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**North East
Derbyshire**
District Council

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Date: Friday, 14 November 2025

To: **Members of the Audit Committee**

Please attend a meeting of the Audit Committee to be held on **Monday, 24 November 2025 at 3.00 pm in the Executive Meeting Room, District Council Offices, 2013 Mill Lane, Wingerworth, Chesterfield S42 6NG.**

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 28 July 2025.

4 Reports of the External Auditors - Forvis Mazars

a. External Audit Completion Report 2024/25 (Pages 9 - 54)

b. External Annual Audit Report 2024/25 (Pages 55 - 84)

5 Reports of the Head of the Internal Audit Consortium

a. Internal Audit Progress Report (Pages 85 - 94)

b. Monitoring the Implementation of Internal Audit Recommendations (Pages 95 - 104)

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

a. Treasury Management Strategy Update (Pages 105 - 126)

7 Reports of the Managing Director

a. Safeguarding Update (Pages 127 - 140)

8 Reports of the Assistant Director Governance & Monitoring Officer

a. Work Programme May 2025 - April 2027 (Pages 141 - 146)

9 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.

10 Date of Next Meeting

The next meeting of the Audit Committee is scheduled to take place on 3pm Monday 19 January 2026.



North East Derbyshire District Council

Access for All statement

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AUDIT COMMITTEE

MINUTES OF MEETING HELD ON MONDAY, 28 JULY 2025

Present:

Councillor Christine Smith (Chair) (in the Chair)

Councillor David Cheetham (Vice-Chair)

Councillor Alex Dale

Councillor Tony Lacey

Councillor Martin E Thacker MBE JP

Also Present:

L Hickin

Managing Director & Head of Paid Service

J Dethick

Director of Finance and Resources (Section 151 Officer)

J Williams

Head of Internal Audit Consortium

T Scott

Governance and Scrutiny Officer

G Garg

Audit Manager - Forvis Mazars

AC/1 Apologies for Absence

/25-

26 No apologies for absence were received.

AC/2 Declarations of Interest

/25-

26 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.

Councillor Martin Thacker MBE JP and Councillor Christine Smith advised the Committee of an interest as members of the Rykneld Homes Board.

AC/3 Minutes of Last Meeting

/25-

26 Councillor Tony Lacey requested an amendment to the 14 April 2025 minutes in order to be replaced in the Apologies for Absence item by Councillor Alex Dale.

RESOLVED – That the Minutes of the Audit Committee held on 14 April 2025 be approved with one amendment.

AC/4 Audit Strategy Memorandum

/25-

26 The Audit Manager - Forvis Mazars presented the Council's Audit Strategy Memorandum for the year ending 31 March 2025.

RESOLVED – That the update be noted.

AC/5 Internal Audit Consortium Annual Report 2024/25

/25-

26 The Head of the Internal Audit Consortium presented a report to the Committee to

outline the adequacy of the Council's arrangements for governance, risk management and control, and also to obtain necessary assurances on the overall arrangements of governance, risk management and control systems.

Members discussed paragraph 2.3 of the report, in particular its reference to a delay ("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") and asked what had caused this delay. The Director of Finance and Resources explained that the delay had been caused by the need to appoint an external specialist. The Committee felt that the completion of the external review was very important and further delays could lead to cyber security risks, so agreed to include a comment about its importance in the item resolutions.

RESOLVED –

- (1) That the Audit Committee accepted 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.
- (2) That the Audit Committee would like to see the delayed external review of the IT cyber and network security arrangements of Rykneld Homes Ltd. completed in a timely fashion.

AC/6 Summary of Progress on the 2024/25 Internal Audit Plan

/25-

26

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

Members were informed that a full-time auditor had been appointed.

RESOLVED – That the report was noted.

AC/7 Treasury Management Update (Q4)

/25-

26

The Director of Finance and Resources presented a report to the Committee informing them of the Treasury Management outturn position for 2024/25.

Members were pleased that the Audit Committee was being made aware of the report before it was presented to Cabinet.

RESOLVED – That the Committee noted the report concerning the Council's treasury management report for the 2024/25 financial year.

AC/8 Annual Governance Statement and Code of Corporate Governance

/25-

26

The Director of Finance and Resources presented a report for the Committee to consider the draft Annual Governance Statement for 2024/25 along with the review of the Code of Corporate Governance.

The Committee's attention was drawn to a section of the draft Annual Governance Statement titled 'Pressure on the Council's Budget', which explained the budget shortfall the Council would have to address, and the new Government redistributing grants.

Members expressed concerns that other local authorities could use the Local Government Review to take funding from the Council. The Director of Finance and Resources explained that the Council was in ongoing discussions with other authorities to prevent that from happening.

RESOLVED –

(1) That the Committee noted the contents of the draft Annual Governance Statement.

(2) That the Committee approved the Code of Corporate Governance.

AC/9 Statement of Accounts 2024/25

**/25-
26**

The Director of Finance and Resources presented a report informing the Committee of the completion and publication of the draft Statement of Accounts for 2024/25 in line with the statutory deadline.

RESOLVED – That the Committee noted the draft Statement of Accounts in respect of 2024/25.

AC/1 Going Concern 2024/25

**0/25-
26**

The Director of Finance and Resources presented a report informing Members of an assessment of the Council as a 'going concern' for the purposes of producing the 2024/25 accounts.

RESOLVED – That the Committee accepted 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.

AC/1 Work Programme 2025/2026 to 2028/2029

**1/25-
26**

The Director of Finance and Resources presented a report to enable the Audit Committee to approve the first Work Programme of the year for 2025/2026 to 2028/2029.

Members were informed of two changes to the format of the Work Programme appendix:

1. The Programme now set out work for the Committee covering four years instead of one, because the Committee wanted to take a longer term view of its work.

2. The format of the Programme had been changed to a table to enable officers to input work items more efficiently.

Members were pleased with the longer term view of four years, but felt that going this far into the future diluted the content of the Programme. Members agreed to proceed with this format but with three years included instead of four.

Members discussed the new table outlay of the Programme and felt it was not as clear as the previous format. Members agreed to proceed with the old Work Programme table format instead of this new one.

RESOLVED –

- (1) That the draft Work Programme 2025/2026 to 2028/2029 was approved.
- (2) That the Work Programme proceeds with the newly proposed time period format, but with three years included instead of four.
- (3) That the Work Programme does not proceed with the newly proposed Excel table outlay of the Programme and the previous format be used in future.

AC/1 **Urgent Matters**
2/25-
26 None.

AC/1 **Exclusion of Public**
3/25-
26 **RESOLVED** – 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).

AC/1 **Risk Management Update**
4/25-
26 The Managing Director presented a report to update Members of the current position regarding Risk Management arrangements and the Strategic Risk Register as of July 2025.

The report included an appendix which outlined all of the Risks relating to the Local Government Review.

Members discussed Safeguarding and Child Protection Risks no longer appearing as part of this report. The Managing Director stated that the Housing Policy and Intelligence Officer would be consulted with to discuss the reasons it was removed.

RESOLVED – That the Committee noted the report and Strategic Risk Register as of July 2025 as set out in Appendix 1.

AC/1 **Date of Next Meeting**
5/25-
26 The next meeting of the Audit Committee was scheduled to take place on 3pm Monday 20 October 2025.



Audit Completion Report
North East Derbyshire District Council – year ended 31 March 2025

November 2025

Members of the Audit Committee

North East Derbyshire District Council

2013 Mill Ln
Chesterfield
S42 6NG

13 November 2025

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2025

We are pleased to present our Audit Completion Report for North East Derbyshire District Council (“the Council”) for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report is intended solely for the Audit Committee for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. 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 exact, 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.

We appreciate the courtesy and co-operation extended to us by the Council throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully

Signed:  James Collins (New 11, 2025, 16:11:36 GMT)

James Collins

Forvis Mazars LLP

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Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. 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. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

01

Executive Summary

Executive summary

Scope

We have been engaged to audit the financial statements of North East Derbyshire District Council for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

We have conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs'), relevant ethical and professional standards, and the terms of our engagement communicated in our engagement letter.

Audit status

Our audit procedures are now substantially complete for the year ended 31 March 2025.

Please refer to the '*Status of our audit*' section for a list of significant audit matters outstanding at the date of this report. We will provide an update to the Audit Committee on completion of those outstanding matters by way of a follow-up letter.

Areas of focus and audit approach, and significant findings

We have not made any changes to our initial risk assessment and planned audit approach that was communicated to the Audit Committee in our Audit Strategy Memorandum.

Significant control deficiencies

We did not identify any significant deficiencies in internal control. Please refer to the '*Significant control deficiencies*' section.

The non-significant control observations that we have identified to date are set out in '*Appendix A: Internal control conclusions*'.

Audit misstatements

A summary of the adjusted and unadjusted misstatements above our reporting threshold we have identified to date is set out in the '*Summary of misstatements*' section.

Audit opinion

At the time of issuing this report and subject to the satisfactory conclusion of our remaining audit work, we anticipate issuing an unqualified opinion, without modification, as set out in Appendix C..

Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further details have been provided in the '*Value for Money*' section of this report.

Wider reporting powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

Reporting to the group auditor

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Executive summary

Qualitative aspects of Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 20 June 2025 and were of a good quality.

Significant matters discussed with management

During our audit, we communicated the following significant matters to management:

- Ongoing preparations for Local Government Reorganisation and the effect on North East Derbyshire District Council.
- When assessing ROU asset valuation our internal valuer challenged the use of location factors applied by managements valuer. In particular that managements valuer had used a location factor for Derbyshire rather than a more specific location factor for North East Derbyshire. Managements valuer has explained why they believe the location factor used is appropriate. We have revisited all assets which include the use the location factor and confirmed that the difference between the location factor used by managements valuer and our internal valuer does not indicate a material difference in valuation.
- During the year, several housing assets was transferred from Assets Under Construction to Assets Held for Sale. The assets are held on the Balance Sheet at cost. In accordance with the CIPFA Code and IFRS 5, assets held for sale should be measured at the lower of their carrying amount and fair value less costs to sell at the date of classification. Management determined that the carrying value, cost of building the assets, is appropriate. Using other housing assets in the same estate valued by managements external valuer we have estimated the difference between cost and fair value is approximately £0.431m. We are satisfied that the judgement applied by management does not indicate a risk of material misstatement.

