement, overall, there is a positive level of 'assurance' that Rykneld Homes Ltd are achieving the consumer standards set by the regulator.
- 4.9 Overall, 100% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.
- 4.10 Performance management procedures are in place to ensure that the Senior Management Team receive regular reports in relation to outstanding audit recommendations in order that appropriate action can be taken.
- 4.11 The Audit Committee receive a 6 monthly report in relation to outstanding audit recommendations. Where a limited or inadequate assurance audit report is issued, managers are required to attend the Audit Committee to discuss progress and to provide assurance that recommendations are being implemented in a timely fashion.

Issues for Inclusion in the Annual Governance Statement

- 5.1 The internal control issues arising from audits completed in the year and outstanding internal audit recommendations have been considered during the preparation of the Annual Governance Statement. No issues were identified that require inclusion in the Annual Governance Statement.

Comparison of Planned work to Actual Work Undertaken

- 6.1 The Internal Audit Plan for 2024/25 was approved by the Audit Committee on the 25th of April 2024. 94% of the Internal Audit Plan (including Rykneld Homes Ltd Plan) has been completed with the remaining audits being scheduled into the 2025/26 Internal Audit Plan. Appendix 2 details the audits completed and those deferred.

Compliance with the Public Sector Internal Audit Standards / Code of Ethics

- 7.1 From a self- assessment against the PSIAS (and new Global Internal Audit Standards) in November 2024 it can be confirmed that the Internal Audit Consortium comply with the Public Sector Internal Audit Standards and the Code of Ethics. An action plan has been developed to work towards full compliance with the Global Internal Audit Standards (GIAS).

Quality Assurance Improvement Programme (QAIP)

- 8.1 The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The Internal Audit Consortium's QAIP is shown at Appendix 3. The procedures and processes documented within the QAIP are designed to ensure compliance with the PSIAS and Code of Ethics for the 2024/25 financial year and the GIAS for the 2025/26 financial year. The QAIP includes an update on the improvement plan for the 2024/25 financial year and the new improvement plan in respect of achieving compliance with the GIAS.

Confirmation of Independence

- 9.1 It can be confirmed that the internal audit activity is organisationally independent. Internal audit reports directly to the Director of Finance and Resources but has a direct and unrestricted access to the Senior Leadership Team and

Audit Committee. The Head of Internal Audit attends every Audit Committee meeting.

- 9.2 During the 2024/25 financial year, all Auditors have acted with integrity and objectivity and at no point has their independence been compromised. Annually each Auditor completes a declaration of interests form to identify any potential conflicts of interest. Where declarations are made, work is allocated to ensure a conflict does not occur.

Review of performance against the Internal Audit Charter

- 10.1 The Audit Charter was reported to and approved by the Audit Committee in January 2024 and a new Charter that complies with the GIAS was approved in April 2025.
- 10.2 Based on the information provided in this report on the completion of the 2024/25 internal audit plan, it is considered that the requirements of the Charter were met during the year.

Appendix 1

**North East Derbyshire District Council – Internal Audit
Reports Issued 2024/2025**

Ref	Report Title	Overall Opinion/ Assurance	
		2024/25	Previous Audit
1	Health and Safety	Substantial	Substantial
2	Right to Buy	Reasonable	Substantial
3	Disabled Facilities Grant	Substantial	Substantial
4	Eckington Swimming Pool	Substantial	Substantial
5	Killamarsh Active	Reasonable	New
6	Section 106	Reasonable	Reasonable
7	Creditors	Substantial	Substantial
8	Main Accounting	Substantial	Substantial
9	Income Management	Substantial	Substantial
10	Safeguarding	Substantial	Reasonable
11	Corporate Credit Cards	Substantial	N/A
12	Sundry Debtors	Reasonable	Reasonable
13	Council Tax	Substantial	Substantial
14	Procurement	Reasonable	Reasonable
15	Expenses and Allowances	Substantial	Reasonable
16	Transport Follow up Review	Substantial	Limited
17	Risk Management	Substantial	Reasonable
18	Grounds Maintenance	Substantial	Substantial
19	Cyber Security Governance Arrangements	Reasonable	Reasonable
20	E.H Other Licensing Income	Substantial	Reasonable
21	Coney Green Business Centre Follow up	Reasonable	Limited
22	Commercial and Industrial Property Rents	Reasonable	Reasonable
23	Asset Management	Substantial	Substantial

Internal Audit Assurance Level Definitions

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

Appendix 2

Comparison of Planned work to Completed Work

Complete
Ongoing throughout the year
Deferred

	Risk	2024/25
Main Financial Systems		
Main Accounting / Budgetary Control	M	12
Creditors	M	20
Income Management	M	10
Debtors	M	15
Council Tax (Key controls)	M	10
Total Main Financial Systems		67
Corporate / Cross Cutting		
Corporate Governance / Assurance Statement	H	2
Financial advice / working groups	N/A	20
Climate Change	H	12
Gov Grants / Head of Audit sign off	N/A	3
Safeguarding	M	10
Health & Safety	M	10
Procurement	M	12
Risk Management	M	10
Total Cross Cutting		79
Operational Audits		
Asset Management Arrangements	M	12
Business Centres – Follow up	H	10
Corporate Credit Cards	L	8
Disabled Facilities Grants	M	10
Expenses and Allowances	L	10
E.H Misc Licensing	L	8

	Grounds Maintenance	L	10
	Industrial Property Rents	H	15
	Killamarsh Leisure Centre	M	15
	Eckington Leisure Centre	M	15
	Petty Cash	L	5
	Section 106	M	12
	Transport follow up	H	8
	Total Operational Areas		138
	IT Related		
	Network Security / DR	H	15
	Total IT		15
	Rykneld Homes		97
	National Fraud Initiative	N/A	5
	Special Investigations / Contingency/ emerging risks	N/A	40
	Apprenticeships / training	N/A	30
	Audit Committee / Client Liaison	N/A	15
	Grand Total		486

Appendix 3

Internal Audit Consortium

Quality Assurance and Improvement Programme (QAIP)



Introduction

The Public Sector Internal Audit Standards require that the Head of Internal Audit develops and maintains an improvement programme that covers all aspects of the internal audit activity. For 2025/26 this will change to being compliance with the Global Internal Audit Standards.

A quality assurance and improvement programme (QAIP) is designed to enable an evaluation of the internal audit activity's conformance with the Public Sector Internal Audit Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The quality assurance and improvement programme must include both internal and external assessments.

Internal assessments must include: -

- Ongoing monitoring of the performance of the internal audit activity.
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

This QAIP covers: -

- 1) Internal Assessments
- 2) External Assessments
- 3) Staff qualifications / experience
- 4) Training
- 5) Working Practices
- 6) 2024/25 Improvement Plan update
- 7) 2025/26 Improvement Plan / Compliance with Global Internal Audit Standards Action Plan

1) Internal Assessments

Internal assessments consist of the following: -

- An annual assessment against the Public Sector Internal Audit Standards by the Head of the Internal Audit Consortium. This was undertaken in November 2024 in tandem with an assessment against the Global Internal Audit Standards. An action plan is in place to aid achievement of full compliance with the Global Internal Audit Standards.
- Reviews of working papers – All audit working papers are reviewed by the Head of Internal Audit or a Senior Auditor to ensure that they meet required standards and support the findings of the review. These reviews are documented.
- Review of audit reports – The Head of Internal Audit reviews all reports for quality and consistency before they are formally issued.
- Key performance indicators – these are reported to each Audit Committee in the annual report.
- Customer feedback – Customer satisfaction surveys are issued with every report and the results monitored. Based on the customer satisfaction survey forms returned the average score was 98% for customer satisfaction during 2024/25.
- All staff completed a declaration of personal interests statement in September 2024.

2) External Assessments

An external review of internal audit took place in May 2021 the results of which concluded “Current services are assessed to “generally conform” with the PSIAS and compare favourably with peers, there are no areas where the service does not comply with the Standards”.

The results of the external assessment were fully reported to each Audit Committee and to the Joint Board.

An action plan was developed from the points arising in the 2021 external review and has been used to further drive improvement. The action plan has now been fully implemented.

The next external review is due in May 2026 and will be against the GIAS.

3) Audit Staff Qualifications / Experience

The table below summarises the qualifications and experience of the Internal Audit Consortium staff as at May 2025.

<u>Post</u>	<u>Qualification</u>	<u>Experience</u>
Head of Internal Audit	CIPFA	25 plus years
Senior Auditor NEDDC	-	15 years plus
Senior Auditor BDC	Vacant from 18 th May	
Senior Auditor CBC	AAT	3 years
Auditor BDC	Vacant from 12 th May	
Auditor BDC	-	1 year 2 months
Auditor NEDDC	-	2 years 3 months
Auditor NEDDC	AAT	25 plus years
Auditor CBC	-	6 years
Auditor CBC	-	1.5 Years

Training Undertaken in 2024/25

Training records are maintained to monitor both professional and ad hoc training received by staff.

Training is delivered via webinars, team meetings, professional journals etc. All staff undertake Continuous Professional Development.

During 2024/25 training included: -

- CIPFA'S weekly "bitesize" training topics
- New auditors all attend a 2 day webinar "introduction to Internal audit"
- Team building day – Communication skills for internal auditors
- Principles of risk assessment
- Elevating the impact of internal audit
- Driving regulatory success and strengthening risk management
- Code of practice for the governance of internal audit
- Preventing fraud before it happens

- Root cause analysis
- CIPFA Governance update
- Ethics
- VAT

In addition to this the Internal Consortium are members of the Midlands Audit Group, The Notts Audit Group and the Local Authority Chief Auditors Network. These groups share ideas and best practice.

Working Practices

- All staff have quarterly Valuing Individuals and Performance reviews. These reviews set and monitor the achievement of objectives and identify any training requirements.
- 1:1's – All staff have 1:1 meetings with their manager at least monthly.
- The Internal Audit Manual is a comprehensive record of audit procedures and requirements and is regularly updated.
- Declarations of Business Interest – Staff are required to complete a declaration of business interests form on an annual basis and cannot undertake audits where there is a potential conflict of interest.
- Team meetings – Monthly team meetings are held which discuss points of practice, audit findings, information sharing and include elements of training and brainstorming.

Progress against 2024/25 Improvement Plan

	Opportunity for Improvement	Who	Comment
1	To review the internal audit report format to see if it can be improved for the client / be more risk focused.	HOIAC / Team	New report format agreed and being trialled from April 2025
2	To improve permanent file information to ensure that they contain system notes etc, labelling of files so clear what it is / deletion of outdated information.	All	Ongoing All staff reminded to maintain permanent files and checked after each audit completed
3	To review the Global Internal Audit Standards that were published in January 2024 and assess and implement any changes that would be beneficial to the Internal Audit Consortium.	HOIAC	Global Standards self assessment undertaken and an action plan developed to achieve full compliance
4	To review Public Sector guidance re changes required in respect of the Global Standards (consultation due Autumn 24 with guidance published by the end of 24 to become mandatory April 2025).	HOIAC	Complete
5	To update the Assurance mapping exercise last undertaken 2019/20 to be used to inform IA opinion and future audit plans.	HOIAC / Team	Complete and ongoing

	Assurance mapping to become a standard team meeting agenda item.		
6	To review and update the Internal Audit Manual with any new requirements following the update of the PSIAS.	HOIAC	In progress – added to GIAS action plan
7	To review the customer satisfaction survey for continued relevance.	Team	Reviewed and updated
8	To undertake relevant training / webinars to keep up to date / meet CPD requirements.	All	Ongoing
9	To review each Council's current Risk Management strategy to ensure that our risk definitions for High, Medium and Low recommendations still reflect any revised strategies	HOIAC	Complete

Global Internal Audit Standards Action Plan / 2025/26 Improvement Plan

Complete
In Progress
Not Started

Domain	Principle	Standard	Standard Description	Action	Progress	Who
11	1	1.1	Internal Auditors must perform their work with honesty and professional courage.	To include ethics training annually on a team meeting agenda	March 2025	HOIAC
11	1	1.3	Internal Auditors must not engage in or be party to any activity that is illegal or discreditable to the organisation or the profession of internal auditing or that may harm the organisation or its employees.	To include training in laws, regulations, ethical and professional behaviour on team meeting agenda annually	March 2025	HOIAC
11	2	2.1 & 2.2	Internal Auditors must maintain professional objectivity when	Objectivity training to be undertaken in team meetings annually	March 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			performing all aspects of internal audit services			
11	4	4.1	The Internal Audit functions methodologies must be established, documented and maintained in alignment with the standards.	The Internal Audit Manual requires updating to reflect the Global Standards and principles instead of the Public Sector Internal Audit Standards	August 2025	HOIAC
11	4	4.2	Internal auditors must exercise due professional care by assessing the nature, circumstances and requirements of the services to be provided.	Due professional care to be discussed annually at team meetings	March 2025	HOIAC
111	6	6.1 & 6.2	The Head of the Internal Audit Consortium must provide the Audit Committee and Senior management with the necessary information to establish the internal audit mandate. The Internal Audit Charter	Internal Audit Charter to be updated to specifically record the Internal Audit Mandate i.e. Accounts and Audit Regulations 2015. Review of the current Internal Audit Charter to ensure that it reflects the requirements of the Global Internal Audit Standards	April 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			must include the legal requirements of the mandate.	e.g. a specific sentence must be included committing to adhering to the Global Standards		
111	6	6.3 & 7.1	The Audit Committee should meet periodically with Internal Audit without the presence of Senior Management	To be arranged as and when required but at least annually	July 2025	HOIAC
11	6	6.3 & 7.1	The Audit Committee should provide input to support senior management in the performance evaluation of the Head of the Internal Audit Consortium	The Audit Committee to be consulted by the Director of Finance and Resources on the performance of the Head of the Internal Audit Consortium and the Service Director Finance to feed back to the Service Director Finance at CBC.	April 2026	Director of Finance and Resources
1V	9	9.2	The Head of the Internal Audit Consortium must develop and implement a strategy for the internal audit function that supports the	Develop an internal audit strategy including vision, strategic objectives and supporting initiatives	September 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			strategic objectives and success of the organisation and aligns with the expectations of the Audit Committee, senior management and other key stakeholders.			
1V	9	9.3	The Head of the Internal Audit Consortium must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan and conform with the standards.	There is a comprehensive internal audit manual however this requires updating to reflect the Global Standards citing specific standards rather than the PSIAS Standards at present and reference to the Strategy once written.	August 2025	HOIAC
1V	9	9.5	When the Internal Audit Function relies on the work of other assurance providers, the Head of the Internal Audit	Other assurances that we are aware of are already documented. For the assurances that we rely on, the basis for reliance will be	April 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			Consortium must document the basis for that reliance and is still responsible for the conclusions reached by the internal audit function	documented e.g. PSN certification, external audit, Derby City Internal Auditors re the operation of the Building Control partnership and Social Housing Regulator reviews.		
1V	10	10.3	The Head of the Internal Audit Consortium must strive to ensure that the internal audit function has technology to support the Internal Audit Process	Sections of the internal audit strategy should describe current or planned initiatives for using technology to advance the internal audit functions objectives. Development of AI to be kept under review for potential use by the Consortium.	September 2025	HOIAC
1V	11	11.1	The Head of the Internal Audit Consortium must promote formal and informal communication between the internal audit function and its stakeholders	A Guide to Internal audit is on the intranet but this was written some years ago and requires updating / refreshing.	September 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
1V	2	11.2	The Head of the Internal Audit Consortium must establish and implement methodologies to promote accurate, objective, clear, concise, constructive, complete and timely internal audit communications	Recorded in the audit manual however this will be supplemented with a days training - Communication skills for internal auditors - training day arranged for February 25	February 2025	HOIAC
v	14	14.3 & 14.4	When evaluating potential engagement findings internal auditors must collaborate with management to identify the root causes when possible.	Test schedule conclusion for each test where there is a finding to be updated to include the root causes of an issue	25/26 audits onwards	HOIAC and Audit team
v	15	15.1	When internal auditors become aware that management has initiated or completed actions to address a finding before the final	Reports to reflect more consistently when actions have already been taken during audits to address the risks identified.	25/26 audits onwards	Audit team