Significant difficulties during the audit

We have not encountered any significant difficulties and we have had the full co-operation of management.

Other matters of significance

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and



the Audit Committee during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix E.





Status of the audit

Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

Audit Quality Control and Completion procedures Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks.	
In addition, there are a small number of residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.	
VFM We are currently completing our fieldwork in this area and are on track to deliver our draft commentary to management by the 30 th November deadline.	

Status

	Likely to result in a material adjustment or a significant change to disclosures in the financial statements.
	Potential to result in a material adjustment or a significant change to disclosures in the financial statements.
	Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.
	Work on value for money arrangements

03

Audit approach and risk summary

Audit approach and risk summary

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued in July 2025.

Materiality

Our provisional materiality at the planning stage of our audit was set at £1.908m for Group and £1.841m for the Council using a benchmark of 2% of gross operating expenditure for the Group and 1.9% of gross operating expenditure for the Council as per the Audit Strategy Memorandum.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Group audit approach

There have also been no significant changes to the group audit approach we communicated in our Audit Strategy Memorandum, issued in July 2025

Internal audit

No reliance has been placed on internal audit for the 2024/25 financial audit. Enquiries have been undertaken to aid our understanding of the overarching control environment of the council

Use of 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. No changes have occurred to those outlined in our ASM.

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 considered available market data including the National Audit Office's expert, Monatgu Evans Forvis Mazars Audit Valuations Team (Right of Use Asset)
	Barlow Property Consultancy External Valuer (Dwellings)	
Financial Instruments	Arlingclose Treasury Management Advisor	None identified as being required
Business Rates Appeals Valuation	Inform CPI Ltd	None identified as being required

Audit approach and risk summary

	Audit risk/ key area of judgement	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
Significant risks	Management Override of Controls	●	●	○	●	●	○	○	No significant issues have been identified that need to be brought to the attention of members.	15
	Valuation of the LGPS Defined Benefit Pension	○	●	●	●	○	●	○	We have identified unadjusted misstatement as set out in section 06, our work obtained the assurances required and there are no further matters to report.	16
	Valuation of Property, Plant & Equipment (Land + Buildings) and Investment Property	○	●	●	●	○	○	○	No significant issues have been identified that need to be brought to the attention of members.	17
	Implementation of IFRS 16 - Leases	○	●	●	●	○	●	○	We identified an adjusted misstatement as set out in section 06, our work obtained the assurances required and there are no further matters to report.	18

Audit approach and risk summary

Overview of our group audit approach

You engaged us to audit the group financial statements of North East Derbyshire District Council. Based on our risk assessment and the financial information for the year ending 31 March 2025, we determined that certain components consolidated into the group financial statements should be subject to either a full scope audit or a specific scope audit, as set out in the table below.

Where we engaged component auditors as part of our group audit approach, we have specified the name and location of the component auditor below.

Component name	%	Location	Auditor	Scope	Changes to scope since planning?
North East Derbyshire District Council	86%	Chesterfield	Forvis Mazars LLP	Full Scope Audit	No
Rykneild Homes Limited	14%	Chesterfield	Crowe LLP	Full Scope Audit	No

Audit scope definitions

Full scope audit: an audit of the component’s financial information prepared for group reporting purposes using component performance materiality.

Audit of account balance(s), class(es) of transaction, and/ or disclosures(s): an audit of specific account balance(s), class(es) of transaction, and/ or disclosure(s) included in the component’s financial information prepared for group reporting purposes, using component performance materiality.

Group engagement team instructed engagement procedures: specific audit procedures performed over the component’s financial information, as instructed by the group engagement team, using component performance materiality.

Audit approach and risk summary

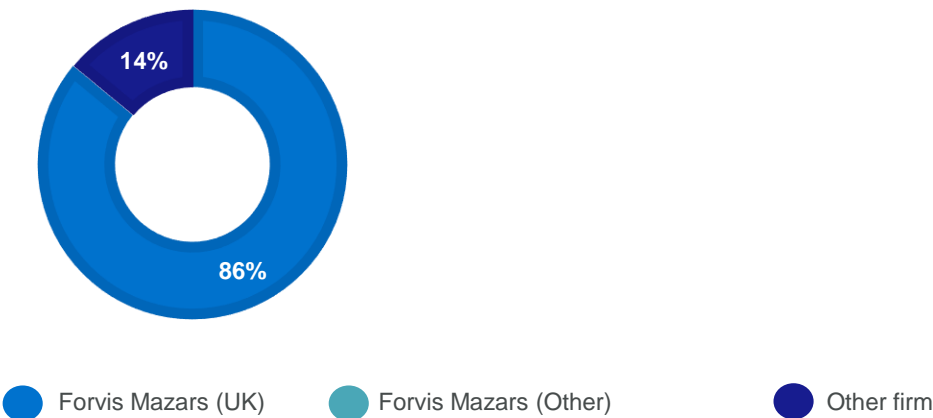
Overview of our group audit approach (continued)

Set out below is a summary of our group audit scope, specifically our coverage of group external expenditure by audit scope (per the definitions on the previous page) and by audit firm.

2024/25 – % OF GROUP EXTERNAL EXPENDITURE



2024/25 – % OF GROUP EXTERNAL EXPENDITURE



Significant findings

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

Significant risks

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Testing journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our work has provided the required assurance, and we have no matters to report.

Significant findings

Significant risks (continued)

Net defined benefit liability valuation

Description of the risk

The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Derbyshire Pension Fund.

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.

As part of our testing, procedures were performed on the net defined liability held by Rykneld Homes Limited which was consolidated into the Group accounts.

How we addressed this risk

We addressed this risk by:

- 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 included 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 included 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.

Audit conclusion

We have reported one unadjusted non material misstatement as set out in section 06. Our work has provided the required assurance, and we have no other matters to report.

Significant findings

Significant risks (continued)

Valuation of Council Dwellings, land and buildings and Investment Properties

Description of the risk

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.

We have therefore identified the valuation of land, buildings and investment properties to be an area of significant risk.

As part of our testing, procedures were performed on land and buildings held by Rykneld Homes to ensure they are consolidated in line with Group accounting policy's.

How we addressed this risk

We addressed this risk by:

- 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;
- substantively testing a sample of revaluations; and
- 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.

Audit conclusion

Our work has provided the required assurance, and we have no other matters to report.

Significant findings

Significant risks (continued)

Application of IFRS 16 for the 2024-25 financial year.	Description of the risk 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 required the Council to re-classify their leases and account for a right of use asset.
	<hr/> How we addressed this risk We addressed this risk through performing audit work over: <ul style="list-style-type: none">• Critically reviewing the accuracy and completeness of the Council’s assessment of leases under IFRS 16; and• Reviewed the accounting treatment for a sample of leases to test the valuation of the liability and right of use asset.
	<hr/> Audit conclusion We identified an adjusted misstatement as set out in section 06. Our work has provided the required assurance, and we have no other matters to report.

Significant findings

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2024/25 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

05

Internal control conclusions

Significant control deficiencies

As part of our audit, we obtained an understanding of the Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Council's internal controls, we are required to communicate to the Audit Committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Audit Committee.

We have not identified any significant deficiencies in the Council's internal controls as at the date of this report.

Other observations

We also record our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We have not identified any such control deficiencies as at the date of this report.

Summary of misstatements

Summary of misstatements

Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Strategy Memorandum, issued in July 2025. Any subsequent changes to those figures are set out in the 'Audit approach and risk summary' section of this report.

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

Description	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Receivable			78	
Cr: Fees, Charges and Other Service Income		78		
Our testing of receivables identified an under accrual of Fees Charges and Other Services. The error was trivial but extrapolated across the population to £0.078m.				
Dr: Asset held for sale			67	
Cr: Asset under construction				67
Extrapolated error noted in valuation of asset held for sale assets being the difference between managements calculation of carrying cost and ours.				
Dr: Pensions Reserve			57	
Cr: Net Pensions Liability				57
The Pension Fund auditor identified an unadjusted difference in asset values during their audit of the Pension Fund. The above is our estimation of the impact on the Council's asset valuations based on the Council's share of Pension Fund assets. The Rykneld share is trivial at £0.028m.				
Aggregate effect of unadjusted misstatements	0	78	202	124

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

Summary of misstatements

Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe Audit Committee should be made aware of.

Description	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr. Capital Adjustment Account			1,584	
Cr. Revaluation reserve				261
Cr. CIES		1,590		
Cr. Right of Use assets				1,323
Cr. Movement in Reserves Statement				1,590
Changes in Valuation method of ROU asset from DRC method to IFRS 16 Method				
Dr. Service specific grant income	139			
Dr. Taxation and on specific grant income	247			
Cr. Movement in Reserves Statement				386
Adjustment for grant income accrued incorrectly in 2023/24				
Aggregate effect of adjusted misstatements	386	1,590	1,584	3,560

Summary of misstatements

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Narrative report adjusted to reflect correct Pension reserve balance to £10.548m in agreement in note 23c of the accounts.
- Note 2 - A presentation correction has been made in Note 2. The figures relating to the “Transfer of long-term debtor capital loan repayments to the Capital Receipts Reserve” were previously shown on the incorrect line. These have now been correctly reclassified under “Application of Capital Grants to Finance Capital Expenditure
- A prior period adjustment has been removed on the basis of materiality, as the impact was not considered significant to the understanding of the financial statements. The adjustment has been reflected in the 2024/25 position.
- The Audit Fees disclosure was updated.
- Note 9 Expenditure and Income by nature - Classification error in fees, charges and other income. £0.229m grants income was incorrectly classified as fees, charges and other income. Now reclassified to Grants and contributions
- Note 9 Expenditure and Income by nature- Adjustment for a classification error of £1.6m as employee expenses was incorrectly classified as other service expenses. Now adjusted to reclassify to employee expense.
- Note 10 Property, Plant and Equipment disclosure within the draft accounts was omitted. This has been updated in the final accounts
- Note 37 Capital expenditure and capital financing: Note has been updated to accurately reflect the analysis of capital expenditure in various capital investment categories
- Note 39 Defined Benefit Pension Schemes: Note has been updated to include the disclosure of the virgin media case . Correction was also made to pension assets and liabilities recognised in the balance sheet note to improve clarity and accessibility for readers and reference to anticipated contributions updated to 2025/26 from 2024/25.
- Collection Fund note 3 - Correction was made to amend £1.341m to £1.419m.
- Cash flow Statements - Adjustments for Non - cash movements disclosure added in the accounts.
- Nil lines removed from note 14 Long term debtors note and note 6 Taxation and Non - specific Grant Income note.
- Note 38, Disclosure amendment in note 38 Leases for Right of Use assets.

A number of typographical, signage, casting and spelling errors have also been corrected by management .

We identified no disclosure misstatements during our audit that have not been corrected by management:

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

25

07

Fraud considerations

Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

Your responsibilities

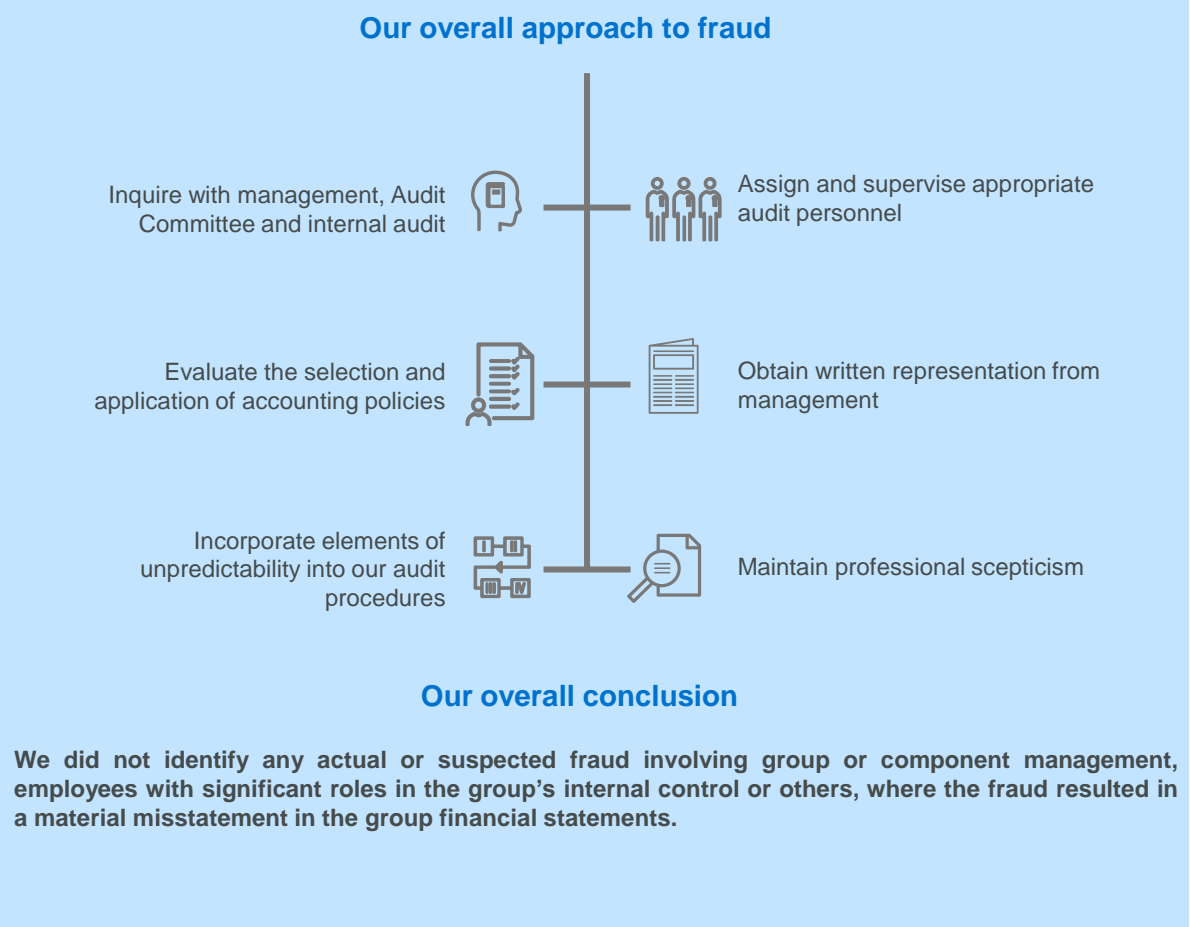
Management has primary responsibility for the prevention and detection of fraud. It is important that management, with the Audit Committee oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by the Audit Committee’s active oversight.

Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

ISA presumed fraud risks

As set out in the ‘*Audit approach and risk summary*’ section, the risks of fraud in management override of controls were identified as significant risks.



08

Value for Money

Value for Money

Approach to Value for Money

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 is the first audit year where we have undertaken 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).

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

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks; and
- **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.

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception. We will also highlight emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. This commentary will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria. We intend to issue the Auditor's Annual Report in November 2025.

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2025 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix C confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in November 2025.

Appendices

A: Internal control conclusions

B: Draft management representation letter

C: Draft audit report

D: Confirmation of our independence

E: Other communications

F: Current year updates, forthcoming accounting and other issues

Appendix A: Internal control conclusions

Other deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Council’s internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in Appendix A are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in Appendix A should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

We have not identified any internal control observations as at the date of this report.

Appendix A: Internal control conclusions

Follow up on previous internal control points

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

Related Parties

Description of deficiency

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

Current year update:

Our related party testing in 2024/25 identified that thirteen declaration forms were not received from current Councillors. This was despite attempts from Officers to obtain this information.

Potential effects

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

Recommendation

All members should complete declaration of interest forms.

Management response

Officers continue to increase communication to Members, with numerous reminders sent, and we tried all best endeavours to ensure that all members completed their declarations. However, 13 members still did not respond to our correspondence.

Appendix B: Draft management representation letter

Forvis Mazars LLP
The Corner
Newcastle
NE1 1DF

xx November 2025

Dear James Collins,

North East Derbyshire District Council - Audit for Year Ended 31 March 2025

This representation letter is provided in connection with your audit of the financial statements of North East Derbyshire District Council the Council and Group for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance and Resources that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware. I confirm that there is no information provided to you as part of the audit that I consider legally privileged.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Council and Group in making the accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated

Appendix B: Draft management representation letter

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance and Resources for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended applicable law.

I have disclosed to you the identity of the Council and Group's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Council and Group has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Appendix B: Draft management representation letter

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and Group, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note 30 to the financial statements fairly reflects that assessment.

Tariffs

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note 30 to the financial statements fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts. [TAILOR AS APPROPRIATE]

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council and Group’s risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council and Group’s financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,
Director of Finance and Resources (s151 officer)

Appendix C: Draft audit report

Independent auditor’s report to the members of North East Derbyshire District Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of North East Derbyshire District Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2025, which comprise the Council and Group Movement in Reserves Statements, the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the HRA Statement, the Collection Fund Income and Expenditure Account and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2025 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance and Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance and Resources with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance and Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance and Resources for the financial statements

As explained more fully in the Statement of the Director of Finance and Resources Responsibilities, the Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Director of Finance and Resources is also responsible for such internal control as the Director of Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Appendix C: Draft audit report

The Director of Finance and Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance and Resources is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Council and Group, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, data protection, environmental protection, corruption and anti-bribery, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to :

- gaining an understanding of the legal and regulatory framework applicable to the Council and Group, the environment in which it operates, and the structure of the Council and Group, and considering the risk of acts by the Council and Group which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Audit Committee, as to whether the Council and Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and Group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and the Local Government and Housing Act 1989.

In addition, we management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to :

- making enquiries of management, Head of Internal Audit and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Director of Resources and Finance use of the going concern basis of accounting in the preparation of the financial statements is appropriate. **We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.**

Appendix C: Draft audit report

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Report on the Council’s arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.
We have nothing to report in this respect.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council’s arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

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We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of North East Derbyshire District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work required in relation to consolidation returns and received confirmation from the NAO that the group audit of the Whole of Government Account has been completed and that no further work is required to be completed by us

James Collins, Key Audit Partner
For and on behalf of Forvis Mazars LLP





The Corner,
Bank Chambers
26 Mosley Street
Newcastle Upon Tyne
NE1 1DF
Xx November 2025

Appendix D: Confirmation of our independence



We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.


Appendix E: Other communications

Other communication		Response
	Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
	External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
	Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none">a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; andb. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
	Going Concern	<p>We have not identified any evidence to cause us to disagree with Director of Finance and Resources that the Council will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix E: Other communications

Other communication		Response
	Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
	Matters related to fraud	<p>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled 'Fraud considerations' for our fraud considerations and conclusion.</p> <p>We will obtain written representations from management and, where appropriate, Audit Committee, confirming that</p> <ol style="list-style-type: none"> they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> management; employees who have significant roles in internal control; or others where the fraud could have a material effect on the financial statements; and they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix E: Other communications

Other communication		Response
	System of Quality Management	<p>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, including:</p> <ul style="list-style-type: none">• Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership• Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities• Identifying, reviewing, and updating quality risks each quarter, taking into consideration a 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.)• Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall quality• Evaluating responses and remediating control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</p>

Appendix F: 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) has replaced the existing leasing standard, IAS 17, and has introduced significant changes, particularly for lessees. The requirements for lessors is 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 in 2024-25 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 F: 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. 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 to ensure that we address aggregation risk appropriately.