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			communication, the actions must be acknowledged in the communication			

Additional Requirements of the Application note and The Code of Practice for the Governance of Internal Audit in UK Local Government

Requirement	Action	When by	Who
When expressing conformance with Standards, Auditors must be clear that they are conforming to the GIAS subject to the Application note, and must refer to this as Conformance with Global Internal Audit Standards in the UK Public Sector	To be included in revised Charter and annual report 2025/25 onwards.	April 2025 and July 2026	HOIAC
Auditors must confirm adherence to the Application note and note any non -conformance	To be included in the Annual Report 2025/26	July 2026	HOIAC
The Authority should explain how it complies with the Code of Practice for the Governance of Internal Audit in UK Local Government in its Annual Governance Statement	To be included in the 2025/26 Annual Governance Statement	July 2026	HOIAC
The Code must be included in the Head of the Internal Audit Consortium's annual internal quality assessment and used in external assessments	Used for November 2024 self-assessment. Next external review due May 26	May 2026	HOIAC

The Audit Committee must satisfy itself on the effectiveness of Internal Audit taking into account conformance with the Standards, interactions with the Committee, performance and feedback from Senior Management. Their conclusions should be reported to those charged with Governance e.g. as part of the Standards and Audit Committee annual report.	BDC & NEDDC section 151 Officer already takes a report to Audit Committee annually assessing the effectiveness of IA – to also be done by CBC & DDDC 151 Officers.	July 2026	Service Director Finance
The Internal Audit Charter should reflect internal audits role – Championing good practice in governance through assurance, advice and contributing to the authority's annual governance review.	To ensure included in the Internal Audit Charter	April 2025	HOIAC

North East Derbyshire District Council

Audit Committee

28th July 2025

Summary of Progress on the 2024/25 Internal Audit Plan

Report of the Head of the Internal Audit Consortium

Classification: For Publication

Report By: Jenny Williams: Head of the Internal Audit Consortium

Contact Officer: Jenny.Williams@ne-derbyshire.gov.uk

PURPOSE / SUMMARY

- To present, for members' information the final progress report in respect of the 2024/25 Internal Audit Plan.
-

RECOMMENDATION

1. That the report be noted.
-

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

Internal audit reviews help to ensure that governance, risk and control arrangements are operating effectively thereby contributing to ensuring that value for money is obtained and continuous improvement made.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☒ No ☐

Details:

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control

and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On Behalf of the Solicitor to the Council

Staffing: **Yes** ☐ **No** ☒
Details:

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 - £100,000 <input type="checkbox"/> Capital - £250,000 <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
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details:

Links to Council Plan priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.
Internal audit reviews help to ensure that the Council is continually improving services to deliver excellence and value for money.

REPORT DETAILS

1 Background

- 1.1 The Global Internal Audit Standards require that the Head of the Internal Audit Consortium reports periodically to the Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

2. Details of Proposal or Information

- 2.1 Appendix 1 is a summary of reports issued since this Committee last met in respect of the 2024/25 internal audit plan. The Appendix shows for each report the level of assurance given and the number of recommendations made / agreed where a full response has been received. This provides an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels used can be seen at Appendix 2.
- 2.2 Five reports have been issued this period two with Substantial Assurance and three with reasonable assurance.
- 2.3 No issues arising relating to fraud were identified.
- 2.4 Appendix 3 provides the final picture in respect of the completion of the 2024/25 internal audit plan, all audits except the climate change audit have been completed. The climate change audit has been deferred to the 2025/26 internal audit plan due to the Climate Change Officer leaving the Council during the year.
- 2.5 In terms of staffing, the Consortium currently has several vacancies. The BDC Senior Auditor post became vacant due to the post holder moving to a Principal Accountant position at BDC. The Senior Auditor post has proven challenging to fill however, subject to references etc an experienced and well qualified candidate has now been appointed. There is also a full time and a part time auditor vacancy which are in the process of being recruited to.
- 2.6 In order that all 3 Councils can still complete the majority of their 2025/26 internal audit plans, an Interim Senior Auditor has been appointed for a period of 6 months and staff from CBC / NEDDC are also completing some audits at BDC. This will have a potential impact on the completion of the 2025/26 NEDDC internal audit plan.

3 Reasons for Recommendation

- 3.1 To update Members on the final progress against the 2024/25 Internal Audit Plan and to provide details of the Audit Reports issued and assurance on the governance, risk and control processes in place.

3.2 To comply with the requirements of the Global Internal Audit Standards.

4 **Alternative Options and Reasons for Rejection**

4.1 Not Applicable

DOCUMENT INFORMATION

Appendix No	Title
Appendix 1	Summary of Internal Audit reports issued April to June 2025.
Appendix 2	Assurance Definitions
Appendix 3	Final update on the 2024/25 Internal Audit Plan
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)	

NORTH EAST DERBYSHIRE DISTRICT COUNCIL

Summary of Internal Audit Reports Issued April to June 2025

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N019	Cyber Security Governance Arrangements	To review the governance arrangements in place for the reporting and monitoring of cyber security.	Reasonable	16/6/25	7/7/25	9 (4M 5L)	9
N020	E.H Other Licensing Income (excluding taxi licensing)	To ensure that legislative requirements are being met and that fees and charges are appropriately and timely raised.	Substantial	16/6/25	7/7/25	6L	Note 1
N021	Coney Green Business Centre Follow up	To ensure that the recommendations made at the last audit have been implemented	Reasonable	1/7/25	5/8/25	7 (3M 4L)	Note 1
N022	Commercial and Industrial Property Rents	To review processes for lettings, terminations, lease renewals, void units, arrears, recharging etc	Reasonable	1/7/25	5/8/25	6 (3M 3L)	Note 1

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N023	Asset Management	To ensure there is a strategy in place & an asset management plan, planned maintenance of assets, good record keeping etc.	Substantial	7/7/25	11/8/25	3L	Note 1

H = High Risk M = Medium Risk L = Low Risk

Appendix 2

Assurance Level	Internal Audit Definition	Risk Register Link
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Minor / negligible impact
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Minor / moderate
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Moderate / Severe Impact
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	Catastrophic Impact

Final Update on the 2024/25 Internal Audit Plan

Complete
Ongoing throughout the year
Deferred

	Risk	2024/25
Main Financial Systems		
Main Accounting / Budgetary Control	M	12
Creditors	M	20
Income Management	M	10
Debtors	M	15
Council Tax (Key controls)	M	10
Total Main Financial Systems		67
Corporate / Cross Cutting		
Corporate Governance / Assurance Statement	H	2
Financial advice / working groups	N/A	20
Climate Change	H	12
Gov Grants / Head of Audit sign off	N/A	3
Safeguarding	M	10
Health & Safety	M	10
Procurement	M	12
Risk Management	M	10
Total Cross Cutting		79
Operational Audits		
Asset Management Arrangements	M	12
Business Centres – Follow up	H	10
Corporate Credit Cards	L	8
Disabled Facilities Grants	M	10
Expenses and Allowances	L	10
E.H Misc Licensing	L	8
Grounds Maintenance	L	10

	Industrial Property Rents	H	15
	Killamarsh Leisure Centre	M	15
	Eckington Leisure Centre	M	15
	Petty Cash	L	5
	Section 106	M	12
	Transport follow up	H	8
	Total Operational Areas		138
	IT Related		
	Network Security / DR	H	15
	Total IT		15
	Rykneld Homes		97
	National Fraud Initiative	N/A	5
	Special Investigations / Contingency/ emerging risks	N/A	40
	Apprenticeships / training	N/A	30
	Audit Committee / Client Liaison	N/A	15
	Grand Total		486

Reserve Areas (if unable to progress audits in the above areas)

Facilities Statutory Compliance
Street Cleaning
Business Continuity / Emergency Planning
Leisure Direct Debits
Corporate Targets

North East Derbyshire District Council

Audit Committee

28 July 2025

Treasury Management Financial Outturn 2024/25

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

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

Contact Officer: Jayne Dethick

PURPOSE / SUMMARY

To present to Members of the Audit Committee the Treasury Management outturn position for 2024/25.

RECOMMENDATIONS

1. That the Audit Committee note the report concerning the Council’s treasury management report for the 2024/25 financial year and make any comments that they believe to be appropriate concerning these matters.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

These are detailed in the attached report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

There are no legal issues arising directly 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.

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, report is for information only.
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 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; <ul style="list-style-type: none"> 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 To update Members of the Audit Committee concerning the Treasury Management outturn position in respect 2024/25 financial year.
- 1.2 The report to be taken to the Council's Cabinet on 31 July 2025 is accordingly brought to the Audit Committee for its consideration.

2. Details of Proposal or Information

- 2.1 To comply with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) the Council is required to report on a quarterly basis on how the Council measures and manages its capital expenditure, borrowing and commercial and service investments. To comply with the changes a more comprehensive review of treasury management activity and the impact this has on prudential indicators will be undertaken on a quarterly basis. This is the outturn report for 2024/25 which includes a comprehensive review of treasury management activity and the impact this has on prudential indicators.

3 Reasons for Recommendation

- 3.1 To ensure that the Audit Committee is kept informed of the latest position concerning treasury management.

4 Alternative Options and Reasons for Rejection

- 4.1 This report is concerned with monitoring the position against the Council's previously approved treasury management strategy. Accordingly, the report does not set out any options where a decision is required by Members.

DOCUMENT INFORMATION

Appendix No	Title
1	Cabinet Treasury Management Financial Outturn 2024/25
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	

North East Derbyshire District Council

Cabinet

31 July 2025

Treasury Management Financial Outturn

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

To inform Cabinet of the Treasury Management outturn position for 2024/25.

RECOMMENDATIONS

1. That Cabinet note the outturn position in respect of the 2023/24 financial year.

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

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

These are detailed in the attached report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☒ No ☐

Details:

The audited Statement of Accounts is required to be prepared by the 30 November this year. The Council has now completed the draft Statement of Accounts, and they have been signed off by the Chief Financial Officer as at 20 June 2025 which secures compliance with the Council's obligations.

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, report for information only.
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**

The treasury management outturn links to all Council Plan priorities.

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

- 1.1 The Council previously (June 2023) adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual outturn reports.
- 1.2 Under the Code, quarterly reporting of the treasury management indicators and the prudential indicators became mandatory.
- 1.3 Whilst treasury management updates have been provided for many years alongside the quarterly revenue and capital monitoring reports, the Code now requires more detailed reporting. Therefore, to meet these new requirements a separate treasury management outturn will be presented alongside the main financial outturn.

2. Treasury Management

- 2.1 The treasury management function covers the borrowing and investment of Council funds. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.
- 2.2 The Council approved the 2024/25 Treasury Management Strategy at its meeting on 29 January 2024. Appendix 1 identifies the Treasury Management activity undertaken in 2024/25. This includes reporting on the treasury management indicators as required by the Code such as the maturity structure of borrowing. In summary, the Council operated throughout 2024/25 within the Authorised Limit and Operational Boundary limits approved in the approved Treasury Management Strategy.
- 2.3 The key points from the summary report at Appendix 1 are:
- The overall borrowing requirement of the Council was £199.363m at 31 March 2025.
 - The PWLB debt is £161.300m at 31 March 2025.
 - Effective internal borrowing is £38.063m at 31 March 2025.
 - New PWLB borrowing of £25.0m was undertaken in 2023/24.
 - Repaid PWLB debt in year of £6.509m.
 - PWLB interest paid in year was £5.431m.

- Interest received in year on investments was £0.940m.

Prudential Indicators

- 2.4 As from 1 April 2023 there is a requirement that monitoring of prudential indicators should be reported quarterly. Prudential Indicators are a means of demonstrating that capital expenditure plans are affordable to aid decision making. **Appendix 2** identifies the impact on the Prudential Indicators from the treasury management activity in 2024/25.

3 Reasons for Recommendation

- 3.1 The Council operated in line with its agreed Treasury Management Strategy during the 2024/25 financial year. This ensures that lending and borrowing arrangements were prudent and sustainable, minimising the risk of financial loss to the Council. Effective management of these arrangements ensured that interest costs during the year were minimised to assist the Council's revenue position whilst interest receivable increased slightly above budget due to increased interest rates.

4 Alternative Options and Reasons for Rejection

- 4.1 This report is primarily a factual report detailing the actual position against the Council's previously approved treasury management strategy. Accordingly, the report does not set out any options where a decision is required by Members.

DOCUMENT INFORMATION

Appendix No	Title
1	Treasury Management Outturn 2024/25
2	Prudential Indicators Outturn 2024/25
<p>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)</p>	
None	

Treasury Management Outturn Report 2024/25

Introduction

In January 2023, the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve, treasury management semi-annual and annual outturn reports.

This report includes the requirement in the 2021 code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators.

The Council's treasury management strategy for 2024/25 was approved at a meeting on 29 January 2024. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

External Context

Economic background: Both the UK and US elected new governments during the period, whose policy decisions impacted the economic outlook. The Chancellor of the Exchequer delivered her Spring Statement in March 2025, following her Budget in October 2024. Based on the plans announced, the Office for Budget Responsibility downgraded its predictions for UK growth in 2025 to 1% from 2%. However, it upgraded its predictions for the four subsequent years. Inflation predictions for 2025 were pushed up, to 3.2% from 2.6%, before seen as falling back to target in 2027. The market reaction to the Spring Statement was more muted compared to the Budget, with very recent market turbulence being driven more by US trade policy decisions and President Trump.

After revising its interest rate forecast in November following the Budget, the council's treasury management advisor, Arlingclose, maintained its stance that Bank Rate will fall to 3.75% in 2025.

UK annual Consumer Price Index (CPI) inflation continued to stay above the 2% Bank of England (BoE) target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices at 2.8% in February 2025, down from 3.0% in the previous month and below expectations. Core CPI also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations for 3.6% but higher than the last three months of the calendar year.

The UK economy Gross Domestic Product (GDP) grew by 0.1% between October and December 2024, unrevised from the initial estimate. This was an improvement on the zero growth in the previous quarter, but down from the 0.4% growth between

April and June 2024. Of the monthly GDP figures, the economy was estimated to have contracted by 0.1% in January, worse than expectations for a 0.1% gain.

The labour market continued to cool, but the ONS data still require treating with caution. Recent data showed the unemployment rate rose to 4.4% (3mth/year) in the three months to January 2025 while the economic inactivity rate fell again to 21.5%. The ONS reported pay growth over the same three-month period at 5.9% for regular earnings (excluding bonuses) and 5.8% for total earnings.

The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.5% at its March 2025 meeting, having reduced it in February. This follows earlier 0.25% cuts in November and August 2024 from the 5.25% peak. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%, with the one dissenter preferring another 25 basis points cut. The meeting minutes implied a slightly more hawkish tilt compared to February when two MPC members wanted a 50bps cut. In the minutes, the Bank also upgraded its Q1 2025 GDP forecast to around 0.25% from the previous estimate of 0.1%.