To ensure consistency of approach, Forvis Mazars has applied the definitions set out below when performing audits of group financial statements:

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 F: 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, 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.

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Auditor's Annual Report

North East Derbyshire District Council– year ended 31 March 2025 **(DRAFT)**

November 2025

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- 03 Commentary on VFM arrangements
- 04 Other reporting responsibilities
- 05 Audit fees and other services

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

Our reports are prepared in the context of the ‘PSAA Statement of Responsibilities of Auditors and of Audited Bodies’ and the ‘Appointing Person Terms of Appointment’ issued by Public Sector Audit Appointments Limited. 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. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

01

Introduction

Introduction

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for North East Derbyshire District Council (‘the Council’) for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

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



Opinion on the financial statements

We issued our audit report on **[TBC]**. Our opinion on the financial statements was unqualified.



Reporting to the group auditor

In line with group audit instructions issued by the NAO, we have undertaken work on the Council’s Whole of Government Accounts (WGA) return in line with their instructions. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.



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

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

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

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

Qualitative aspects of the Council’s accounting practices

We have reviewed the Council’s accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Council’s circumstances. Draft accounts were received from the Council on 20 June 2025 and were of a good quality.

Significant difficulties during the audit

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

Other reporting responsibilities

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

03

Our work on Value for Money
arrangements

VFM arrangements


Overall Summary





VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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

- 

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

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

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

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

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

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

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

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

Phase 2 - Additional risk-based procedures and evaluation

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

We outline the risks that we have identified and the work we have done to address those risks on page [x].

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

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




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

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

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

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	Yes – see commentary on page 12
 Governance	15	No	No	No
 Improving economy, efficiency and effectiveness	18	No	No	Yes – see commentary on page 20

VFM arrangements

Financial Sustainability

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



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Position brought forward from 2023/24

- We reported in our Annual Auditor’s Report for 2023/24, that we had:
- Reviewed the 2023/24 financial performance and forecasts during the year and considered the Council’s financial outturn position as presented in the financial statements.
 - Reviewed the Council’s Annual governance Statement for any significant issues and considered the general findings from our audit work in other areas.
 - Reviewed the Council’s capital expenditure and financing arrangements.

There are no indications of a significant weakness in the Council’s arrangements for financial sustainability brought forward from 2023/24. The Council’s underlying arrangements in relation to financial sustainability are not significantly different in 2024/25, with an established set of processes for budget setting, monitoring and financial control, including arrangements for scrutiny, consultation and integration with business plans to produce the annual budget.

Overall responsibilities for financial governance

We have reviewed the Council’s overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2024/25. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to meet the needs of the Council’s service users.

The Council’s financial planning and monitoring arrangements

The Council monitors performance by service, integrating finance and performance management to provide a complete overview against Council Plan objectives. Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements, we confirmed the Council’s arrangements for budget monitoring are in place, including reporting to Members on a regular basis. Our review of budget reporting has noted that variances against budget are explained. The outturn position reported in July 2025 was not significantly different to the forecast outturn reported in the year. On the 25th January 2024 the council presented the Medium Term Financial Plan (MTFP) to the Cabinet, which showed a balanced budget for 2024/25.

The Council’s projected shortfall increased to £0.664m as per the updated budget in November 2024. However, as reported to Cabinet in July 2025 the financial outturn, of the Council detailed that it had been successful in removing the need to utilise the use of reserves to fund the General Fund budget. The outturn reported detailed a contribution of £1.084m to the Resilience Reserve. This followed an overall reported

underspend on net cost of services of £1.209m.

In its 2025/26 MTFP the council projected shortfall and budgeted for this to be funded by contributions from resilience reserves. Below are the figures from the MTFP for 2025/26 presented to the Cabinet on 23 January 2025 and approved by Council in February 2025.

Year / £m	2025/26	2026/27	2027/28	2028/29
Planned Budget (Surplus) / Shortfall before council tax and costed assumptions	0.505	0.698	2.411	3.360
Council tax increase	0.210	0.420	0.630	0.840
National Funding Uncertainty - costed assumptions		0.955	0.955	1.287
Contribution (to) or from reserves	0.295	(0.659)	0.844	1.233

Other Recommendation

As detailed in the latest MTFP the Council faces a potential gap over the life of the MTFP. While the Council is budgeting for the use of reserves it recognises using reserves is not sustainable in the long term. It is therefore important that the Council continues to have contingency plans, financial scenario modelling which will allow it to forecast any future budget gaps and identify savings to ensure the Council’s financial sustainability.

Budget Setting and the Medium-Term Financial Plan

We confirmed through review of minutes that the Council’s budget setting arrangements follow an agreed timetable. This timetable is designed to allow time for scrutiny and challenge of the Council’s plans. Our review of the latest MTFP confirms it highlights the risks and uncertainties, such as continued financial pressures and the delays in the local government funding reform, which makes setting the MTFP uncertain. The MTFP details that the Council will need to continue to identify savings and implement them. The 2024/25 and 2025/26 MTFP took into account pay awards and inflationary increases in expenses such as energy costs, fuel, etc. The Council also updated the budget for agreed changes to fees and charges. Our review of the MTFP and outturn did not identify evidence to indicate a significant weakness in arrangements.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

We have reviewed Committee reports covering the 2024/25 and 2025/26 Medium-Term Financial Plan and we met with officers throughout the year. We are satisfied the MTFP for 2024/25 and 2025/26 sufficiently explained the revenue and capital budgets. We identified no indication of excessive use of capital flexibilities to support revenue expenditure. There is no indication that the Council's Medium Term Financial Plan and budget setting process is not aligned to supporting plans given the Council has a track record of delivering against budget. We confirmed MTFP were approved by Cabinet and Council in February 2024 and January 2025. At the time of drafting this report the 2026/27 MTFP is going through similar approval.

2024/25 Statement of Financial Position and Outturn Report

We have reviewed the Council's outturn reports 2024/25 as presented in July 2025:

£m	Budget	Outturn	Variance
Net Cost of Services	16.199	14.989	1.209
Net Cost of HRA Services	0.692	0.797	0.105

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

The Council's usable reserves have decreased by £20.744m from £71.579m to £50.835m in 2024/25, with:

- Combined General Fund and GF earmarked reserves of £27.4m, up from £25.6m in the prior year
- Housing Revenue Account Reserve of £10.085m, down from £32.108m
- Capital Receipts Reserve of £2.819m , down from £3.642m

Our review confirmed use of reserves were in line with plans and were approved.

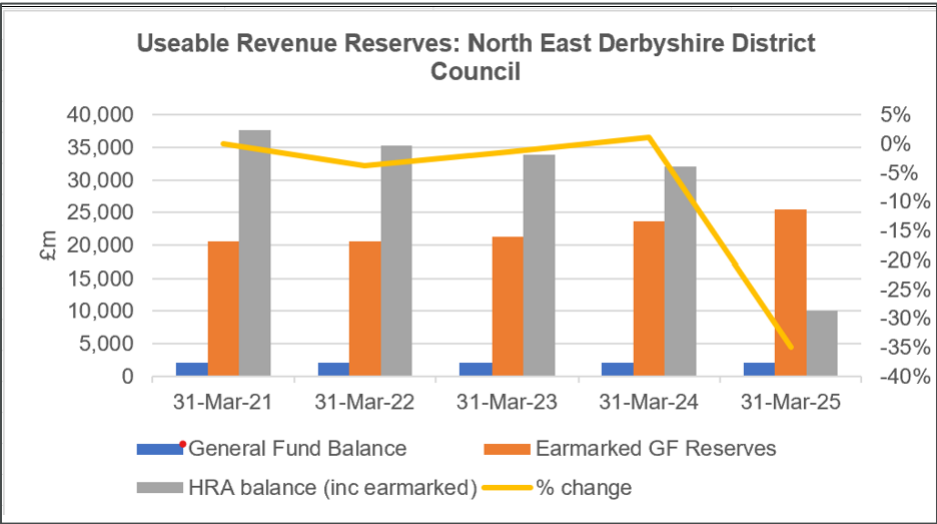
The Council maintains a balance of £2m in General Fund and transfer the remaining balance in earmarked

reserves every year. For the Housing Revenue Account (HRA), the Council maintains a balance of £3m in HRA reserve and transfer the remaining balance in earmarked reserve. Our review of the outturn report and statement of accounts confirmed there was no significant unplanned use of reserves in 2024/25.

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

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

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

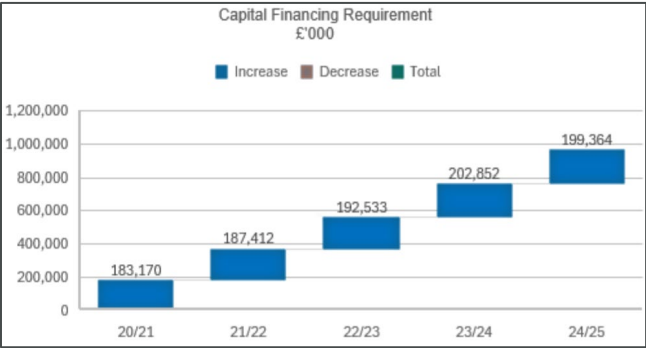


VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

The Council’s capital expenditure and financing

The Council’s arrangements for setting and monitoring capital expenditure are consistent with the previous year. We considered the Council’s capital financing requirement as set out in Note 37 of the financial statements, which has increased from £183.936m in 2019/20 to £202.857m in 2024/25. We also considered the sources of capital finance in the capital programme, which shows over the past four years capital spend has been mainly financed through grants and contributions.



In 2024/25, the Council spent £50.209m on capital additions and £3.449m of REFCUS. Our testing of these balances did not identify any material issues.

The Councils Minimum Revenue Provision (MRP) Statement is approved in the Annual Treasury Investment Strategy. The 2024/25 MRP Statement was approved by Council in January 2024. The council’s MRP for the 2024/25 financial year was £0.247m. The Councils Capital Financing Requirement (CFR) as reported in the 2024/25 Statement of Accounts was £199.364m, which include amounts relating to the HRA, capital loans and in year addition. The loans are to Rykneld Homes (RHL) and Northwood. Officers have confirmed loan repayments continue in line with agreements and have not highlighted to us any risks to the repayment of these loans which may indicate a potential weakness in arrangements. The MRP on the residual is c.3% (after adjusting for in year additions). The Council deem the MRP policy appropriate and this was approved for the 2025/26 financial year by full Council in January 2025. We are satisfied the Council’s capital expenditure and capital financing does not give rise to a risk of significant weakness in arrangements, however, the importance and impact of the MRP is often poorly understood outside of finance teams and can lead to significant issues affecting the financial sustainability of a local authority. It is important that the Council continues to monitor its MRP policy and charges to ensure future MRP charges are prudent.

In our 2023/24 Auditors Annual Report we detailed the impact of the Northwood Group Limited (NGL) joint venture. The Council loans with NGL were secured against the assets of NGL and the Council had first rights to these assets. Approximately £8m of the council’s funds were held by the joint venture. In 2023 the Council agreed to sell NGL to an independent developer. Consequently, the Council’s share in the NGL joint venture ceased. A repayment programme was agreed which ensured the Council loans, including interest, and sale of the development land is repaid in full. We have reviewed minutes and obtained an update from Officers which confirms there have been no significant changes to this arrangement. Management have confirmed repayments are being made in line with agreed timeframes. Based on this we have seen no evidence the Council will suffer any significant financial loss as a result of the loans invested in NGL and interest due from those loans. We will continue to monitor this arrangement in our future VFM work.

We are satisfied our work has not identified evidence to suggest a significant weakness in the Council’s arrangements in relation to financial sustainability for the year ended 31 March 2025.
We have, however, made one ‘Other’ recommendation around the Council’s financial sustainability as noted above.

VFM arrangements

Governance

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



VFM arrangements – Governance

Overall commentary on Governance

Position brought forward from 2023/24

There are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from the previous year and the council's arrangements in 2024/25 have not significantly.

The Council's governance structure

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

We have confirmed the Council has an agreed Constitution. This sets out how the Council operates, how decisions are reached and what procedures are followed to ensure that these are transparent and accountable to local people. Any recommendations for amendments to the Constitution need to be approved by Full Council. We confirmed through review of minutes there is regular consideration and, where necessary, updates to the Constitution. The latest Constitution was approved by Council in May 2025. A Committee structure is in place and is detailed in the Constitution. The Constitution have four values that underpin what the council does and four aims that help the council deliver their long term vision which are documented as follows:

Values:

- Be honest and accountable;
- Treat everyone fairly and with respect;
- Listen, involve and respond;
- Embrace change and innovation; and
- Be collaborative, open and transparent.

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

Risk management and internal control

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

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

We confirmed through review of minutes that the Council's Audit Committee is presented with the Risk Register on a regular basis and provides challenge as part of the process. The Corporate Leadership Team consider the Committee's minutes and summary reports and then determine appropriate risk appetite, risks and opportunities. We have reviewed the risk registers and confirmed they are reviewed regularly, with each strategic risk identified being assigned a responsible person. This ensures there is control and accountability for each risk. The risks have target dates attached to them and responsible individuals provide an update on a regular basis to the Audit Committee. Our work has not identified any significant weakness in arrangements for risk management.

Internal Audit

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

We considered the role of Internal Audit, which is provided by an Internal Audit Consortium. Our review of papers confirmed Internal Audit undertake a series of key control assignments throughout the year which look at the critical areas of business for the Council. The planned work is detailed in an Annual Audit Plan. The Plan is agreed with management at the start of the financial year and is reviewed and approved by the Audit Committee. We confirmed there was regular progress reporting to the Committee in 2024/25. We have reviewed minutes, reports and attended committee meetings to confirm that Internal Audit progress reports are presented to each Audit Committee meeting. The reports include follow up reporting on recommendations from previous Internal audit reports. This allows the Committee to effectively hold management to account.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria – continued

At the end of each financial year the Head of Internal Audit Consortium (HOIAC) provides an Annual Report including an opinion on the overall adequacy and effectiveness of the Council’s governance, risk and control framework based on the work completed during the year. For the 2024/25 financial year the report was presented to the Audit Committee in July 2025. The HOIAC provided ‘reasonable assurance’ on the ‘overall adequacy and effectiveness of the council’s framework for governance, risk management and control for the year ended 2024/25’. We have reviewed the HOIAC report and confirmed this was appropriately reflected in the Council’s Annual Governance Statement. We also confirmed that Internal Audit recommendations are reviewed regularly by the Audit Committee which considers any delays in implementation of recommendations against agreed timeframes

We have attended Audit Committee meetings throughout the year and reviewed supporting documents. We have identified no evidence of a weakness in arrangements. Our attendance at these meetings has confirmed there continues to be an appropriate level of challenge from Members. We made specific enquiries of management and Internal Audit regarding fraud and corruption. No significant matters have been brought to our attention to indicate a weakness in arrangements.

Budget setting and the Medium-Term Financial Plan 2025/26

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

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

An updated MTFP was presented to Cabinet on 23 January 2025 which highlighted a potential General Fund shortfall of £6.974m from 2025/26 through to 2028/29, which is expected to reduce to £1.713m after application of Council tax increase and costed assumptions. This is in line with the 2024/25 MTFP which had a shortfall of £3.077m. The report highlights that to mitigate the effect of the shortfall, the Council needs to

continuously identify and deliver service efficiencies. Reserves are currently planned to cover any shortfalls. See page 12 where we have raised an ‘other recommendation’ regarding financial sustainability. Based on our review of the MTFP we have identified no evidence of inappropriate use of one-off means to balance the budget. Assumptions used in setting the budget are based on information available at the time of preparation. We have confirmed the MTFP was approved and has been monitored and reported during the year.

The Council’s financial position, as set out in our commentary on financial sustainability arrangements, does not, in our judgement, present risk of significant weakness in arrangements.

We are satisfied our work has not identified evidence to suggest a significant weakness in the Council’s arrangements in relation to Governance for the year ended 31 March 2025.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Position brought forward from 2023/24

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

Council Plan

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

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

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

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

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

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

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

Regulators / Inspections

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

The Regulator of Social Housing put into effect new standards for social housing landlords, designed to protect tenants and improve the service they receive from 1 April 2024. The regulator inspected the Council in 2024/25 and provided an overall C2 rating. We have reviewed the findings detailed in the report and identified no matters to indicate a weakness in arrangements. The Council have an Action Plan intended to address concerns raised.

Procurement

Through our work on the financial statements, our testing of expenditure, and consideration of key financial controls, we have identified no evidence of a weakness in arrangements relating to procurement. Section 21 of the Council's Constitution sets out the Finance Rules of the Council. The main contractor of Clay Cross Project- ISG went into administration in September 2024. The Council responded promptly, securing a new contractor and maintaining project continuity. Despite the disruption, the project remained viable and was completed with the centre opening in June 2025, demonstrating effective oversight and contingency planning.

Partnerships

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

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

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Local Government Reorganisation (LGR)

In February 2025, the Government wrote to local authorities formally inviting them to submit proposals to create new structures of unitary authorities – which is a single tier of local government responsible for all local services in an area. Derbyshire’s eight district and borough councils, and Derby City Council, have been working in partnership to draw up a joint proposal.

Local government reorganisation (LGR) is a complex undertaking that requires strategic foresight, collaborative leadership, and robust planning. It presents both opportunities and challenges for councils seeking to improve service delivery, financial sustainability, and democratic accountability. Effective planning is essential to ensure a smooth transition and long-term success. It is well recognised that councils continue to deliver their services and duties until reorganisation is complete, including ensuring it maintains standards and exhibits the appropriate standards of governance.

Crucially, the Council will need ensure it puts in place robust arrangements to oversee the agreement and implementation of an agreed plan. This includes effective governance and committed leadership, such that there are clear arrangements for decision-making and manage relationships between partners, especially in joint or competing proposals.

We have held ongoing discussions with senior Council officers throughout the year as the situation has evolved. We do not consider LGR to represent in itself a significant risk of weakness in arrangements. From our review we have not identified any indication that the Council has not complied with its obligations to the LGR process. The Council worked with districts and boroughs in Derbyshire to prepare an interim plan which was approved by full Council in March 2025. The Chief Executive in consultation with the Leader of the Council was authorised to continue to participate in discussions with Derbyshire’s seven other district and borough councils, Derby City Council and also potentially Derbyshire County Council, with a view to developing a full proposal for local government reorganisation in Derbyshire and Derby. The Full Council will be formally invited to consider the full proposal in the Autumn, prior to its submission to the Government by the required deadline of 28 November 2025.

During the transition period, each council will retain full sovereignty over its assets and liabilities. However, MHCLG expects local leaders to collaborate in establishing voluntary agreements that ensure prudent, coordinated, and value-for-money decisions on expenditure as proposals are developed.

There are a range of other factors to incorporate into future planning, including but not limited to:

- Robust financial planning, managing transition costs, but also addressing existing deficits and future funding uncertainties.
- Supporting the workforce, including engagement, morale and more detailed determination of employee contracts, redundancies and retention. This includes Ensuring there is sufficient resources available to implement programme management on the delivery of the finally agreed case.
- Maintaining continuity in services, but identifying opportunities/threats on duplication, gaps and service delivery models. This would also include effective consultation and engagement with residents, service users and other stakeholders.
- Considering the impact of technology as a barrier and enabler, including data protection, cyber resilience and ability to integrate systems.