The February Monetary Policy Report (MPR) showed the BoE expected GDP growth in 2025 to be significantly weaker compared to the November MPR. GDP is forecast to rise by 0.1% in Q1 2025, less than the previous estimate of 0.4%. Four-quarter GDP growth is expected to pick up from the middle of 2025, to over 1.5% by the end of the forecast period. The outlook for CPI inflation showed it remaining above the MPC's 2% target throughout 2025. It is expected to hit around 3.5% by June before peaking at 3.7% in Q3 and then easing towards the end of the year but staying above the 2% target. The unemployment rate was expected to rise steadily to around 4.75% by the end of the forecast horizon, above the assumed medium-term equilibrium unemployment rate of 4.5%.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall throughout 2025. From the cuts in August and November 2024 and February 2025, which took Bank Rate to 4.50%, May is considered the likely month for the next reduction, with other cuts following in line with MPR months to take Bank Rate down to around 3.75% by the end of 2025.

The US Federal Reserve paused its cutting cycle in the first three months of 2025, having reduced the Fed Funds Rate by 0.25% to a range of 4.25%-4.50% in December, the third cut in succession. Fed policymakers noted uncertainty around the economic outlook but were anticipating around 0.50% of further cuts in the policy rate in 2025. Economic growth continued to rise at a reasonable pace, expanding at an annualised rate of 2.4% in Q4 2024 while inflation remained elevated over the period. However, growth is now expected to weaken by more than previously expected in 2025, to 1.7% from 2.1%. The uncertainty that President Trump has brought both before and since his inauguration in January is expected to continue.

The European Central Bank (ECB) continued its rate cutting cycle over the period, reducing its three key policy rates by another 0.25% in March, acknowledging that

monetary policy is becoming meaningfully less restrictive. Euro zone inflation has decreased steadily in 2025, falling to 2.2% in March, the lowest level since November 2024. Over the current calendar year, inflation is expected to average 2.3%. GDP growth stagnated in the last quarter of the 2024 calendar year, after expanding by 0.4% in the previous quarter. For 2025, economic growth forecasts were revised downwards to 0.9%.

Financial markets: Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained. In the latter part of the period, volatility increased, and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets. Yields in the UK and US started to diverge in the last month of the period, with the former rising around concerns over the fiscal implications on the UK government from weaker growth, business sentiment and higher rates, while the latter started falling on potential recession fears due to the unpredictable nature of policy announcements by the US President and their potential impact.

The 10-year UK benchmark gilt yield started the period at 3.94% and ended at 4.69%, having reached a low of 3.76% in September and a high of 4.90% in January in between. While the 20-year gilt started at 4.40% and ended at 5.22%, hitting a low of 4.27% in September and a high of 5.40% in January. The Sterling Overnight Rate (SONIA) averaged 4.90% over the period.

The period in question ended shortly before US President Donald Trump announced his package of 'reciprocal tariffs', the immediate aftermath of which saw stock prices and government bond yields falling and introduced further uncertainty over the economic outlook.

Credit review: In October, Arlingclose revised its advised recommended maximum unsecured duration limit on most banks on its counterparty list to six months. Duration advice for the remaining five institutions, including the newly added Lloyds Bank Corporate Markets, was kept to a maximum of 100 days. This advice remained in place at the end of the period.

Fitch revised the outlook on Commonwealth Bank of Australia (CBA) to positive from stable while affirming its long-term rating at AA-, citing its consistent strong earnings and profitability.

Other than CBA, the last three months of the period were relatively quiet on the bank credit rating front, with a small number of updates issued for a number of lenders not on the Arlingclose recommended counterparty list.

On local authorities, S&P assigned a BBB+ to Warrington Council, having previously withdrawn its rating earlier in 2024, and also withdrew its rating for Lancashire County Council due to the council deciding to stop maintaining a credit rating.

However, it still holds a rating with Fitch and Moody's. Moody's withdrew its rating of Cornwall Council after it chose to no longer maintain a rating.

Credit default swap prices generally trended lower over the period but did start to rise modestly in March, but not to any levels considered concerning. Once again, price volatility over the period remained generally more muted compared to previous periods.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

Local Context

On 31 March 2025, the Council had net borrowing of £161.3m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.24 Actual £m	31.3.25 Actual £m
General Fund CFR	25.6	35.2
HRA CFR	177.3	164.2
Total CFR	202.9	199.4
Less: *Other debt liabilities	(0)	(0)
Borrowing CFR	202.9	199.4
External borrowing**	(142.8)	(161.3)
Internal borrowing	60.1	38.1
Less: Balance sheet resources	(74.1)	(50.1)
Net	14.0	12.0

* finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

** shows only loans to which the Council is committed and excludes optional refinancing

The treasury management position at 31 March and the change over the quarter is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.24 Balance £m	Movement £m	31.3.25 Balance £m	31.3.25 Rate %
Long Term Borrowing – PWLB	142.8	18.5	161.3	3.71
Total Borrowing	142.8	18.5	161.3	3.71
Short-Term Investments	(14.0)	2.0	(12.0)	(4.54)
Cash and cash Equivalents	(1.4)	(4.0)	(5.4)	(5.45)
Total Investments	(15.4)	(2.0)	(17.4)	(4.77)
Net Borrowing	127.4	16.5	143.9	

Borrowing

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in future.

Borrowing strategy and activity

As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. During the majority of the period short term interest rates have been higher than long term interest rates.

After substantial rises in interest rates since 2021 many central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields were volatile but have increased overall during the period. Much of the increase has been in response to market concerns that policies introduced by the Labour government will be inflationary and lead to higher levels of government borrowing. The election of Donald Trump in the US in November is also expected to lead to inflationary trade policies.

The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the period and 5.42% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.71%. Rates for 20-year maturity loans ranged from 5.01% to 6.14% during the period, and 50-year maturity loans from 4.88% to 5.88%.

For the majority of the year the cost of short-term borrowing from other local authorities closely tracked Base Rate at around 5.00% - 5.25%. However from late 2024 rates began to rise, peaking at around 6% in February and March 2025.

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.

The PWLB HRA rate which is 0.4% below the certainty rate is available up to March 2026. This discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans, providing a window of opportunity for HRA-related borrowing and to replace the Council's £6.5m loans relating to the HRA maturing during this time frame. The Council has borrowed a total of £11.0m at the HRA rate, this is to help fund the current capital projects, North Wingfield New Build scheme and Stonebroom Regeneration Project, that have been approved to utilise borrowing as part of their funding. There is also intention to borrow for the HRA during 2025-26 for the Stonebroom Regeneration Project.

At 31 March 2025 the Council held £161.300m of loans, a increase of £18.491m since 31 March 2024, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31 March are summarised in Table 3A below.

Table 3A: Borrowing Position

PWLB Borrowing	Maturity Profile 31 March 2024 £'000	Net Movement £'000	Maturity Profile 31 March 2025 £'000
Term			
12 Months	6,109	3,691	9,800
1 - 2 years	9,000	2,897	11,897
2 - 5 years	10,284	6,396	16,680
5 - 10 years	28,326	7,507	35,833
10 - 15 years	42,000	(0)	42,000
Over 15 years	47,090	(2,000)	45,090
Total PWLB Debt	142,809	18,491	161,300

The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short-term and long-term borrowing was maintained.

There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

Treasury Management Investment Activity

The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £10.0 and £29.0 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

Bank Name	Duration of Loan	B/Fwd 01/04/24 £000's	Amount Invested 2024/25 £000's	Amount Returned 2024/25 £000's	Balance Invested 31/3/25 £000's	Interest Received 31/3/25 £000's
Federated Fund 3	Call	3,000	22,653	(22,653)	3,000	(153)
Aberdeen Standard	Call	0	13,024	(13,024)	0	(24)
CCLA Public Sector Deposit Fund	1 Day Call	0	13,545	(13,545)	0	(45)
Aviva	Call	0	28,179	(23,179)	5,000	(179)
Invesco	Call	1,000	7,067	(4,067)	4,000	(67)
SSGA	Call	0	5,007	(5,007)	0	(7)
Lancashire County Council	12 Months	5,000	163	(5,163)	0	(163)
Aberdeen County Council	12 Months	5,000	197	(5,197)	0	(197)
Total		14,000	89,835	(91,835)	12,000	(835)

Overnight Investments

The balance of the daily surplus funds can be placed as overnight investments with the Councils bank which is Lloyds. The maximum amount invested with Lloyds in the financial year was £4.788m. There has been no breach of the £5m limit set in the Treasury Management Strategy. For clarity, this limit relates to the amount invested and doesn't include interest accruing as a result. The interest earned from daily balances up to 31 March 2025 is £103,626.38.

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

Bank Rate reduced from 5.25% to 5.00% in August 2024, again to 4.75% in November 2024 and again to 4.5% in February 2025 with short term interest rates largely being around these levels.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2024 31.3.2025	4.50	A+	69%	1	4.57
Similar Las/All LAs	4.77	A+	64%	8	4.55

*Weighted average maturity

Statutory override: Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On

the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1st April 2029 for investments already in place before 1st April 2024. The override will not apply to any new investments taken out on or after 1st April 2024. Currently the Council does not hold any type of pooled investment funds.

ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's strategy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Non-Treasury Investments

The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

The Council also held £13.3m of such investments in

- Loans to Rykneld Homes Ltd £6.3m
- Loans to Mypad Ltd £7.0

The Council held £23.2m of investments made for commercial purposes

- Directly owned property £23.2m

These investments generated £0.564m of investment income for the Council after taking account of direct costs, representing a rate of return of 2.43% as at 31 March 2025.

Treasury Performance

The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 6 below.

Table 6: Performance

	Actual £m	Budget £m	Over/ under	Actual %	Benchmark %	Over/ under
PWLB Borrowing	161.3	157.0	Over	3.71	4.86	Under
Total borrowing	161.3	157.0	Over	3.71	4.86	Under
Total debt	161.3	157.0	Over	3.71	4.86	Under
Investments (see table 4)	12.0	10.0	Over	4.77	4.50	Over
Total treasury investments	12.0	10.0	Over	4.77	4.50	Over

MRP Regulations

On 10th April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7th May 2024 sufficient MRP must be charged so that the outstanding CFR in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.

The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

Compliance

The S151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Table 7: Investment Limits

	2024/25 Maximum per counterparty	31.3.25 Actual	2024/25 Limit	Complied?
The UK Government	Unlimited	£0m	n/a	Yes
Local authorities & other government entities	£5m	£0m	Unlimited	Yes
Secured investments	£5m	£0m	Unlimited	Yes
Banks (unsecured)	£5m	£0m	Unlimited	Yes
Building societies (unsecured)	£5m	£0m	£20m	Yes
Registered providers (unsecured)	£5m	£0m	£20m	Yes
Money market funds	£5m	£12m	Unlimited	Yes
Strategic pooled funds	£5m	£0m	£20m	Yes
Real Estate Investment Trusts	£5m	£0m	£20m	Yes
Other investments	£5m	£0m	£20m	Yes

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

Table 8: Debt and the Authorised Limit and Operational Boundary

	2024/25 Maximum £m	31.3.25 Actual £m	2024/25 Operational Boundary £m	2024/25 Authorised Limit £m	Complied?
Borrowing	229.2	161.3	234.2	238.4	Yes
Total debt	229.2	161.3	234.2	238.4	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Treasury Management Indicators

As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

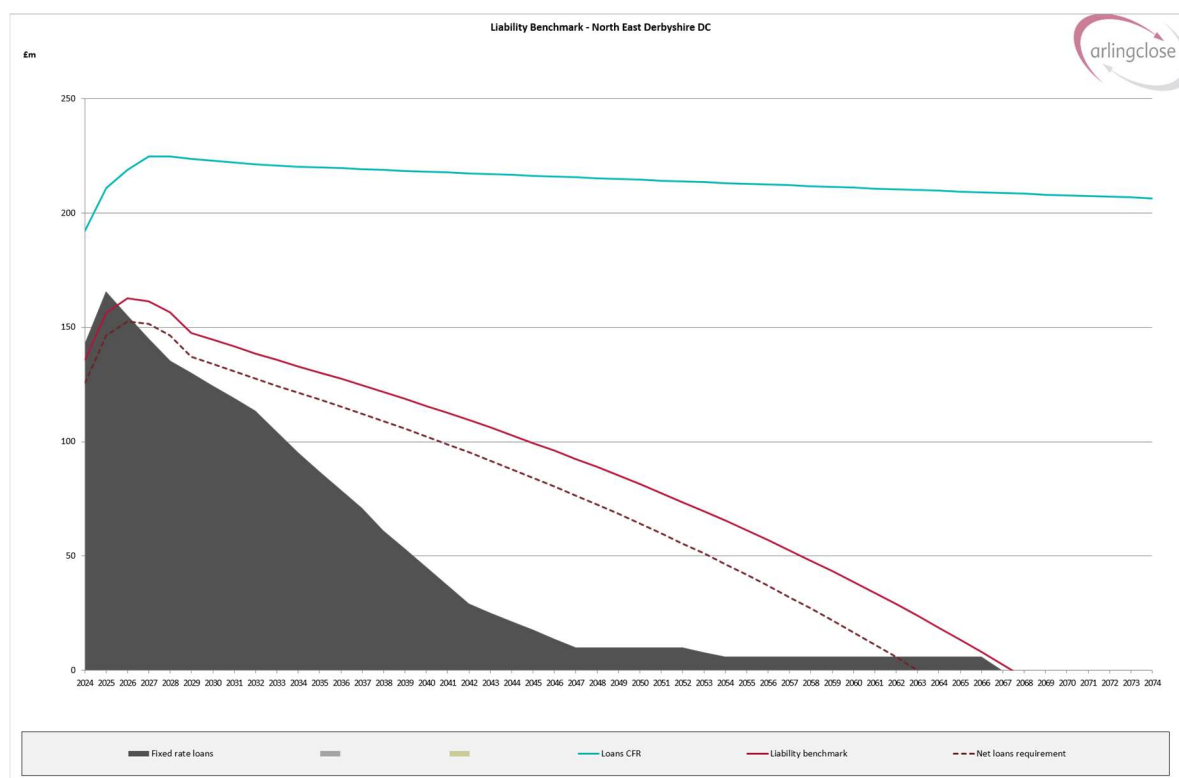
1. Liability Benchmark:

This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The

liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

	31.3.24 Actual	31.3.25 Actual	31.3.26 Forecast	31.3.27 Forecast
Loans CFR	199.0	199.4	210.8	213.6
Less: Balance sheet resources	(70.2)	(50.1)	(42.3)	(38.5)
Net loans requirement	128.8	149.3	168.5	175.1
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	138.8	159.3	178.5	185.1
Existing borrowing	142.8	161.3	168.5	175.1

Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £22.3m in 2024/25, minimum revenue provision on new capital expenditure based on a 50-year asset life. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.



Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

2. Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper Limit	Lower Limit	31.3.25 Actual	Complied?
Under 12 months	20%	0%	6.08%	Yes
12 months and within 24 months	20%	0%	7.38%	Yes
24 months and within 5 years	40%	0%	10.34%	Yes
5 years and within 10 years	40%	0%	22.21%	Yes
10 years and above	90%	0%	53.99%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

3. Long-term Treasury Management Investments: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£20m	£20m	£20m	£20m
Actual principal invested beyond year end	£0m	£0m	£0m	£0m
Complied?	Yes	Yes	Yes	Yes

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Additional indicators

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2024/25 Target	31.3.25 Actual	Complied?
Portfolio average credit rating	<3.0	1.0	Yes

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing / it can borrow each period without giving prior notice.

	31.3.25 Actual £m	2024/25 Target £m	Complied?
Total cash available within 3 months	12.0	10.0	Yes

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. Bank Rate fell by 0.75% on 1 April 2024 to 4.50% by 31 March 2025.