Other Recommendation

The Council needs to maintain effective and transparent governance arrangements in the progression of plans for local government reorganisation, including effective leadership and the Standards and Audit Committee should seek specific assurance, once plans are finalised, over the key controls in place to support the transition to a new organisation.

We are satisfied our work has not identified evidence to suggest a significant weakness in the Council’s arrangements in relation to securing Economy, Efficiency or Effectiveness for the year ended 31 March 2025.

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

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

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

We have not exercised any of these statutory reporting powers.

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

Reporting to the group auditor

Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

05

Audit fees and other services

Audit fees and other services

Fees for our work as the Council’s auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in July 2025. Having completed our work for the 2024/25 financial year, we can confirm that our fees are as follows:

Area of work	2024/25 fees	2023/24 fees
Planned fee in respect of our work under the Code of Audit Practice	£180,869	£174,922
Additional fee in respect of ISA315	N/A	£9,410
Additional fees in respect of introduction of IFRS 16 Leases	TBC *	N/A
Additional work caused by the introduction of ISA 600 Revised Group Audits	TBC *	
Total fees	TBC	£184,332

* Subject to agreement with officers and Public Sector Auditor Appointments

Fees for other work

We confirm that we have been engaged by the Council to undertake the following additional work.

Area of work	2024/25 fees	2023/24 fees
Pooling of Housing Capital Receipts	£7,000	£6,000

Appendices

Appendix A: Further information on our audit of the Council's financial statements.

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

Significant risks and audit findings

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

Risk	Our audit response and findings
<p>Management Override of Controls</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Accounting estimates impacting amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Testing journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements. <p>Audit findings - Our work provided the required assurance, and we have no matters to report.</p>
<p>Valuation of the LGPS Defined Benefit Pension</p> <p>The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Derbyshire Pension Fund.</p> <p>The defined benefit assets and liabilities are significant items in the Council's balance sheet and the Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to a high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.</p> <p>As part of our testing, procedures were performed on the net defined liability held by Rykneld Homes Limited which was consolidated into the Group accounts.</p>	<p>We addressed 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 included 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 included 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 <p>Audit findings - We reported one unadjusted non - material misstatement as reported below. Our work provided the required assurance, and we have no other matters to report.</p>

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

Significant risks and audit findings

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

Risk	Our audit response and findings
<p>Valuation of Council Dwellings, land and buildings and Investment Properties</p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council’s holding of land 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>As part of our testing, procedures were performed on land and buildings held by Rykneld Homes to ensure they are consolidated in line with Group accounting policy’s.</p>	<p>We addressed 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;• substantively testing a sample of revaluations; and• 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. <p>Audit findings - Our work provided the required assurance, and we have no matters to report.</p>
<p>Application of IFRS 16 for the 2024-25 financial year.</p> <p>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 required the Council to re-classify their leases and account for a right of use asset.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Critically reviewing the accuracy and completeness of the Council’s assessment of leases under IFRS 16; and• Reviewed the accounting treatment for a sample of leases to test the valuation of the liability and right of use asset. <p>Audit findings - We reported one adjusted misstatement as reported in Audit Completion Report. Our work provided the required assurance, and we have no other matters to report.</p>

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

Summary of uncorrected misstatements for the Council

Description	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Receivable			78	
Cr: Fees, Charges and Other Service Income		78		
Our testing of receivables identified an under accrual of Fees Charges and Other Services. The error was trivial but extrapolated across the population to £0.078m.				
Dr: Asset held for sale			67	
Cr: Asset under construction				67
Extrapolated error noted in valuation of asset held for sale assets being the difference between managements calculation of carrying cost and ours.				
Dr: Pensions Reserve			57	
Cr: Net Pensions Liability				57
The Pension Fund auditor identified an unadjusted difference in asset values during their audit of the Pension Fund. The above is our estimation of the impact on the Council's asset valuations based on the Council’s share of Pension Fund assets.				
Aggregate effect of unadjusted misstatements	0	78	202	124

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

Follow up on previous year recommendations for the Council

Related Parties

Description of deficiency

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

Current year update:

Our related party testing in 2024/25 identified that thirteen declaration forms were not received from current Councillors. This was despite attempts from Officers to obtain this information.

Potential effects

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

Recommendation

All members should complete declaration of interest forms.

Management response

Officers continue to increase communication to Members, with numerous reminders sent, and we tried all best endeavours to ensure that all members completed their declarations. However, 13 members still did not respond to our correspondence.

Contact

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North East Derbyshire District Council

Audit Committee

24th November 2025

Summary of Progress on the 2025/26 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 a progress report in respect of the 2025/26 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 2025/26 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 all with Substantial Assurance.
- 2.3 No issues arising relating to fraud were identified.
- 2.4 Appendix 3 provides details of the progress made on the agreed 2025/26 internal audit plan. Progress is slightly behind that expected for this time of year because the team is a part time member of staff short following the retirement of the post holder, some resource has been diverted to BDC due to recruitment difficulties and the overrun of the 2024/25 plan into 2025/26. Priority is being given to completing a range of audits across the whole Council in order that a year end opinion can be provided by the Head of Internal Audit.
- 2.5 A successful recruitment exercise has been undertaken and the new NEDDC part time Auditor will be starting on the 12th January 2026, the Consortium will then be fully staffed.

3 Reasons for Recommendation

- 3.1 To update Members on the progress made against the 2025/26 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 June to October 2025.
Appendix 2	Assurance Definitions
Appendix 3	Progress made on the 2025/26 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 June to October 2025

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
001	Ethical Governance	To ensure that there are adequate policies and procedures in place to promote clear standards of the ethical behaviour expected	Substantial	3/7/25	13/8/25	4L	4
002	Corporate Complaints	To ensure that complaints are dealt with timely and accurately in line with policy requirements	Substantial	25/7/25	15/8/25	1L	1
003	Dronfield Active	To ensure that there are policies and procedures in place and that these are operating effectively	Substantial	1/8/25	22/8/25	1L	1
004	Commercial Waste	To ensure fees and charges are raised promptly and accurately, that debts are pursued and legislative requirements are met	Substantial	23/9/25	14/10/25	1L	1

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
005	Private Sector Housing Disrepairs	To ensure there is a policy in place that is adhered to, that cases are dealt with timely and effectively with appropriate evidence being maintained	Substantial	4/11/25	25/11/25	4L	Note 1

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

Note 1 Response not due at time of writing Report

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

Progress Made on the 2025/26 Internal Audit Plan 2025/26

Complete
In progress
Ongoing (not a specific audit)

	Main Financial Systems	Risk	Strategic Risk	2025/26 Days
	CIPFA Code of Financial Management	M	SR2	15
	Treasury Management	M	SR8	15
	Housing Benefits	M	SR3	20
	Total Main Financial Systems			50
	Corporate / Cross Cutting			
	Corporate Governance / Assurance Statement	N/A	SR8	2
	Financial advice / working groups	N/A		20
	Climate Change (carried forward)	M	SR15	12
	Complaints Procedures	L		8
	Corporate Targets	M	SR8	14
	Emergency Planning / Business Continuity	M	SR4	15
	Ethics and Culture	M	SR8	15
	Total Cross Cutting			86
	Operational Audits			
	Commercial Waste	M		12
	Clay Cross Active	M	SR3	18
	Dronfield Active	M	SR3	16
	Facilities Compliance	M		12
	Flytipping (Joint BDC)	L		8
	Insurance	M		12
	Petty Cash yr end balances	L		5
	Private Sector Housing Disrepairs (Joint BDC)	M		8

	Planning Fees and Appeals	M	SR19	15
	Recruitment and Selection	M	SR5	15
	Taxi Licences (Joint BDC)	M		10
	Grant Compliance (UK Shared Prosperity Fund / Town Deal)	M	SR6	12
	Utilities – monitoring electricity/gas /water usage / meter readings	M	SR16	10
	Total Operational Areas			153
	IT Related			
	IT Inventory / Disposal of Equipment (Joint with BDC)	M		10
	Total IT			10
	Rykneld Homes			97
	National Fraud Initiative			5
	Special Investigations / Contingency/ emerging risks			40
	Apprenticeships / training			30
	Audit Committee / Client Liaison			15
	Grand Total		486	486

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

Use of Social Media
Homelessness
Pest Control

North East Derbyshire District Council

Audit Committee

24th November 2025

Implementation of Internal Audit Recommendations

Report of the Head of the Internal Audit Consortium

Classification: This report is public

Report By: Head of the Internal Audit Consortium

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

PURPOSE / SUMMARY

To present, for members' information, a summary of the internal audit recommendations made, implemented and outstanding for the financial years 2023/24 to date.

RECOMMENDATION

1. That the report be noted.

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

The implementation of internal audit recommendations helps to ensure that there are effective controls in place to reduce the risk of fraud and error.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

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"/> SMT <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 (NED) priorities, including Climate Change, Equalities, and Economics and Health implications.

The implementation of Internal audit recommendations helps to ensure that the Council is continuously improving to deliver excellence and value for money.

REPORT DETAILS

1 Background

- 1.1 Internal Audit make recommendations to improve the governance, risk and control processes in place. It is important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

2. Details of Proposal or Information

- 2.1 This report is to inform Members of the Audit Committee of the internal audit recommendations made and the progress in respect of implementing them.
- 2.2 Appendix 1 provides an analysis of the number of recommendations made, implemented and outstanding for the financial years 2023/24 to date. The table also summarises the number of recommendations that have been implemented and those that are outstanding. Below this the table details every outstanding recommendation.
- 2.3 In total there are just 6 recommendations outstanding (3 medium and 3 low risk). The implementation of internal audit recommendations is regularly reviewed by the Senior Management Team who are pro-active in ensuring that prompt action is taken.