Interest rate risk indicator	2024/25 Target	31.3.25 Actual	Complied
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1.5m	£0.0m	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£1.5m	£0.0m	Yes

For context, the changes in interest rates during the quarter were:

	<u>31/3/24</u>	<u>31/3/25</u>
Bank Rate	5.25%	4.50%
1-year PWLB certainty rate, maturity loans	5.36%	4.82%
5-year PWLB certainty rate, maturity loans	4.68%	4.97%
10-year PWLB certainty rate, maturity loans	4.74%	5.42%
20-year PWLB certainty rate, maturity loans	5.18%	5.91%
50-year PWLB certainty rate, maturity loans	5.01%	5.67%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

Prudential Indicators Outturn 2024/25

The Council measures and manages its capital expenditure, borrowing and commercial and service investments with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure:

The Council has undertaken and is planning capital expenditure as summarised below.

	2023/24 actual £m	2024/25 actual £m	2025/26 budget * £m	2026/27 budget £m
General Fund services	£15.429	£20.073	£8.084	£2.004
Council housing (HRA)	£30.387	£33.658	£28.221	£24.717
Capital investments	£0.000	£0.000	£0.000	£0.000
Total	£45.816	£53.731	£36.305	£26.721

* £0m of capital expenditure in arises from a change in the accounting for leases and does not represent cash expenditure.

The main General Fund capital projects to date have included Refurbishment of Mill Lane Project, General Asset Refurbishment, Dronfield Sports Centre Carbon Efficiencies Programme, Vehicle Replacement, UK Shared Prosperity Fund, Clay Cross Towns Fund Projects, and the rebuilding of Sharley Park Active Community Hub. HRA capital expenditure is recorded separately and to date includes capital works on Council Dwellings, North Wingfield New Build Project, Stonebroom Regeneration Project and a Stock Purchase Programme.

Capital Financing Requirement:

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP/loans fund repayments and capital receipts used to replace debt.

	31.3.2024 actual £m	31.3.2025 actual £m	31.3.2026 budget * £m	31.3.2027 budget £m
General Fund services	£25.566	£35.173	£35.931	£31.745
Council housing (HRA)	£177.291	£164.191	£198.325	£205.320
Capital investments	£0.000	£0.000	£0.000	£0.000
TOTAL CFR	£202.857	£199.364	£234.256	£237.065

* £0.815m of the CFR increase in 2025/26 arises from a change in the accounting for leases

Gross Debt and the Capital Financing Requirement:

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.3.2024 actual £m	31.3.2025 actual £m	31.3.2026 budget £m	31.3.2027 budget £m	Debt at 31.3.2025 £m
Debt (incl. PFI & leases)	£142.809	£161.301	£168.500	£175.103	£161.300
Capital Financing Requirement	£202.857	£199.364	£234.256	£237.065	

Debt and the Authorised Limit and Operational Boundary:

The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum debt 2024/25 £m	Debt at 31.3.25 £m	2024/25 Authorised Limit £m	2024/25 Operational Boundary £m	Complied?
Borrowing	£199.364	£161.300	£238.400	£234.200	Yes
Total debt	£199.364	£161.300	£238.400	£234.200	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Net Income from Commercial and Service Investments to Net Revenue Stream:

The Council's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

	2023/24 actual £m	2024/25 actual £m	2025/26 budget £m	2026/27 budget £m
Total net income from service and commercial investments	1.203	1.212	1.025	0.811
Proportion of net revenue stream	7.57%	7.20%	5.50%	4.22%

Proportion of Financing Costs to Net Revenue Stream:

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	2023/24 actual	2024/25 actual	2025/26 budget *	2026/27 budget
Financing costs (£m)	(0.8)	(1.2)	0.6	0.8
Proportion of net revenue stream	(4.98%)	(7.43%)	3.08%	4.23%

* £0m of the increase in financing costs in 2025/26 arises from a change in the accounting for leases and does not represent additional cost to the Council.

Treasury Management Indicators:

These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are within the Appendix 1 Treasury Management Outturn 2024/25.

North East Derbyshire District Council

Audit Committee

28 July 2025

Draft Annual Governance Statement 2025/26

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

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

Contact Officer: **Jayne Dethick**

PURPOSE / SUMMARY

To provide an opportunity for the Committee to consider the draft Annual Governance Statement for 2024/25 along with the review of the Code of Corporate Governance.

RECOMMENDATIONS

1. That the Audit Committee note the contents of the draft Annual Governance Statement and make any comments that they believe to be appropriate concerning these matters.
2. That the Committee approve the Code of Corporate Governance.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The Annual Governance Statement is a key requirement of the published Financial Statements. It is therefore vital that we have a relevant statement, signed off by the Leader and Chief Executive that supports the standards of good governance.

There are no direct financial implications arising from the review of the Local Code of Corporate Governance. However, adequate and effective systems of corporate governance are a key component in the process, intended to help ensure that the Council operates efficiently, cost effectively and with integrity.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☒ No ☐

Details:

The Accounts and Audit Regulations 2015 require councils to undertake an annual review of their governance. The Regulations require that an Annual Governance Statement, prepared to fulfil this requirement, should form part of the Council's Statement of Accounts. The Regulations also state that the Annual Governance Statement should be prepared in accordance with proper practices. Compliance with the CIPFA guidance fulfils this requirement. The format of the Draft AGS reflects the good practice guidance from CIPFA.

A Code of Corporate Governance is recommended by the guidance designated as proper practice by the CIPFA/SOLACE framework, entitled Delivering Good Governance in Local Government. The Council's Code forms part of the governance framework which defines the principles that underpin our governance arrangements.

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"/> Please indicate which threshold applies	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 type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input 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; <ul style="list-style-type: none"> 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 CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' encourages local authorities to review the effectiveness of their existing governance arrangements against their Code of Corporate Governance and prepare an annual governance statement that reports publicly

on their compliance, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.

2. Annual Governance Statement

- 2.1 The Annual Governance Statement (AGS) should provide assurance that the Council operates in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse.
- 2.2 The Council's AGS largely follows the requirements of the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'. It reports each year on the governance arrangements and assurance in place, compliance with CIPFA's Financial Management Code, performance management and continuous improvement and risk management. The AGS also reports on the role of the Audit Committee and its importance in providing oversight of governance and accountability arrangements.
- 2.3 The draft AGS 2024/25 (Appendix 1) is published alongside the Statement of Accounts each year. The Council's Statutory Officers have reviewed this year's AGS and have formed the view that the overall governance arrangements of the Council are sound. The Head of the Internal Audit Consortium also provides an audit opinion each year in the AGS on the overall adequacy and effectiveness of the Council's framework for governance, risk management and control.
- 2.4 The AGS reports on progress made against prior year governance issues and details those identified during the year that will become the focus for the forthcoming year. Progress will be reviewed as part of the risk management process each quarter.

Code of Corporate Governance

- 2.5 In addition to the AGS, the Council has in place a Code of Corporate Governance (the Code). This also reflects the main components set out in the CIPFA and SOLACE guidance "Delivering Good Governance in Local Government: Framework". The Code is a public statement of the arrangements the Council has in place to ensure it conducts its business in a way that upholds the highest standards. Appendix 2 contains the Code.
- 2.6 The Code is therefore an important part of the Council's public accountability. It is important it remains fit for purpose, and each year the Council's Monitoring Officer and S151 Officer conduct a review of compliance with the Code. The outcome of this year's review can be found at Appendix 3.

3 Reasons for Recommendation

- 3.1 To provide the Audit Committee with an opportunity to review the governance arrangements as detailed in the AGS and the Code.

4 Alternative Options and Reasons for Rejection

4.1 None, it is a requirement to make such arrangements.

DOCUMENT INFORMATION

Appendix No	Title
1	Annual Governance Statement 2024/25
2	Code of Corporate Governance
3	Self-Assessment of the Code
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	



North East Derbyshire District Council

Annual Governance Statement 2024/25

Introduction

We approved our Council Plan 2023 – 2027 in July 2023:

Our Vision

Putting strong community leadership at the heart of everything we do, we will create a great place.

Throughout the plan we demonstrate our commitment to the residents of our district and give examples of some of the work we will be doing to meet our pledges.

We will deliver this evolving and ambitious plan in an inclusive and transparent way, with a spirit of effective collaboration for the benefit of our residents.

Council Plan 2023 - 2027

Our Objectives

That North East Derbyshire is a great place:

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



This Annual Governance Statement reviews arrangements in place for the financial year 2024/25. The services and projects delivered during the year are linked to our strategic objectives and plans, alongside monitoring current performance and risks.

The Annual Governance Statement

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA /SOLACE Framework *Delivering Good Governance in Local Government Framework 2016 edition*.

This Statement explains how we have complied with the code for the year ended 31 March 2025 which also meets the requirements of Accounts and Audit Regulations 2015 (as amended).

In addition, this Statement is used as an improvement document, identifying how we are delivering improvements.

The Scope of the Council's Responsibility

North East Derbyshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of its affairs, and for facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which a local authority is directed and controlled, together with those activities through which it accounts to, engages with and leads the local community. It enables the local authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework

Our Governance Framework identifies the assurance needed to meet our strategic objectives and how this assurance is achieved. It also identifies areas that require improvement. These are detailed below in **Significant Governance Issues**.

Assurance Required:	Source of Assurance:	Assurance Received:
<ul style="list-style-type: none"> • Delivery of Council Plan • Communication of Performance • Financial Management including compliance with CIPFA's Financial Management Code • Value for Money • Effective action against service failure • Members and Officers working effectively together • High standards • Transparency • Risk Management • Public Accountability • High ethical standards from members and officers • Financial Resilience 	<ul style="list-style-type: none"> • Constitution • Senior Management Team • MTFP • Annual financial resilience reviews • Financial Regulations • Contract Procedure Rules • People Strategy • Information Management Strategy • ICT & Digital Strategy • Health & Safety Policy • Risk Management Policy • Internal and External Audit • Audit/Scrutiny Committees • Standards Committees • Member and Officer Codes of Conduct and Councillor-Officer Relations 	<ul style="list-style-type: none"> • Statement of Accounts • External Audit • Internal Audit • Risk Registers • Scrutiny Reviews and Monitoring of Performance • Annual Review of Constitution • Audit Committee reviews • Service reviews • External Assurance and advice • Standards Committee monitoring and review and advice • Regulator of Social Housing inspection and monitoring regime for Housing Services • Strong commitment to compliance with CIPFA/Solace Code of Practice for Statutory Officers

Performance Management

We have reviewed our performance management processes during 2024/25 to ensure that we remain transparent, and that outcomes and measures effectively define our performance against the plan for all our stakeholders. We monitor and report delivery performance on a quarterly basis culminating in our Annual Report.

The successful achievement of the Council's agreed objectives is key to both ensuring effective delivery of services to residents and providing a sustainable future for the Council.

We also monitor the performance of the companies that we own and/or have an interest in. The Council has a wholly owned company, Rykneld Homes Ltd, who manage the Council's housing stock under a management agreement. Regular monitoring meetings are held, attended by senior officers from both organisations as well as the Chair of Rykneld Homes' board and representatives from the Council's Cabinet.

Risk

The longer-term sustainability of both our service delivery and the Council's financial position are protected by the Council Plan, and the Financial Plan both of which cover a four-year period. These are supported by a Risk Management Strategy and a robust risk management framework which identifies and mitigates both strategic and operational risks which could hinder or prevent our plans being achieved.

The key objectives of the Strategy and framework:

- To operate in line with best practice and update our approach to reflect evolving best practice
- To protect service delivery arrangements, the reputation, and the financial position of the Council by managing risk effectively
- To maintain and strengthen robust managerial and governance arrangements within the Council
- To promote risk awareness, risk intelligence and risk management throughout the Council
- To ensure programme, project and partnership risk is effectively managed
- To ensure there are clear roles, responsibility, and accountability for risk management within the Council
- To ensure the effective identification of risks relating to service delivery, a new project, new initiative, external origins, or circumstance to ensure fully informed decisions are made and measures to mitigate or exploit are in place
- To ensure that the Council has a fully informed level of awareness of its overall risk exposure

Our organisation is risk aware rather than risk averse as the decision whether to accept risk must be taken in light of the potential benefits of a proposed course of

action. The extent to which the Council is risk averse, will undoubtedly impact on its potential to progress available opportunities to secure benefits for residents.

The Risk Management approach, both in the identification of risks and the action taken to address the risks, is flexible and can respond to change. National policies, service delivery arrangements, national and local circumstances, together with Council priorities have and will continue to change and evolve over time. The Council's Risk Management focus and arrangements can adjust speedily to ensure that current threats and opportunities are effectively addressed and not stifled by inappropriate risk management arrangements.

A comprehensive review of the Council's risk management framework now takes place every two years following which the Risk Management Strategy for the two years ahead will be set. During 2023, we undertook an external assessment in relation to its Risk Management Strategy and arrangements to help inform the 'then' upcoming strategic review. Across a range of themes and out of a maximum score of 5 we were assessed at level 4 "Integrated" overall and level 5 for Culture and Leadership, the highest score possible - this is classed as Transformational. We have repeated this exercise recently with service managers as we were keen to ensure that risk management is embedded across the Council. The assessment has identified a strong and proactive risk culture and a consistent willingness to discuss risks openly and constructively. There is more to do in ensuring consistent approaches to risk escalation and aligning strategic risks with programme delivery and this will be managed through the Risk Management Group with support from the Senior Management Team.

Although the Council can do much to manage the risks it faces, it does need to be recognised that some of the major Strategic Risks are only partially within its direct influence. Key risks included in the Strategic Risk Register at the end of the reporting period (31 March 2025) are:

- *National Funding, Priorities, Policy or Regulatory change which affects the Council area and impacts upon the business of the Council negatively.*
- *English Devolution White Paper and Local Government Reorganisation*
- *Failure to deliver a balanced budget.*
- *Operational service failure which has a major impact upon the Council as a whole or significant impact upon the local community*
- *Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by incidents such as pandemic, natural disaster, a loss of data / systems which results in the inability to provide core services and potential reputational damage.*
- *Difficulty in recruiting to key posts or in replacing key staff who leave.*

- *Delivery of major initiatives and key projects whilst implementing a range of new government reforms against a backdrop of challenging financial targets and maintaining service quality. Local Government Reorganisation adds to this challenge.*
- *Ineffective engagement with local communities and stakeholders including Parish Councils and other local partners*
- *Ineffective 'Good Governance' arrangements including; Performance, Finance and Risk Management.*
- *Staff morale / sickness levels adversely affected as a result of the pace of change, tightening financial circumstances or external circumstances.*
- *Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.*
- *Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.*
- *Meeting the challenge and impact upon the organisation in its environment of Climate Change.*
- *Impact on the organisation and its communities of rising cost of living.*
- *Refusals of planning consent being issued based on non-evidenced decisions*
- *Risks associated with the sale of Northwood Group Ltd*
- *Delivery of Clay Cross Town Deal Town Centre Regeneration project*
- *Impact of the use of Artificial Intelligence (AI) and generative AI.*
- *Production of updated/ new Local Plan – expedited due to likely changes to national planning policy.*
- *Delays to the opening of Clay Cross Active.*

Decision making

Our Council consists of 53 elected members with a Cabinet of lead members who are supported by scrutiny committees. We have a formal constitution in place which sets out how we operate, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules that govern the day-to-day business and a section on responsibility for functions which may be exercised by officers. It also contains the

rules, protocols and codes of practice under which the Council, its members and officers operate. We have an experienced senior management team who adopt a collaborative leadership and “one team” ethos throughout.

Our Constitution is available on our website and is reviewed annually through the Standards Committee and Annual Council. The Constitution sets out the functions of key governance officers, including statutory posts of *Head of Paid Service* (Managing Director), *Monitoring Officer* (Assistant Director of Corporate Governance and Solicitor to the Council) and *Section 151 Officer* (Director of Finance and Resources) and explains the role of these officers in ensuring that processes are in place for enabling us to meet our statutory obligations and also for providing advice to members, officers and committees on staff management, financial, legal and ethical governance issues.

We are also the Accountable Body for the Clay Cross Town Deal. The Clay Cross Town Board has been awarded £24.1m to shape and deliver a programme of investment in the Town due for completion by 2026.

Compliance with the Financial Management Code

CIPFA’s Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The code focuses on value for money, governance and financial management styles, financial resilience and financial sustainability. It identifies the risks to financial sustainability and introduces an overarching framework of assurance which builds on existing financial management good practice. The Code is structured around seven areas of focus:

- The Responsibilities of the Chief Finance Officer and Leadership team
- Governance and Financial Management style
- Medium to Long-term Financial Management
- The Annual Budget
- Stakeholder Engagement and Business Cases
- Financial Performance Monitoring
- External Financial Reporting

Demonstrating compliance with the Code is a collective responsibility of the Elected Members, the Chief Finance Officer and the Senior Management Team. In doing this the statutory role of the Section 151 Officer will not only be recognised but also supported, to achieve the combination of leadership roles essential for good financial management.

The Internal Audit team regularly audit compliance and in the most recent audit concluded that the Council has substantial compliance with the Code requirements. Benchmarking with peers helps demonstrate our financial resilience which we report to scrutiny at least annually. Current benchmarking results show that our revenue and capital health remains healthy, with sufficient revenue reserves to cover net expenditure requirements and a Capital Financing Requirement that is in

proportion to asset values. The real risk to financial resilience comes from the national funding assessment and how proposed changes will impact. Also, whilst business rates growth generates income to assist, our low taxbase limits the ability to generate additional income through council tax which is a major income source in the current funding regime.

The Chief Financial Officer remains responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Our financial management arrangements are compliant with the governance requirements set out in the Chartered Institute of Public Finance and Accountancy's "*Statement on the Role of the Chief Financial Officer in Local Government (2016)*" The Council's Chief Financial Officer is a qualified finance professional, a full member of the Senior Management Team and is supported by appropriately qualified and experienced staff.

Continuous Improvement:

We regularly seek the views and opinions of external parties to improve our operations. In 2024/25, this has included:

- External Audit
- External assessment of our approach to Risk Management
- Continuous Improvement Tool for leisure facilities
- Treasury management and economic advice/updates
- Financial resilience advice/updates including benchmarking
- Financial Planning and benchmarking

We have also conducted consultation surveys during the year, including a district wide residents' survey, engaging with over 6000 residents and customers.

In addition, benchmarking data is reviewed including:

- Derbyshire Observatory
- Nationally recognised performance networks
- Financial Resilience
- Financial Planning

We have developed and progressed recommendations and improvements identified through this process through 'You said We Did' responses to customer satisfaction surveys, Strategy Development and associated action plans and incremental changes to meet the expected standards.

There has and continues to be a strong drive towards data-based decision making with creation of a Management Dashboard and a centralised key metrics hub being reviewed frequently by our Senior Management Team.

In 2025/26 we will continue to develop this through our engagement and improvement team. The Engagement and Improvement Strategy is in development and will pull together all the above into one, clear strategy focused on continuous improvement of services.

We recognise that not everything goes to plan, and failure is an opportunity to improve. In our 2024/25 Annual Report, we outline our progress towards delivery of the Council Plan, including areas that haven't progressed as we would like. These areas have been identified for the relevant Scrutiny Committee to consider when considering areas for review so that where appropriate they can make recommendations to improve.

Managing Information

Information is central to the Council, and we recognise that we have a responsibility to safeguard the information we hold and to manage it with care and accountability.

The Council complies with the Transparency Agenda, Freedom of Information obligations and the requirements of the General Data Protection Regulations (GDPR) regarding the collection, use and transfer of personal data with an appropriately qualified and experienced Data Protection Officer in post.

Assurance from Audit

Our external auditor is Mazars LLP. In accordance with their statutory requirements, their annual audit includes examining and certifying whether the financial statements are "true and fair" and assessing our arrangements for securing value for money in the use of resources. In their Annual Audit Report for year ended 31 March 2024, Mazars LLP gave an unqualified audit opinion on the financial statements and didn't identify any evidence of significant weakness in the Council's value for money arrangements.

The Internal Audit function is provided on a consortium basis and is independently managed by the Head of the Internal Audit Consortium. Internal Audit Service is a key means of assurance. It is responsible for reviewing the adequacy of the controls throughout all areas of the Council and is compliant with the Public Sector Internal Audit Standards. The Internal Audit function meets the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of Governance, risk management and control.

The Head of the Internal Audit Consortium concludes:

"In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2024/25. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. This year 18 reports have been issued 13 with substantial and 5 with reasonable Assurance."

Action plans have been agreed and managers are in the process of implementing the audit recommendations made.

The exception to this opinion is in relation to the IT cyber and network security arrangements of Rykneld Homes Ltd. Internal Audit cannot provide assurance in this area, an external review was planned to have taken place however this has been delayed.

Assurance can never be absolute. In this context “reasonable assurance” means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans. An internal audit plan for 2024/25 was developed with the intention of being able to provide independent assurance on the adequacy and effectiveness of systems of governance, risk and control across a range of financial and organisational areas.

As well as internal audit work assurance has also been gained from previous years’ work, the work of the risk management group, PSN compliance, the Social Housing Regulator, external audit and compliance with the Code of Corporate Governance.

Overall, 100% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.”

The Role of the Audit Committee

The Audit Committee complies with the recommendations of the Chartered Institute of Public Finance (CIPFA) that effective governance and internal control arrangements should be in place. The primary role of the Audit Committee is to provide oversight of a range of core governance and accountability arrangements and ensure robust arrangements are maintained.

The specific responsibilities of the Audit Committee are:

- Supporting a comprehensive understanding of governance across the Council and among those charged with governance, fulfilling the principles of good governance.
- Considering the effectiveness of the Council's risk management arrangements. The committee should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk related issues, for both the Council and its collaborators/partners. This will include monitoring and reviewing of the Council's treasury management arrangements.
- Monitoring the effectiveness of the system of internal control, including arrangements for value for money, supporting standards and ethics and managing the Council's exposure to the risks of fraud and corruption.

- Being satisfied that the Council's statutory statements of account and any reports that accompany them, including the Annual Governance Statement, properly reflect the risk environment, and any actions required to improve it.
- Considering the audit arrangements in place to secure adequate assurance across all operations and where appropriate partners and collaborators.
- Overseeing the independence, objectivity, performance and conformance to professions standards of the internal audit function.
- Supporting effective arrangements for internal audit
- Promoting the effective use of internal audit within the assurance framework
- Considering the opinion, reports and recommendations of external audit and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contributing to the operation of efficient and effective external audit arrangements supporting the independence of auditors and promoting audit quality
- Supporting effective relationships between all providers of assurance, audits and inspections and the Council, encouraging openness to challenge, review and accountability.
- Reporting annually on how the committee discharged its responsibilities and include an assessment of its performance. This report will be presented to Full Council and be available to the public on the Council's website.

The Committee meets at least four times a year and comprises of five members with cross party representation.

Conduct

Our codes of conduct for members and employees clearly set out the standards and behaviour required. They are regularly reviewed and updated as required and both members and staff are periodically reminded of the requirements.

These include the need for members to register personal interests and the requirements for employees and members concerning gifts and hospitality, outside commitments and personal interests.

Whistleblowing

People who work for or with the Council are often the first to realise that there may be something wrong within. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation. We have a Whistleblowing Policy that advises staff and others who work for us how to raise concerns about activities in the workplace. This is reviewed annually by the

Standards Committee who also consider any entries on the whistleblowing register for the preceding 12 months. A copy of the policy can be found on our website.

Anti-Fraud and Corruption

We recognise that as well as causing financial loss, fraud and corruption also detrimentally impact on service provision and morale and undermine confidence in the Council's governance arrangements and that of public bodies generally.

There is little evidence that the incidence of fraud is a major issue for the Council but the risk is increasing nationally. We have a zero tolerance approach to Anti-Fraud and Corruption. The Anti Fraud and Corruption Strategy and action plan forms part of the Risk Management framework and review processes.

Significant Governance Issues

The progress made during 2024/25 on the significant issues identified in the 2023/24 Annual Governance Statement is shown below:

Issue Identified (2023/24)	Mitigation
<p>Pressure on the Council's Budget.</p> <p>The Council's budget for 2024/25 is balanced but efficiencies of £4.2m need to be identified by March 2028 in the Medium-Term Financial Plan (MTFP).</p> <p>The general election (2024) means the planned funding reforms or changes to funding distribution are delayed further and are now not expected to be implemented until 2026-27 at the very earliest. This lack of certainty makes forecasting for the latter years (from 2026/27) of the financial plan challenging whilst little is known about the next Spending Review and funding reforms.</p>	<p>The Council continues to have effective financial management in place to ensure budget arrangements are robust and appropriate managerial arrangements and a culture in place to manage any necessary change. The S151 Officer is experienced, sufficiently senior and knows the organisation well. The Statutory Officers have a close working relationship and meet frequently to discuss and review governance arrangements and matters arising.</p> <p>The 2024/25 budget was subject to scrutiny by the Joint Scrutiny Committee before Cabinet considered then recommend to Council for approval. The shortfall in the budget at the time of approval was £0.101m, funded from reserves. At the half year review budget pressures of £0.563m largely from the delay in the opening of Clay Cross Active and a higher than forecast pay award needed to be included in the budget. This increased the call on reserves to £0.664m.</p> <p>The outturn position for 2024/25 shows a surplus so there is no call on reserves. The surplus will be placed in reserves to provide future resilience.</p>

	<p>Effective financial resilience monitoring remains in place that reflects the requirement of the CIPFA Financial Management Code and is presented to the Services Scrutiny Committee at least annually.</p> <p>In their Annual Audit Report for year ended 31 March 2024, Mazars LLP gave an unqualified audit opinion on the financial statements and didn't identify any evidence of significant weakness in the Council's value for money arrangements.</p> <p>The Council continues to commission external advice for highly specialist areas including treasury management, financial planning, and financial health/resilience.</p>
<p>Cyber Security</p> <p>Increased risk of cyber security attacks presents a risk both locally and nationally especially considering the General Election due to take place (2024).</p>	<p>Arrangements remain under review and the service lead (Assistant Director - ICT) regularly reports to Joint ICT partners and the senior management team.</p> <p>The Government's Cyber Security Assurance Framework (CAF) programme is being undertaken. Additional security licences to help detect and fix potential breaches have been purchased.</p> <p>Emergency Plans and Business Continuity arrangements are in place both locally and across Derbyshire through the Derbyshire Resilience Partnership.</p> <p>The Returning Officer has in place a cyber plan for all elections and this is kept under review.</p>
<p>Governance Arrangements for Council owned companies</p> <p>The Regulator of Social Housing is inspecting the Council and its delivery partner Rykneld Homes in May 2024. Lessons learned in respect of governance arrangements will need to be considered and acted upon.</p>	<p>The Regulator of Social Housing (RSH) completed their inspection and issued their judgement report in August 2024 giving the Council the grade C2 out of a possible C1 to C4.</p>

	<p>RSH C2 grading states: <i>'From the evidence and assurance gained during the inspection, we have concluded that there are some weaknesses in North East Derbyshire DC delivering the outcomes of the consumer standards and improvement is needed, specifically in relation to outcomes in our Safety and Quality Standard. Based on this assessment, we have concluded a C2 grade for North East Derbyshire DC'</i></p> <p>The Council is working in partnership with RHL and the RSH to deliver the improvements identified in the judgement. RHL had already started working on many of these prior to the inspection and our shared aim is to undertake the required changes to achieve a reassessment upgrade to C1, the highest grade awarded, in the next 18 months.</p>
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Based on our review of the Governance Framework, the following issues will be addressed in 2025/26:

Issue Identified
<p>Pressure on the Council's Budget.</p> <p>The Council's budget for 2025/26 has a shortfall of £0.294m which can be met from reserves if required. Efficiencies of £6.7m need to be identified by March 2029 in the Medium-Term Financial Plan (MTFP).</p> <p>The draft Finance Settlement for 2025/26 was the first from the new Government and although largely unchanged from previous settlements, grants have been redistributed to benefit the most deprived areas, largely benefiting metropolitan and city councils. Consultations for funding reform are underway, with changes expected by 2026/27. Substantial changes in funding allocations are proposed, which may result in significant losses for some councils.</p> <p>It should also be noted that the high levels of uncertainty around the national funding reforms, devolution and Local Government Reorganisation (LGR) makes future year forecasting beyond 2025/26 incredibly challenging at this time. Making medium term financial decisions on resource allocation is difficult when there is little clarity about national resources, and uncertainty as to whether the Council will exist in its current form over the life of the financial plan.</p>

English Devolution and Local Government Reorganisation White Paper

On 16 December the Government launched its white paper on devolution in England. Devolution arrangements are to be based around “*strategic authorities*” with all local authorities having a mayor. The strategic authorities will encompass the existing combined authorities so the East Midlands Combined County Authority (EMCCA), will be known as a Mayoral Strategic Authority.

As well as the devolution plans, the white paper also discusses reorganising local government. The Government’s long-term objective is to have a consistent single-tier of local government across England and have stated that substantial recurring annual savings can be made through the creation of unitary councils.

Savings can undoubtedly be made, however evidence from past reorganisations show that this is often harder to achieve than expected and takes much longer. Additionally, recent evidence has shown that new unitaries remain vulnerable to financial crises and that becoming a new unitary does not provide the resources for those authorities to solve their financial difficulties.

The main risk for the Council is the impact that reorganisation will have on our funding, our financial health and viability and our ongoing ability to deliver services to our residents. In the medium term, creating new unitaries will put considerable financial pressure on those affected. The process of creating a new unitary is extremely time-consuming and costly. It can distract the existing and shadow authorities from the day-to-day business of balancing budgets in what is already a hugely challenging financial environment.

With funding reforms planned for 2026/27, any new unitaries will almost certainly be created after this so funding changes will need to be based on existing local government structures then revised again. Funding reforms could also impact on the viability of proposed LGR structures creating considerable uncertainty for those involved.

A risk assessment has been completed and will be reviewed regularly by the Risk Management Group.

Cyber Security and Artificial Intelligence

A cyber attack poses significant threats to services, potentially disrupting operations and causing severe financial and reputational damage. Such attacks can lead to the loss of sensitive data, including personal information of customers and employees, which can result in identity theft and financial fraud. Additionally, cyber attacks can cripple essential services by rendering ICT systems and data inaccessible,

Additionally Artificial Intelligence (AI) presents several risks that need to be carefully managed to ensure its safe and ethical use. This includes lack of transparency in AI systems, which can make it difficult to understand how decisions are made, learned biases from the source data and privacy concerns surrounding personal data and data security and misuse. Ethical dilemmas can arise when AI is used in decision-making processes with significant consequences and security risks associated with AI are substantial, as malicious actors can exploit AI technologies to develop more advanced cyberattacks.

Local Plan Review

Production of an updated/ new Local Plan has been expedited due to likely changes to national planning policy. This can lead to uncertainty and hinder development projects which may stall economic growth in the area. There is also the risk of not meeting the housing and infrastructure needs of the community, which can exacerbate issues such as housing shortages.