3 Reasons for Recommendation

- 3.1 To inform Members of the internal audit recommendations made, implemented and outstanding so that it can be assessed if appropriate and timely action is being taken.
- 3.2 To comply with Standard 15.2 of the Global Internal Audit Standards that requires internal auditors to confirm that management has implemented the internal auditor's recommendations or management action plans following an established methodology, which includes: -
- Inquiring about progress on the implementation
 - Performing follow up assessments using a risk- based approach
 - Updating the status of management's actions in a tracking system

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

DOCUMENT INFORMATION

Appendix No	Title
1	Summary of Internal Audit Recommendations Made, Implemented and Outstanding
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 Recommendations made, implemented and outstanding 2023/24 – 2025/26 at 31st October 25

Recommendations Made	2023/24	2024/25	2025/26
Number of High Risk	0	0	0
Number of Medium Risk	21	19	0
Number of Low Risk	37	55	11
Total	58	74	11
Recommendations Implemented	55	54	1
High Risk Recommendations Outstanding	0	0	0
Medium Risk Recommendations Outstanding	0	3	0
Low Risk Recommendations Outstanding	2	1	0
Not overdue yet	1	16	10
Total Overdue Recommendations	2	4	0
Percentage due implemented or carried fwd to next audit	96%	93%	100%

2023/24

Report Ref	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not Overdue	Overdue	Implemented
				High	Medium	Low				
N011	Housing Benefits	Finance & Resources	Substantial			4	4		1L	3
N016	Payroll	Finance and Resources	Substantial			3	3	1	1L	1
Total						7	7	1	2	4

2024/25

Report Ref	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not Overdue	Overdue	Implemented
				High	Medium	Low				
N010	Safeguarding	Organisation and Place	Substantial			2	2	1		1
N012	Sundry Debtors	Finance and Resources	Reasonable		1		1		1M	
N014	Procurement	Finance and Resources	Reasonable		3	1	4		2M	2
N015	Expenses and Allowances	Finance and Resources	Substantial			2	2	1		1
N016	Transport Follow up Review	Organisation and Place	Substantial			3	3		1L	2
N019	Cyber Security Governance Arrangements	Finance and Resources	Reasonable		4	5	9	5		4
N020	E.H Other Licensing Income	Organisation	Substantial			6	6	5		1

		and Place								
N021	Coney Green Business Centre Follow Up	Growth and Assets	Reasonable		3	4	7	1		6
N022	Commercial and Industrial Property Rents	Growth and Assets	Reasonable		3	3	6	1		5
N023	Asset Management	Growth and Assets	Substantial			3	3	2		1
Total					14	29	43	16	4	23

2025/26

Report Ref	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not Overdue	Overdue	Implemented
				High	Medium	Low				
N001	Ethical Governance	Organisation and Place	Substantial			4	4	4		
N002	Corporate Complaints	Finance and Resources	Substantial			1	1	1		
N003	Dronfield Active	Growth and Assets	Substantial			1	1			1
N004	Commercial Waste	Organisation and Place	Substantial			1	1	1		
N005	Private Sector Housing Disrepairs	Organisation and Place	Substantial			4	4	4		
Total				0	0	11	11	10	0	1

NEDDC Outstanding Recommendations as at 31st October 2025

Audit	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
Housing Benefits	Regular reviews of the Discretionary Housing Payment Policy should be undertaken to ensure it continues to meet the Council's overall objectives and is set to target those in most need.	Low 31 st May 2024	The Discretionary Housing Payment Policy is currently being updated and is expected to be completed by the end of February 2026. Revised target date February 2026
Payroll	Payroll processing agreements between the Council and Parish Councils should be reviewed and aligned in respect of agreement conditions. Signed copies should be retained. Service fees should be set to reflect cost of delivery. These should be reviewed on an annual basis to accurately reflect the cost of processing.	Low April 2025	This will be reviewed as part of the new HR & Payroll system.
Sundry Debtors	Accounts on recovery hold should be examined periodically to ensure that the status remains valid and that recovery is not suspended for excessive periods without an account decision being taken. To ensure these (and other) debts do not become uncollectible, a process	Medium 28 th February 2025	This recommendation has not been completed due to Revenues staff being involved in preparation for the financial year end that includes billing and then preparing Government returns that need to be submitted at the start of the new financial year.

Audit	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
	should be introduced (periodic reports of items still on hold or at 'decide' stage after an agreed timeframe) for escalation purposes through the Management Dashboard.		Revised Target Date February 2026
Procurement	Reporting of high value expenditure & exclusions required in line with the Procurement Act 2023 should be investigated to better highlight cumulative spending and ensure compliance with necessary legislation & Financial Regulations.	Medium June 2025	We are now recording all new contracts on INTEND and have added the majority of the live ones, we just have a few outstanding. This then automatically populates the contract register. We aren't quite there on where I'd like to be re the automated contracts register but we have a compliant register which will improve as we continue on the automation route. Hope to be fully live by April 2026.
Procurement	The Contracts Register should be fully populated to ensure effective monitoring of contract values and renewal dates.	Medium June 2025	As above
Transport Follow up	Directives issued to the team which focus on revision to policy due to legislative updates (prior to revised policy being formally approved and adopted) should	Low April 2025	The policy is to go to SMT next week (20 th Oct) and then requires official union consultation but they have all commented

Audit	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
	be signed for as received and understood. This could be aligned to training record processes which are already in place.		unofficially.

North East Derbyshire District Council

Audit Committee

24 November 2025

Treasury Management Strategy Update, April – September 2025 (Q1 & Q2)

Report of the Director of Finance and Resources (Section 151 Officer)

Classification: This report is public

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

Contact Officer: **Jayne Dethick**

PURPOSE / SUMMARY

To present to Audit Committee a summary of the Treasury Management position for the first and second quarters of 2025/26.

RECOMMENDATIONS

1. That Audit Committee note the report concerning the Council's Treasury Management report for Quarter 2.

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.

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, report for noting 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 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;

- 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**

- 1.1 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.
- 1.2 As per the Code requirements, quarterly reporting of the treasury management indicators and the prudential indicators is now mandatory.

2. Details of Proposal or Information**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 2025/26 Treasury Management Strategy at its meeting on 27 January 2025. Appendix 1 identifies the Treasury Management activity undertaken in the first two quarters of 2025/26. This includes reporting on the treasury management indicators as required by the Code such as the maturity structure of borrowing.

Prudential Indicators

- 2.3 Since 1 April 2023 there has been 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 the first two quarters of 2025/26.

3 Reasons for Recommendation

- 3.1 To ensure that the 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
Appendix 1	Treasury Management Monitoring Q2 2025/26
Appendix 2	Prudential Indicators Monitoring Q2 2025/26
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)	

Treasury Management Report - Quarter 2 2025/26

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, as a minimum, treasury management semi-annual and annual outturn reports.

This report includes the requirement in the 2021 code of quarterly reporting of the treasury management prudential indicators.

The Council's treasury management strategy for 2025/26 was approved at a meeting on 27th January 2025. 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: The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down % from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.

The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.

Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.

The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.

The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium term outlook will be influenced by domestic and global developments.

Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.

The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.

Financial markets: After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.

Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10%

and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

Credit review: Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.

Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.

After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.

European banks' CDS prices has followed a fairly similar pattern to the UK, as have Singaporean and Australian lenders, while Canadian bank CDS prices remain modestly elevated compared to earlier in 2025 and in 2024.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

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 31st March 2025, the Council had net borrowing of £145.2m 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

	31.3.25 Actual £m	31.3.26 Forecast £m
General Fund CFR	35.2	35.9
HRA CFR	164.2	198.4
Total CFR	199.4	234.3
Less: *Other debt liabilities	0	(0.8)
Borrowing CFR	199.4	233.5
External borrowing**	(161.3)	(168.5)
Internal borrowing	38.1	65.0
Less: Balance sheet resources	(50.1)	(75.0)
Net	12.0	10.0

* 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 30th September and the change over the six months is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	30.9.25 Balance £m	30.9.25 Rate %
Long Term Borrowing – PWLB	161.3	6.7	168.0	3.92
Total Borrowing	161.3	6.7	168.0	3.92
Short-Term Investments	(12.0)	(14.0)	(26.0)	(4.06)
Cash and cash Equivalents	(4.1)	3.4	(0.7)	(3.90)
Total Investments	(16.1)	(10.6)	(26.7)	(4.04)
Net Borrowing	145.2	(3.9)	141.3	

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.

After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the H1 period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.

The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.

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 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 loans relating to the HRA maturing during this time frame. During 2025/26 the Council has utilised the PWLB HRA rate for all borrowing to date.

Loans Portfolio: On 30th September the Council held £168.0m of loans, an increase of £6.7m since 31st March 2025, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th September are summarised in Table 3A below.

Table 3A: Borrowing Position

PWLB Borrowing	Maturity Profile 31 March 2025 £'000	Net Movement £'000	Maturity Profile 30 September 2025 £'000
Term			
12 Months	9,800	(8,850)	950
1 - 2 years	11,897	1,000	12,897
2 - 5 years	16,680	3,000	19,680
5 - 10 years	35,833	8,000	43,833
10 - 15 years	42,000	3,500	45,500
Over 15 years	45,090	0	45,090
Total PWLB Debt	161,300	6,650	167,950

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.

The UK Infrastructure Bank is one alternative source of funding which offers funding at gilt yields + 0.40% (0.40% below the PWLB certainty rate) and the possibility of more flexible funding structures than the PWLB. Funding from UKIB is generally only available for certain types of projects that meet its criteria of green energy, transport, digital, water and waste. The minimum loan size is £5 million.