The financial implications of revising the local plan can be significant, including the costs associated with public consultations, legal fees, and potential appeals and challenges.

These issues will be monitored during 2025/26 and reported to senior management and to the Audit Committee. No other major changes to the Council's governance framework are planned at this time, but we will continue to review and adapt it to ensure that the Framework remains proportionate to the risks that are faced.


Opinion

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas identified for improvement form part of the Annual Governance Statement action plan.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Lee Hickin
Managing Director



Cllr Nigel Barker
Leader of the Council



North East Derbyshire District Council

NORTH EAST DERBYSHIRE DISTRICT COUNCIL CORPORATE GOVERNANCE CODE

NORTH EAST DERBYSHIRE DISTRICT: GOVERNANCE CODE

INTRODUCTION

1. The purpose of this Code is to state the importance to the Council of good corporate governance and to set out the Council's commitment to the principles involved.
2. The Code is based on guidance to all UK local authorities.
3. The Code applies to all Members and employees of the Council and also to any individuals or bodies authorised to act on its behalf.
4. How the effectiveness of the Code is reviewed is set out in Section 4.
5. The Code will be reviewed in its entirety by no later than 31 March 2026, but minor reviews and updates will be made annually as required.

Approved by:

Director of Finance and Resources and section 151 Officer
Assistant Director of Corporate Governance and Monitoring Officer

15 July 2025

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SECTION 1: THE IMPORTANCE OF GOOD CORPORATE GOVERNANCE

1.1. Corporate Governance refers to the processes by which organisations such as the Council are directed, controlled, led and held to account. It is also about culture and values - the way that Councillors (Members) and employees think and act. In summary, if management is about running the Council, corporate governance is about seeing that it is run properly.

1.2. The Council is a complex organisation which affects all who live and work in North East Derbyshire District Council's area and businesses and organisations that are based here. It is therefore essential that there is confidence in our corporate governance, and the Council must therefore ensure that:

- as a democratic body, we engage with and account to our citizens and stakeholders effectively;
- we conduct our business in accordance with the law and to proper standards;
- public money is properly accounted for and is used economically, efficiently and effectively;
- controls are proportionate to risk so as not to impede performance;
- we continuously improve the way in which we function, in terms of effectiveness, quality, service availability, fairness, sustainability and innovation; and
- we fulfil our purpose and meet our priorities as set out in the Council Plan.

1.3. The Council is therefore committed to good corporate governance and to doing the right things in the right way for the right people in a way which is timely, inclusive, open, honest and accountable. This Code sets out that commitment and how we evidence it.

1.4. This commitment includes improving governance on a continuing basis across the Council as a whole, through a process of evaluation and review. This is detailed further in Section 4.

SECTION 2: THE BASIS OF THIS CODE

2.1 This Code is based on guidance provided to all UK local authorities which are centred on seven Core Principles, designed to underpin the governance arrangements of all public sector bodies.

1 Delivering Good Governance in Local Government Framework 2016, issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

2 From the International Framework: Good Governance in the Public Sector (CIPFA/International Federation of Accountants, 2014)

2.2 These Core Principles are as follows:

A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

B Ensuring openness and comprehensive stakeholder engagement

C Defining outcomes in terms of sustainable economic, social, and environmental benefits

D Determining the interventions necessary to optimise the achievement of the intended outcomes

E Developing the entity's capacity, including the capability of its leadership and the individuals within it

F Managing risks and performance through robust internal control and strong public financial management

G Implementing good practices in transparency, reporting, and audit to deliver effective accountability

2.3 Core Principles A and B are fundamental to the application of the other principles. Further good governance requires all of the principles to be met and through a dynamic approach good governance can be achieved.

2.4 This Code sets out our commitment to all seven of the Core Principles shown above and to the various elements of our governance framework, the policies, strategies and processes - which help us to ensure that the principles are met (Section 3).

2.6 Since effective Corporate Governance relies on the way that Councillors (Members) and employees think and act, the Code also recognises the importance of the seven "Principles of Public Life" (the Nolan Principles) which are the basis of the ethical standards expected of public office holders (Appendix A). These support the seven Core Principles of this Code which in turn underpin the Council's approach to planning fair, effective and sustainable services and its responsibilities for sustainable development.

SECTION 3: COMMITMENTS TO GOVERNANCE PRINCIPLES

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council is accountable not only for how much it spends, but also for how we use the resources under our stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes we have achieved. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

To support Principle A, the Council is committed to:

Behaving with integrity	What is in place to support this?
<p>A1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Council</p> <p>A2. Ensuring members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</p> <p>A3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions</p> <p>A4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none">• Agreed Values• Codes of Conduct for members and employees• Registers of interests, gifts and hospitality• Induction training for members and employees• Members Allowances Scheme• Finance Rules• Contract Procedure Rules• Members Planning Rules• Standards and Audit Committees• Anti-Fraud and Corruption Strategy• Anti-Money Laundering Policy• Whistleblowing Policy• Compliments, Comments and Complaints Procedure• Internal Audit Charter• Safeguarding Responsibilities/Training• Health and Safety Policy• Code of Councillor – Officer Relations• Code for Councillors on Outside Bodies• Social Media Guidance for Councillors

<p>Demonstrating strong commitment to ethical values</p> <p>A5. Seeking to establish, monitor and maintain the Council's ethical standards and performance</p> <p>A6. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Council's culture and operation</p> <p>A7. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</p> <p>A8. Ensuring that external providers of services on behalf of the Council are required to act with integrity and in compliance with high ethical standards expected by the Council</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Agreed Values • Codes of Conduct for members and employees • Registers of interests, gifts and hospitality • Finance Rules • Contract Procedure Rules • Members Planning Rules • Protocol on Gifts and Hospitality • Code for Councillors on outside bodies. • Induction training for members and employees • Regular governance awareness raising for employees • Procurement Strategy • Partnership & collaborative working arrangements • Contracts Procedure Rules • Tendering Requirements
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<p>Respecting the rule of law</p> <p>A9. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</p> <p>A10. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p> <p>A11. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</p> <p>A12. Dealing with breaches of legal and regulatory provisions effectively</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Key statutory responsibilities set out in the Council's Constitution and Legislation • Compliance with CIPFA Statement of the "Role of the Chief Financial Officer in Local Government")" • Code of Councillor-Officer relations (Constitution) • Officer Job Descriptions • Regular governance awareness raising for employees • Standards Committee • Audit Committee • Anti-Fraud and Corruption Strategy • Anti-Money Laundering Policy
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<p>A13. Ensuring corruption and misuse of power are dealt with effectively</p>	<ul style="list-style-type: none"> • Whistleblowing Policy • Complaints Procedure • General Data Protection Regulation guidance • Governance Codes of Practice • Disciplinary Procedures • Ombudsman referral process • Statutory Officer and Directors Meetings once a week
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Principle B. Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good, and organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

To support Principle B, the Council is committed to:

Openness	What is in place to support this?
<p>B1. Ensuring an open culture through demonstrating, documenting and communicating our commitment to openness</p> <p>B2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</p> <p>B3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</p> <p>B4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</p>	<ul style="list-style-type: none">• Constitution• Procurement Strategy• Contract Procedure Rules• Whistleblowing Procedure.• Council Plan• External audit and inspection reports• Directory of published information.• Online Council Tax information• Reporting and publishing & distribution timetables• Delegation of Powers Scheme• Meetings open to public• Agendas and Minutes• Webcasting page• Codes of Conduct for members and employees• Public Participation in Council and Planning meetings• Webcasting Meetings and library of Meeting recordings• Publishing of Delegated Decisions• The News and other communications including digital platforms

<p>Engaging comprehensively with institutional stakeholders</p> <p>B5. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p> <p>B6. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p> <p>B7. Ensuring that partnerships are based on trust, a shared commitment to change and a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Consultation and Engagement Strategy • Current consultations • Complaints Procedure • Partnership & collaborative working arrangements • Clear terms of reference for partnerships and other arrangements. • Residents Survey • Code for Councillors on Outside Bodies • Presentation on their role/work to Scrutiny by institutions funded by the Council, such as the Law Centre. • Clay Cross town Board example.
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<p>Engaging stakeholders effectively, including individual citizens and service users</p> <p>B8. A clear policy on the type of issues that the Council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes</p> <p>B9. Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</p> <p>B10. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Consultation and Engagement Strategy • Residents Survey • Medium Term Financial Plan • Complaints Procedure (and compliments) • Employee survey • Partnership with partners both public, private and the Community and Voluntary sector infrastructure provider • Partnership with RHL for the management of the Council's social housing • Petition Scheme in the Constitution • Public consultation – for example on regeneration proposals for town centres and Local Plan sites • News x2 annually
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<p>B11. Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</p> <p>B12. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</p> <p>B13. Taking account of the interests of future generations of tax payers and service users</p>	<ul style="list-style-type: none"> • Social Media posts • Ability for members of the public to ask questions at Council. • Publication of consultation results where possible
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Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

To support Principle C, the Council is committed to:

<p>Defining outcomes</p> <p>C1. Having a clear vision which is an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the Council's overall strategy, planning and other decisions</p> <p>C2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p> <p>C3. Delivering defined outcomes on a sustainable basis within the resources that will be available</p> <p>C4. Identifying and managing risks to the achievement of outcomes</p> <p>C5. Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Council Plan • Local Plan • Consultation and Engagement Strategy • Medium Term Financial Plan • Quarterly performance reports to SMT, Scrutiny and Cabinet linked to Council Plan delivery • Annual Report • Risk Management Strategy • Report template for reports to meetings, includes legal and finance implications and staffing consequences • Practical example – Clay Cross Active delivery • Operational Risk Registers
<p>Sustainable economic, social and environmental benefits</p> <p>C6. Considering and balancing the combined economic, social and environmental impact of policies, plans</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Medium Term Financial Plan • Budget consultation through Joint Scrutiny Committee

<p>and decisions when taking decisions about service provision</p> <p>C7. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints</p> <p>C8. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p> <p>C9. Ensuring fair access to services</p>	<ul style="list-style-type: none"> • Risk Management Strategy and Group • Council Plan • Local Plan • Procurement Strategy • Member workshops • Strategic Equality Plan • Equality Impact Assessments • ICT & Digital Strategy • Report template
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Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised

To support Principle D, the Council is committed to:

<p>Determining necessary interventions</p> <p>D1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.</p> <p>D2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Council Plan • Reporting requirements for Full Council and Cabinet in the report template including requirement for statutory officers' input, including alternative options and why not recommended • Decision making Principles (Constitution) • Scrutiny committees and support • Risk Management Strategy and Group • Consultation and Engagement Strategy • Medium Term Financial Plan • Senior Management Structure • Delegation Scheme in the Constitution • Calendar of meetings • Pre-meetings • The Forward Plan • Corporate complaints process
<p>Planning interventions</p> <p>D3. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p> <p>D4. Engaging with internal and external stakeholders in determining how services</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Council Plan • Reporting and publishing & distribution timetables • Consultation and Engagement Strategy • Medium Term Financial Plan

<p>and other courses of action should be planned and delivered</p> <p>D5. Considering and monitoring risks facing each partner when working collaboratively including shared risks</p> <p>D6. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances</p>	<ul style="list-style-type: none"> • Partnership & collaborative working arrangements • Quarterly performance reports to SMT, Scrutiny and Cabinet linked to Council Plan delivery • Budget and Policy Framework Procedure Rules • Budget Monitoring & Control Procedures • Council Procedure Rules • Financial Regulations • Senior Management Structure • Regular Portfolio Holder meetings linked to Council Plan delivery.
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Principle E: Developing the Council's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole.

Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity.

To support Principle E, the Council is committed to:

<p>Developing Capacity</p> <p>E1. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</p> <p>E2. Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness,</p> <p>E3. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the Council's resources are allocated so that outcomes are achieved effectively and efficiently,</p> <p>E4. Recognising the benefits</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • People Strategy and People Strategy Action Plan and Working Group • Scrutiny committees and support • Senior Management Structure • Service Managers Forum • Managers Essentials Sessions • Back to the Basics section of the intranet • Talent Pipeline Strategy • Learning and Development Policy • Review of appraisals system • Reviews commissioned by Senior Management • External audit and inspection reports • Partnership & collaborative working arrangements • Asset Management Strategy • Employee Celebratory Awards
<p>Developing the capability of the leadership and other individuals</p> <p>E5. Developing protocols to ensure that elected and appointed leaders negotiate</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Constitution • Code of Councillor-Officer relations (Constitution)

with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained

E6. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body

E7. Ensuring the leader and the senior management team have clearly defined and distinctive leadership roles within a structure, whereby the senior management team leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority

E8. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged, ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis, ensuring personal, organisation and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses

E9. Ensuring that there are structures in place to encourage public participation

E10. Taking steps to consider the leadership's own effectiveness and

- Leadership meetings of the Cabinet with the Managing Director and Members of Senior Management Team
- Delegation Scheme
- Finance Regulations
- Contract Procedure Rules
- Regular publication of Forward Plan.
- Learning and Development function
- Member training
- Performance Review and Development Process
- Consultation and Engagement Strategy
- People Strategy
- Workforce Policies
- Code of Conduct for employees
- Code of Conduct for Members
- Internal Communications
- Health and Safety Policy
- Corporate Health Standard
- HR Policies
- Appraisals
- Member Inductions and midterm Member Induction refresh
- Employee training
- Petition Scheme
- Consultation events on specific projects

<p>ensuring leaders are open to constructive feedback from peer review and inspections</p> <p>E11.Holding staff to account through regular performance reviews which take account of training or development needs</p>	
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Principle F: Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

To support Principle F, the Council is committed to:

<p>Managing Risk</p> <p>F1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p> <p>F2. Implementing robust and integrated risk management arrangements and ensuring they are working effectively</p> <p>F3. Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<p>What is in place to support this ?</p> <ul style="list-style-type: none"> • Risk Management Group • Risk Management Strategy, Risk and Control Registers and Internal / External audit coverage of risk management • Audit Committee • Partnership and Collaborative Working arrangements • Reporting requirements for Full Council and Cabinet • Service Continuity arrangements • Annual review of Constitution • Specific reference to risk in report template
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<p>Managing Performance</p> <p>F4. Monitoring service delivery effectively including planning, specification,</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Council Plan
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<p>execution and independent post-implementation review</p> <p>F5. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook</p> <p>F6. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the Council's performance and that of any organisation for which it is responsible</p> <p>F7. Providing members and senior management with regular reports on progress towards outcome achievement.</p> <p>F8. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)</p>	<ul style="list-style-type: none"> • Service Plans and service planning guidance • Procurement Strategy • Quarterly performance reports to SMT Scrutiny and Cabinet • Forward Work Programmes • Reporting and publishing & distribution timetables • Scrutiny committees and support • Report template • Delegated Decision template • Scrutiny monitoring and reviews • Report template • Delegated Decision template • Report screening (Full Council and Cabinet) • Member Development • Finance Rules • Budget and Policy Framework • Procedure Rules • Budget Monitoring & Control Procedures • Budget – Medium Term Financial Plan • Annual Statement of Accounts • Internal and External Audit
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<p>Robust Internal Control</p> <p>F9.Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>F10.Evaluating and monitoring risk management and internal control on a regular basis</p> <p>F11.Ensuring effective counter fraud and anti-corruption arrangements are in place</p> <p>F12.Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Risk Management Strategy • Principal Risk Register • Assistant Directors Internal Control Assurances • Internal Audit Charter (inc Annual Plan) • Audit Committee Terms of Ref (Constitution) • Audit Committee effectiveness surveys and training • Finance Rules • Contract Procurement Rules • Counter Fraud Policy & Procedures • Anti-Money Laundering Strategy
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<p>F13.Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon</p>	<ul style="list-style-type: none"> • Annual Governance Statement & Action Plan • Head of Internal Audit's Annual Report • Audit Committee Chair's Annual Report to Cabinet and Council • Identification of Assurance Gaps • Internal and External Audit
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<p>Managing Data</p> <p>F14.Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p> <p>F15.Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</p> <p>F16.Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</p>	<p>What is in place to support this ?</p> <ul style="list-style-type: none"> • General Data Protection Regulation guidance and training • Appointment of qualified Data Protection Officer • GDPR clauses in contracts • Freedom of Information guidance • Information Management Strategy and Action Plan • • ICT Security Policy and Guidelines • Secure Data Transfer Standards and Procedures • Information Security Policy • Records Management Policy • Corporate Records Retention Scheme • Regular data protection training • Appointment and training of Senior Responsible Officer (SRO) and the Senior Risk Information Officer (SIRO) • Cyber Plan
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<p>Strong public financial management</p> <p>F17.Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Regular Budget monitoring reports to SMT, Scrutiny and Cabinet • Annual Governance Statement • External Audit
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<p>F18.Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	<ul style="list-style-type: none"> • Internal Audit • Financial Resilience reported at least annually to Scrutiny • Compliance with CIPFA Financial Management Code • External advice for highly specialist areas
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Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

To support Principle G, the Council is committed to:

<p>Implementing good practice in transparency</p> <p>G1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p> <p>G2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none">• Report template which requires that the statutory officers review the report and the involvement of the Portfolio Holder• Website including summary and easy-to-read reports• Compliance with access requirements• Use of Mod. Gov to record all open reports (in advance) and minutes on the website.• Streaming of some meetings
<p>Implementing good practice in reporting</p> <p>G3. Reporting at least annually on performance, value for money and the stewardship of resources</p> <p>G4. Ensuring owners and senior management own the results</p> <p>G5. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none">• Quarterly reporting of performance to SMT Scrutiny and Cabinet based on Council Plan Strategies/Tactics• Annual Report• Annual Governance Statement and Action Plan• Risk Management Strategy• Risk and Control Registers• Annual Statement of Accounts• Annual Scrutiny Report

G6. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	
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<p>Assurance and effective accountability</p>	<p>What is in place to support this?</p>
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G8. Ensuring that recommendations for corrective action made by external audit are acted upon

G9. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon

G10. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations

G11. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement

G12. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met

What is in place to support this?

- Audit Committee Terms of Reference (Constitution)
- Regular reporting of progress on implementing audit recommendations to Audit Committee and Senior Management Team
- External audit and inspection reports
- Internal Audit Charter
- Head of Internal Audit's Annual Report
- Internal Audit self-assessment and compliance with Public Sector Internal Audit Standards
- Partnership and collaborative working arrangements
- Annual review of Constitution
- Governance arrangements in place for key partnerships

SECTION 4: HOW CORPORATE GOVERNANCE IS REVIEWED

1. The Leader and Senior Management Team are required to ensure that each year, a review is undertaken to measure the extent to which the Council as a whole has met the requirements of this Code.
2. The results of the review are included in the Annual Governance Statement which is published with the Annual Statement of Accounts.
3. Where the review reveals possible gaps or weaknesses, action is agreed to ensure effective governance in future. Agreed action is monitored for implementation.
4. Where necessary, this Code will be amended as a result of the annual review, changes in best practice or statutory changes. Minor amendments to wording, titles and to details of 'what is in place' to support the principles (Section 3 above) may be approved by the ~~Head of Finance~~ Section 151 Officer or the Monitoring Officer but any substantive changes to the Code and the principles will require Audit Committee ~~Cabinet~~ approval.
5. This code will be renewed no later than 31st March 2026

APPENDIX A.

THE SEVEN PRINCIPLES OF PUBLIC LIFE (THE NOLAN PRINCIPLES)

These apply to anyone who works as a public office-holder. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service
- local government
- the police
- the courts and probation services
- non-departmental public bodies
- health, education, social and care services.

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix 3

**ASSURANCE SCHEDULE: EXTRACTED FROM “DELIVERING GOOD
GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK”
CHAPTER 6 - The principles of good governance – application.**

This Appendix utilises extracts from key elements of the CIPFA / SOLACE document “Delivering \ Good Governance in Local Government Framework” (2016) in order to show how the council complies with the requirements of good practice and the evidence which is available to support the statements made within the Annual Governance Statement. It should be noted that the revised framework places increased emphasis on culture, values and behaviour where it is more problematic - than in the case of processes and procedures - to provide evidence that appropriate cultures and behaviours are in place. The Committee therefore needs to consider both the specific processes evidenced within this document together with the issue of whether the underlying culture, values and behaviour of the Council remain in line with the standards championed by the CIPFA / SOLACE document.

The annual governance statement should be focused on outcomes and value for money and relate to the authority’s vision for the area. It should provide an assessment of the effectiveness of the authority’s governance arrangements in supporting the planned outcomes – not simply a description of them. Key elements of an authority’s governance arrangements are summarised in the next section.

Extracts from the Code itself are shown in Italics in the section below:

The annual governance statement should include:

- *An acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority’s code of governance*

Position at NEDDC: This is set out within the Annual Governance Statement (AGS), with appropriate reference being made to the Code of Governance. The AGS also includes a section on Compliance with the Financial Management Code, designed to support good practice in financial management and financial sustainability.

- *Reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the executive, the audit committee, internal audit and others as appropriate*

Position at NEDDC: The AGS includes a section setting out “The Governance Framework” which address the issues identified above.

- *An opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework*

Position at NEDDC: The AGS highlights the areas of significant weakness which whilst requiring addressing as a matter of priority are not of such a scale as to undermine the view that the Council's Governance Arrangements remain 'fit for purpose'.

- *An agreed action plan showing actions taken, or proposed, to deal with significant governance issues and reference to how issues raised in the previous year's annual governance statement have been resolved*

Position at NEDDC: this is included in the AGS. During 2024/25 the Council has made good progress in addressing issues in respect of 2023/24 and recorded those identified in 2024/25 that will be addressed in the following year. These issues are monitored by the Council's Risk Management Group.

- *A conclusion and a commitment to monitoring implementation as part of the next annual review.*

Position at NEDDC: The AGS includes an opinion and clear statement of commitment from the Leader of the Council and the Managing Director/Head of Paid Service both to address the issues that have been identified and to take action to ensure that further improvements in the Council's Governance arrangements are secured.

- *The annual governance statement should be signed by the leading member (or equivalent) and chief executive (or equivalent) on behalf of the authority.*

Position at NEDDC: The Council is fully compliant with this requirement.

- *The annual governance statement should be approved at a meeting of the authority or delegated committee*

Position at NEDDC: The Council's Constitution sets out the role of the Audit Committee in the approval of the AGS on behalf of the Council.

- *Local authorities are required to include the annual governance statement with their statement of accounts. As the annual governance statement provides a commentary on all aspects of the authority's performance, it is appropriate for it to be published, either in full or as a summary, in the annual report, where one is published. It is important that it is kept up to date at time of publication.*

Position at NEDDC: The AGS is published along with the Statement of Accounts.

The Code also makes reference to a number of areas that aren't specifically related to the Annual Governance Statement but represent good practice:

- *Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively. “*

Position at NEDDC: The Council has both a Members and an Employee Code of Conduct within the Council's Constitution. These are supported by a range of other policies / procedures which reflect best practice across the local government sector.

- *Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.*

Position at NEDDC: The Council has a qualified lawyer supported by an appropriately qualified legal team who undertakes the role of monitoring officer. All other Officers are appropriately qualified, trained and experienced to undertake their role and responsibilities in line with current legislation and recognised good practice. The Council has a formal appraisal process in place, supported by a training plan and appropriate funding to ensure that all officers retain / refresh the necessary levels of expertise in order to discharge their responsibilities effectively. All reports / new initiatives are subject to formal consideration by Council / Cabinet as appropriate and prior to being considered by Members they are reviewed by the Council's three statutory officers (Head of Paid Service, Monitoring Officer, Chief Financial Officer).

- *Documenting a commitment to openness and acting in the public interest.*

Position at NEDDC : This is set out within the Council's Constitution:

“The job of a Councillor is to represent you even if you did not vote for them.....Councillors have a Code of Conduct to make sure they follow high standards in the way they carry out their role. There is a Standards Committee which trains, advises and deals with complaints against Councillors alleging that they have breached the Code of Conduct.”

Article 1 of the Constitution sets out the following core principles

“(a) Mission.

The Council will seek to make a difference by building thriving communities through partnership, community leadership and excellent service delivery.

(b) Values

The Council will follow these values:-

- (i) We are honest, open and accountable.
- (ii) We value people's differences and we will treat everybody fairly and with respect.
- (iii) We listen, involve and respond to all our communities.

- (iv) We always look for new and better ways of working to improve quality and value.

The position as set out within the Constitution is supported by the Code of Corporate Governance which is based upon a clear community focus as set out in the Community Strategy and Corporate Plan which sets out the links between community engagement, service planning and delivery, and the maintenance of appropriate standards of conduct.

- *Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.*

Position at NEDDC: The Council actively encourages consultation with the local community by way of information / opportunities to comment on the website, through postal and on line surveys, access to local Councillors and holding all meetings in public session. The Council has a formal Consultation Policy along with an Engagement Plan which includes a structured plan concerning how the Council will ensure effective engagement with residents, customers and businesses regarding our services and functions.

- *Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning. Translating the vision into courses of action for the authority, its partnerships and collaborations.*

Position at NEDDC: These are set out within the Council Plan which covers the period 2024-2027. This Plan is on the Council's website and is linked to a range of service plans and the Council's Performance Management Framework to help ensure that the agreed strategic direction informs the Council's actions and in particular its service delivery. This is summarised each year in the Council's Annual Report which provides an overview of performance against the plan each year.

- *Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.*

Position at NEDDC: The Council conducts an annual review of its Constitution to ensure that it remains fit for purpose and in line with evolving best practice across the local government sector.

- *Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.*

Position at NEDDC: The Council has a robust performance management framework which helps ensure that service plans and delivery are linked into the Council's wider strategic objectives, whilst delivering services that meet our statutory obligations and the expectations of our residents.

- *Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.*

Position at NEDDC: The roles and responsibilities of Members and senior officers are set out in the Constitution, being further supported by the Member and Officer protocols and for officers by job descriptions and contractual terms. The Constitution which reflects best practice incorporates a scheme of delegation, and sets out the roles, powers and limits upon the power of individual officers and Members.

- *Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) or CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable (2014) as appropriate and, where they do not, explain why and how they deliver the same impact.*

Position at NEDDC: The Council is fully compliant with the requirements on the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) with a professionally qualified Chief Financial Officer who is a full member of the Senior Management Team and is supported by appropriately qualified and experienced staff.

- *Ensuring effective arrangements are in place for the discharge of the monitoring officer function.*

Position at NEDDC: The Monitoring Officer is a fully qualified solicitor, is a full member of the Senior Management Team and is supported by appropriately qualified and experienced staff.

- *Ensuring effective arrangements are in place for the discharge of the head of paid service function.*

Position at NEDDC: The Head of Paid Service is an appropriately qualified and experienced officer appointed as a result of a competitive selection process.

- *Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.*

Position at NEDDC: There is an induction process for both newly Elected Members and for officer appointments. The Council has a structured Member Development Programme with a Member Development Working Group which meets on a regular basis. All officers are subject to a structured appraisal process which identifies training and development requirements, which are necessary to effectively undertake their role are funded by the Council. Professionally Qualified officers are required / supported to actively participate in the CPD arrangements of their professional body.

- *Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.*

Position at NEDDC: The Council has in place an established performance management framework and risk management process which regularly report to Cabinet and Audit Committee. These are open reports available on the website. Independent review is provided by Scrutiny and by Internal Audit, with the Annual Governance Statement providing a comprehensive evaluation concerning the Council's compliance with best practice.

- *Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).*

Position at NEDDC: The Council has in place an Anti -Fraud and Corruption Strategy which is embedded in the Risk Management Strategy and updated on a regular basis and has a core principle of zero tolerance. The Audit Committee receives regular updates concerning fraud including an annual report from the Head of Internal Audit which assesses the arrangements against a checklist provided within the Fighting Fraud and Corruption Locally. Where required the Council will take action against those who breach the Council's approach of zero tolerance including reporting concerns to the Police, the Department of Work and Pensions, or directly through its own employee codes of conduct.

- *Ensuring an effective scrutiny function is in place.*

Position at NEDDC: The function of Scrutiny is well established and operating effectively supported by a senior dedicated specialist independent officer. These arrangements and the effective engagement of other Members and Officers of the Council help ensure that Scrutiny's analysis and recommendation are supported by robust evidence, data and critical analysis. Where appropriate Scrutiny reports are referred to Cabinet for its consideration. All Scrutiny meetings have agendas, reports and minutes on the Council's website.

- *Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.*

Position at NEDDC: The Council is fully compliant with the requirements of the CIPFA Statement. The Internal Audit Consortium Manager is professionally qualified, suitably experienced, reports on a regular basis to the Audit Committee, with unrestricted access to elected members and management. The Chief Financial Officer prepares on an Annual basis an “Annual Review of the Effectiveness of Internal Audit”.

- *Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013).*

Position at NEDDC: The Audit Committee undertakes a self-assessment of its own performance against best practice covering both the areas of work considered by the Committee, together with its powers in the Constitution and the effectiveness of the Committee in securing improved outcomes.

- *Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.*

Position at NEDDC: All reports of the External Auditor are given appropriate consideration by the Audit Committee, which requires that recommendations are implemented by Council officers. The reports taken by the External Auditor to the Audit Committee continue to acknowledge the active co-operation of Council staff with the work of External Audit.

- *Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.*

Position at NEDDC: The Council manages its partnerships through the Partnership Team. The partnership with Rykneld Homes is managed through a contract and the Council has a designated Senior Officer as client lead. The Derbyshire and Sheffield economic regions, the East Midlands Combined Authority and other joint working is handled through a range of governance arrangements in which both Elected Members and Officers play an active role. Reports to Cabinet and Council set out progress in each of the key partnerships and help ensure that managerial arrangements remain robust.

North East Derbyshire District Council

Audit Committee

28 July 2025

Draft Statement of Accounts 2024/25

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

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

Contact Officer: **Jayne Dethick**

PURPOSE / SUMMARY

To note the completion and publication of the draft Statement of Accounts for 2024/25 in line with the statutory deadline.

RECOMMENDATIONS

1. That the Audit Committee note the draft Statement of Accounts in respect of 2024/25.

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:

The process has been undertaken in line with the requirements of the Accounts and Audit Regulations.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

There are no staffing issues arising directly from this report.

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, report is for information only
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 type="checkbox"/> Cabinet <input 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; <ul style="list-style-type: none"> 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
The statement of accounts links to all Council Plan priorities

REPORT DETAILS

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

- 1.1 The Statement of Accounts (statements) 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 draft Statement of Accounts in respect of 2024/25 on 20 June 2025, ahead of the 30 June 2025 statutory deadline. This deadline has been extended from 31 May for previous financial years to help improve the quality of the draft statements.
- 1.2 The documents that make up the Statement of Accounts are complex and are required to be prepared in line with the accounting rules that apply to all councils.
- 1.3 The statements are audited by the Council's external auditors, Forvis Mazars who provide an opinion about the quality or integrity of the financial information, including the principal of 'going concern'.
- 1.4 Due to significant delays in external audits across the country, the statutory backstop deadline for signing off 2024/25 accounts by the appointed external auditor is 27 February 2026. The Audit Committee should be presented with an opportunity to scrutinise the accounts in a timely manner, therefore due to the length of time between completion of the accounts and the deadline for audit sign off it is deemed appropriate that the Audit Committee receive the accounts in draft form. The audited accounts will then be presented to a future meeting alongside the Audit Completion Report.

2. Details of Proposal or Information

Statement of Accounts

- 2.1 The External Audit team, Forvis Mazars, has been appointed to undertake work on the Statement of Accounts for 2024/25. Work on the interim audit began in March 2025 and on the main audit in July 2025. It is expected that the audit will be completed in good time before the statutory backstop date in February 2026. The Audit Strategy Memorandum expect completion in November 2025.
- 2.2 Nationally, there has been a deterioration in the timeliness of local authority audits since 2017/18. Delays were compounded during the Covid pandemic, and this led to a significant backlog of audit opinions across England. The Government introduced a process to 'reset' local authority audits. Historical audit opinions (up to and including 2022/23) had to be completed and signed off by auditors by the backstop date of 13 December 2024. For audits that were incomplete at this date, the appointed auditors would need to issue a disclaimed audit opinion. This did not directly impact the Council as the 2022/23 accounts (and previous years') had been audited. However, the 2023/24 audit was delayed until September whilst audit focus was on clearing the backlog by the deadline.
- 2.3 For the next phase of the process changes have also been made to the audited approval dates for future years up to and including the financial year 2027/28, as the table below demonstrates:

Financial Years	Backstop Date
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 2.4 At the February 2025 backstop date for 2023/24 over 92% of bodies have published audited accounts for 2023/24. Just under 50% of those who have published their account received a disclaimed opinion and 41% published unmodified (clean) audit opinions. The Council received an unmodified opinion for the 2023/24 statements that was presented to Audit Committee on 26 February 2025.
- 2.5 For the 2024/25 statements the backstop date is 27 February 2026. There has been a marked improvement nationally in publishing statutory accounts with 3 in 4 having published at the time of writing this report.
- 2.6 Mazars have now commenced the Council's audit and whilst the back stop date of 27 February 2026 remains in place, are optimistic that sign off can be achieved before this date. Until this time the accounts remain subject to amendment.
- 2.7 The draft Statement of Accounts can be found on the Council's website at: [Annual Statement of Accounts - North East Derbyshire District Council](#)

3 Reasons for Recommendation

- 3.1 The backstop date for the completion of the external audit process in respect of 2024/25 is delayed due to the reset of local audit processes, therefore the draft Statement of Accounts for 2024/25 is presented for noting to the Audit Committee.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no alternative options for consideration.

DOCUMENT INFORMATION

Appendix No	Title
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	

North East Derbyshire District Council

Audit Committee

28 July 2025

Assessment of Going Concern 2024/25

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

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

Contact Officer: **Jayne Dethick**

PURPOSE / SUMMARY

To inform the Committee of an assessment of the Council as a 'going concern' for the purposes of producing the 2024/25 accounts.

RECOMMENDATIONS

1. That the Audit Committee accepts the outcome of the Council's Section 151 Officer's assessment of the Council's 'going concern' status for the purpose of preparing the Statement of Accounts for 2024/25.

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:

The process has been undertaken in accordance with the requirements of the Accounts and Audit Regulations.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

There are no staffing issues arising directly from this report.

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, report for information only.
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 type="checkbox"/> Cabinet <input 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; <ul style="list-style-type: none"> 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
Links to all Council Plan priorities

REPORT DETAILS

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

- 1.1 The statement of accounts are audited by the Council's external auditors, Forvis Mazars LLP who provide an opinion with regard to the quality or integrity of the financial information, including the principal of 'going concern'.

2. Details of Proposal or Information

Assessment of Going Concern

- 2.1 The concept of 'going concern' assumes that a Council's functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Code of Practice for Local Authority Accounting and is made because local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers arising only at the discretion of central government).
- 2.2 If a Council was in financial difficulty, the prospects are that alternative arrangements would be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.
- 2.3 Where the assessment determines the 'going concern' status is not proven, particular care would be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept would potentially have a fundamental impact on the financial statements.
- 2.4 Given the significant reduction in funding for local government in recent years and the potential threat this poses to the ongoing viability of councils as a consequence, external auditors continue to place a greater emphasis on local authorities undertaking an assessment of the 'going concern' basis on which they prepare their financial statements. This report sets out the position for the Council and provides justification for the 2024/25 financial statements being prepared on a 'going concern' basis.
- 2.5 As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2024/25 ("the Code"). The Code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code, the Statement of Accounts is prepared each year assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

The Assessment for Going Concern

- 2.6 The main factors which underpin this assessment are:

- The Council's current financial position;
- The Council's projected financial position;
- The Council's balance sheet;
- The Council's cash flow;
- The Council's governance arrangements;
- The regulatory and control environment applicable to the Council as a local authority.

Each of the above is considered in more detail below.

2.7 The provisions in the 2024/25 Code (Presentation of Financial Statements) on the going concern accounting requirements, reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as local authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for their financial statements to be prepared on anything other than a going concern basis.

2.8 The requirements to use the going concern basis of accounting mean that Council's do not apply paragraph 25 of IAS 1 Presentation of Financial Statements mandating management to make an assessment of the authority's ability to continue as a going concern. However, this reporting requirement is separate from the need for them to report on the impact of financial pressures in the Narrative Report and, for example, other relevant liquidity reporting requirements such as those under the Code's adoption of IFRS 7 Financial Instruments: Disclosures.

The Council's Current Financial Position – Revenue Resources

General Fund

2.9 The General Fund's Net Cost of Services was under spent by £1.209m in 2024/25. This is discussed in the outturn report that will be scrutinised by the Services Scrutiny Committee before being considered by Cabinet, in July. As of 31 March 2025, the Council held a General Fund Balance of £2.0m and Earmarked Reserves totalling £25.470m. The adequacy of reserves and balances and the ongoing requirement for specified earmarked reserves, is reviewed on a regular basis.

Housing Revenue Account (HRA)

2.10 The HRA Net Cost of Services was £0.105m under spent against budget. As at 31 March 2025 the Council held an HRA Balance of £3m which was in line with the revised budget. HRA Earmarked Reserves totalling £7.085m were held. The level of adequate reserves and balances and the ongoing requirement for specified earmarked reserves, is reviewed on an annual basis. The HRA has a fully funded 30-year Business Plan.

2.11 The Director of Finance and Resources (Section 151 Officer) is therefore satisfied that the Council's 2024/25 financial outturn for both General Fund and HRA, does not present any material uncertainties regarding the Council's ability to continue as a going concern.

The Council's Projected Financial Position – Revenue Resources

- 2.12 The financial projection for 2024/25 to 2028/29 was approved by Members in January 2025 in the Medium-Term Financial Plan (MTFP). The Council continues to face financial pressures and as a result, £0.664m was required from reserves to set a balanced budget for 2024/25. As expected, the shortfall has been identified without a need to draw on reserves. There remains a requirement to achieve financial savings over the medium term for 2025/26 £0.297m; 2026/27 £0.698m; 2027/28 £2.411m and £3.360m (before council tax). However, there remains a lack of certainty from 2026/27 onwards due to the expected funding reforms. The Government has launched a consultation on wide sweeping funding reforms and a multi-year settlement planned for 2026/27. The consultation does not contain any financial data so future funding remains uncertain. Local Government Reorganisation plans also create a level of financial uncertainty for two tier local authorities across England.
- 2.13 To help mitigate losses caused by changes in Government funding and wider budget pressures the Council has established a Resilience Reserve in the MTFP. Un-ring fenced surpluses are accrued in this reserve and accumulated balances will be utilised to even out the government funding losses and other identified budget pressures over the life of the current MTFP. The balance on this reserve currently stands at £3.598m.
- 2.14 The Council's Section 151 Officer made a formal statement in January 2025 as part of the approval on the robustness of estimates and the adequacy of reserves, as contained within the Medium Term Financial Plan. The underlying assumptions within the plan have been reviewed and at this stage remain in place. Performance continues to be reviewed through robust budget management and will be updated as part of the mid-year review. The medium term financial planning process will fully challenge the assumptions and estimates and refresh the position accordingly. At this stage the S151 Officer is satisfied that the Council's forecast financial position does not present any material uncertainties regarding the Council's ability to continue as a going concern.

The Council's Balance Sheet as at 31 March 2025

- 2.15 The Council's net assets amounted to £417m and Usable Reserves totalled £51m. There are no material liabilities or underlying issues regarding the strength of the Council's balance sheet which present any material uncertainties regarding the Council's ability to continue as a going concern.

The Council's Cash Flow

- 2.16 The Council maintains short-term and long-term cash flow projections, and manages its cash, investments and borrowing in line with the Council approved Treasury Management Strategy. As at the 31 March 2025 the Council has long-term borrowing commitments of £152m and held £17m in Cash and Cash Equivalents. The Council has adequate financial resources to meet its immediate financial obligations. There are no significant issues regarding the

strength of the Council's underlying cash flow which present any material uncertainties regarding the Council's ability to continue as a going concern.

The Council's Governance Arrangements

- 2.17 The Council has a well-established and robust corporate governance framework. This includes the statutory posts of Head of Paid Service, Monitoring Officer and Section 151 Officer in addition to the current political arrangements. An overview of this governance framework is provided within The Annual Governance Statement.
- 2.18 Whilst it is not possible to provide absolute assurance, the review process as outlined in the Annual Governance Statement does conclude that the existing arrangements remain fit for purpose and help provide reasonable assurance of their effectiveness. Local Government Reorganisation will impact on these governance frameworks in due course, but we expect to operate under the current framework for the near future. There are no significant issues regarding the Council's governance framework which present any material uncertainties regarding the Council's ability to continue as a going concern

The External Regulatory and Control Environment

- 2.19 As a principal local authority the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement for a balanced budget each year combined with the legal requirement for the Council to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and central government control there are other factors such as the role undertaken by the external auditor as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.
- 2.20 The provisions in the Code on the going concern requirements reflect the economic and statutory environment in which local authorities operate. There are no significant issues regarding the external regulatory and control environment which present any material uncertainties regarding the Council's ability to continue as a going concern.

Material Uncertainties

- 2.21 The Council is aware that there is a requirement to consider any material uncertainties which would impact on the Councils ability to continue as a going concern.
- 2.22 There are no material uncertainties which, under the Code of Practice on Local Authority Accounting framework, represent significant issues regarding the Council's ability to continue as a going concern.

3 Reasons for Recommendation

- 3.1 It is considered that having regard to the Council's arrangements and such factors as highlighted in this report that there are no material uncertainties

regarding the Council's status as a 'going concern' and the Council's accounts for 2024/25 have appropriately been prepared on this basis. This report gives that assessment by the Council's Section 151 Officer in support of presenting the Accounts for approval (later in the year) and provides assurance to the Audit Committee and Mazars, the Council's external auditor.

4 Alternative Options and Reasons for Rejection

4.1 There are no alternative options for consideration.

DOCUMENT INFORMATION

Appendix No	Title
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	

North East Derbyshire District Council

Audit Committee

28 July 2025

Committee Work Programme 2025/2026 to 2028/2029

Report of the Assistant Director of Governance and Monitoring Officer

Classification: This report is public

Report By: Tom Scott – Governance and Scrutiny Officer

Contact Officer: Tom Scott thomas.scott@ne-derbyshire.gov.uk 01246 217045

PURPOSE / SUMMARY

To enable the Audit Committee to review the proposed Work Programme for the period 2025/2026 to 2028/2029.

RECOMMENDATIONS

1. That the Committee notes and approves the proposed Audit Committee Work Programme for the period 2025/2026 to 2028/2029 as set out in the attached **Appendix 1**.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

Risk - the development of a Work Programme for the Audit Committee will provide an appropriate structure to assist and support the Committee's work. This will help to ensure that the Committee continues to operate effectively and that the Council's governance and accountability arrangements remain robust. The Programme is designed to allow the Audit Committee to continue its flexible approach to its and consider work the range of matters which are within its remit. There are no financial issues arising from the report.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☐

No ☒

Details:

There are no legal issues or Data Protection matters arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

There are no staffing issues arising from the 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 - £100,000 <input type="checkbox"/> Capital - £250,000 <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
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details: Members of the Audit Committee

Links to Council Ambition (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

None.

REPORT DETAILS

1 Background

- 1.1 The Audit Committee considers a range of financial and governance issues on a regular basis. Given the number of matters that are examined by the Committee it is appropriate that a Work Programme continues to be in place.
- 1.2 The Work Programme is set out in the attached **Appendix 1**. It should be recognised that the work plan is a live document to which matters may be added or removed as appropriate and approved by the Committee, including standing items.
- 1.3 The Work Programme enables Members to give structured consideration as to whether the proposed agenda items are appropriate and serve to meet the objectives of the Committee. That question needs to be considered in the light of the Council's Constitution, Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on the role of an Audit Committee and established good practice.

2. Details of Proposal or Information

- 2.1 To enable the Audit Committee to review the Work Programme for the period 2025/2026 to 2028/2029.

3 Reasons for Recommendation

- 3.1 To enable the Committee to consider the Work Programme for the period 2025/2026 to 2028/2029.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no other options proposed.

DOCUMENT INFORMATION

Appendix No	Title
1	Committee Work Programme 2025/2026 to 2028/2029.
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 (NEDDC) you must provide copies of the background papers)	

	28 July 25	30 Oct 25	26 Nov 25	19 Jan 26	27 April 26	July 2026	Oct 2026	Accounts	Jan 2027	Apr 2027	July 2027	Oct 2027	Accounts	Jan 2028	Apr 2028	July 2028	Oct 2028	Account:	Jan 2029	Apr 2029
	(Accounts sign off)					(Accounts sign off)					(Accounts sign off)					(Accounts sign off)				
Reports of the External Auditor:																				
External Audit Update	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE
Completion Report	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE
Reports of the Managing Director:																				
Risk Management Update	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE
Reports of the Director of Finance & Resources (S151 Officer)																				
Treasury Management Update	TRUE	TRUE	FALSE	FALSE	FALSE	TRUE	TRUE	FALSE	FALSE	FALSE	TRUE	TRUE	FALSE	FALSE	FALSE	TRUE	TRUE	FALSE	FALSE	FALSE
Annual Governance Statement	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE
Code of Corporate Governance	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE
Draft Annual Statement of Accounts	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE
Annual Going Concern report	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE
Treasury Management	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE
Treasury Management Strategies	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE
Proposed Accounting Policies	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE
Annual Review of the Effectiveness of Internal Audit	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE
Evaluation of the effectiveness of the Audit Committee	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE

	28 July 25	30 Oct 25	26 Nov 25	19 Jan 26	27 April 26	July 2026	Oct 2026	Accounts	Jan 2027	Apr 2027	July 2027	Oct 2027	Accounts	Jan 2028	Apr 2028	July 2028	Oct 2028	Account	Jan 2029	Apr 2029
	(Accounts sign off)					(Accounts sign off)					(Accounts sign off)					(Accounts sign off)				
Reports of the Head of the Internal Audit Consortium																				
Internal Audit Progress Report	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE
Internal Audit Consortium Annual Report	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE
Monitoring the implementation of internal audit recommendations	FALSE	TRUE	FALSE	FALSE	TRUE	FALSE	TRUE	FALSE	FALSE	TRUE	FALSE	TRUE	FALSE	FALSE	TRUE	FALSE	TRUE	FALSE	FALSE	TRUE
Review of the Internal Audit Charter	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE
Internal Audit Plan	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE

Agenda Item 10a

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

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