Treasury Management Investment Activity

The CIPFA Treasury Management Code 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 £38.0 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 01/04/25 £000's	Amount Invested 2025/26 £000's	Amount Returned 2025/26 £000's	Balance Invested 30/09/25 £000's	Interest Received 30/09/25 £000's
Federated Fund 3	Call	3,000	2,606	(606)	5,000	(106)
Aberdeen Standard	Call	0	18,031	(13,031)	5,000	(31)
CCLA Public Sector Deposit Fund	1 Day Call	0	9,059	(4,059)	5,000	(59)
Aviva	Call	5,000	108	(108)	5,000	(108)
Invesco	Call	4,000	14,078	(13,078)	5,000	(78)
JP Morgan	Call	0	3,002	(3,002)	0	(2)
Goldman Sachs	Call	0	7,509	(7,509)	0	(9)
SSGA	Call	0	11,035	(10,035)	1,000	(35)
Total		12,000	65,428	(51,428)	26,000	(428)

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 first two quarters of the financial year was £4.907m. 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 30 September 2025 is £49,591.43.

Both the CIPFA Code and government guidance require the Council 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 Council'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 Council expects to be a long-term investor and treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025. Short term interest rates have largely followed these levels.

Money Market Rates ranged between 4.02% and 4.3% by the end of September 2025.

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 %
31.03.2025 30.09.2025	4.71	A+	81%	1	4.06
Similar Las/All LAs	4.53	A+	64%	53	4.06

*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.

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 Council as well as other non-financial assets which the Council 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 £13.264m of such investments in

- Loans to Rykneld Homes Ltd £6.238m
- Loans to Northwood Group Ltd £7.026m

The Council held £23.3m of investments made for commercial purposes

- Directly owned property £23.3m

These investments generated £2.063m of investment income for the Council after taking account of direct costs, representing a rate of return of 8.85% as at 30th September 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	168.0	168.5	Under	3.92	4.86	Under
Total borrowing	168.0	168.5	Under	3.92	4.86	Under
Total debt	168.0	168.5	Under	3.92	4.86	Under
Investments (see table 4)	26.0	10.0	Over	4.04	4.50	Under
Total treasury investments	26.0	10.0	Over	4.04	4.50	Under

Compliance

The S151 Officer reports that all treasury management activities undertaken during the half year 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

	2025/26 Maximum per counterparty	30.09.25 Actual	2025/26 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	£26.0m	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

	Q2 2025/26 Maximum £m	30.09.25 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied?
Borrowing	168.5	168.0	239.3	244.3	Yes
Total debt	168.5	168.0	239.3	244.3	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 Prudential Indicators

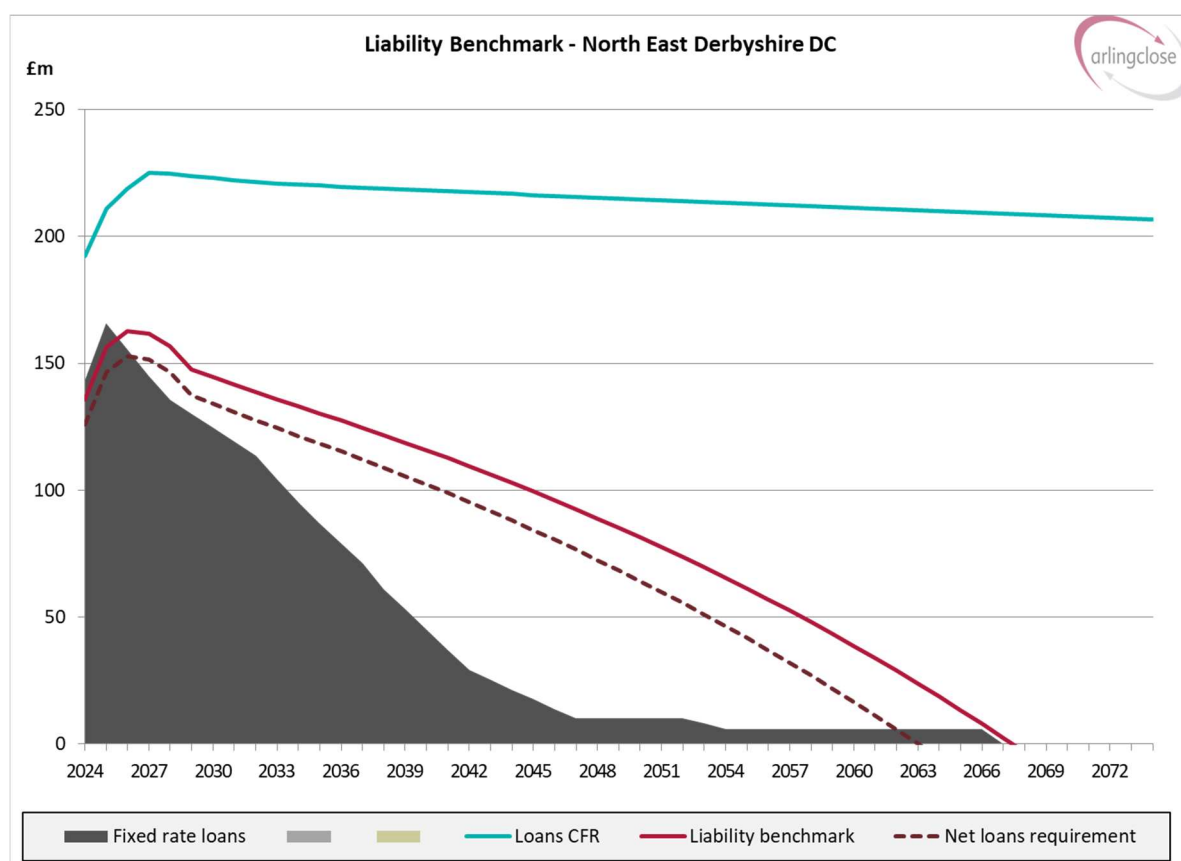
As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

1. Liability Benchmark:

This 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.

	31.3.25 Actual	31.3.26 Forecast	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	199.4	234.3	237.0	234.0
Less: Balance sheet resources	(50.8)	(75.0)	(71.3)	(69.3)
Net loans requirement	148.6	159.3	165.7	164.7
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	158.6	169.3	175.7	174.7
Existing borrowing	161.3	168.5	175.1	174.2

Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £14.9m in 2025/26, 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	30.09.25 Actual	Complied?
Under 12 months	20%	0%	5.81%	Yes
12 months and within 24 months	20%	0%	7.27%	Yes
24 months and within 5 years	40%	0%	11.10%	Yes
5 years and within 10 years	40%	0%	24.72%	Yes
10 years and above	90%	0%	51.09%	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:

	2025/26	2026/27	2027/28	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.

	2025/26 Target	30.09.25 Actual	Complied?
Portfolio average credit rating	<3.0	4.00	No

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.

	2025/26 Target £m	30.09.25 Actual £m	Complied?
Total cash available within 3 months	10.0	26.0	Yes

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk.

Interest rate risk indicator	2025/26 Target	30.09.25 Actual	Complied
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1.75m	£0.0m	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£1.75m)	£0.0m	Yes

For context, the changes in interest rates during the half year were:

	<u>01/04/25</u>	<u>30/09/25</u>
Bank Rate	4.50%	4.00%
1-year PWLB certainty rate, maturity loans	4.62%	4.38%
5-year PWLB certainty rate, maturity loans	4.74%	4.75%
10-year PWLB certainty rate, maturity loans	5.18%	5.33%
20-year PWLB certainty rate, maturity loans	5.68%	5.94%
50-year PWLB certainty rate, maturity loans	5.43%	5.78%

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 - Quarter 2 2025/26

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.

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m
General Fund services	£20.696	£8.084	£2.004	£1.960
Council housing (HRA)	£33.035	£27.276	£24.717	£16.523
Capital investments	£0.000	£0.000	£0.000	£0.000
Total	£53.731	£35.360	£26.721	£18.483

The main General Fund capital projects to date have included General Asset Refurbishment Schemes, Mill Lane Asset Refurbishment Scheme, Coney Green Telephony System Replacement, Vehicle Replacement, Clay Cross Towns Fund Projects, the rebuilding of Sharley Park Active Community Hub, the fuel island project and Southern Vehicle Hub. HRA capital expenditure is recorded separately and to date includes capital works on Council Dwellings including the warm homes project, North Wingfield New build Project and Stonebroom replacement housing 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.

	31.3.2025 actual £m	31.3.2026 forecast £m	31.3.2027 budget £m	31.3.2028 budget £m
General Fund services	£35.173	£35.931	£31.745	£28.650
Council housing (HRA)	£164.191	£198.326	£205.320	£205.319
Capital investments	£0.000	£0.000	£0.000	£0.000
TOTAL CFR	£199.364	£234.256	£237.065	£233.969

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.

	31.3.2025 actual £m	31.3.2026 forecast £m	31.3.2027 budget £m	31.3.2028 budget £m	Debt at 30.09.2025 £m
Debt (incl. PFI & leases)	£161.300	£168.500	£175.103	£174.209	£167.950
Capital Financing Requirement	£199.364	£234.256	£237.065	£233.969	

Debt and the Authorised Limit and Operational Boundary:

The Authority 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 Q2 2025/26 £m	Debt at 30.09.25 £m	2025/26 Authorised Limit £m	2025/26 Operational Boundary £m	Complied?
Borrowing	£168.500	£167.950	£244.260	£239.260	Yes
Total debt	£168.500	£167.950	£244.260	£239.260	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.

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m
Total net income from service and commercial investments	1.212	0.978	0.828	0.703
Proportion of net revenue stream	7.20%	5.00%	4.19%	3.45%

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.

	2024/25 actual	2025/26 forecast	2026/27 budget	2027/28 budget
Financing costs (£m)	(0.640)	0.720	1.099	1.293
Proportion of net revenue stream	(3.80%)	3.68%	5.56%	6.34%

Treasury Management Indicators:

These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are within the TM Appendix 1 Treasury Management Q2 Monitoring 2025/26.

North East Derbyshire District Council

Audit Committee

24 November 2025

Safeguarding Update

Report of the Managing Director

Classification: This report is public

Report By: Lee Hickin, Managing Director

Contact Officer: Diane Parker, Housing Intelligence and Assurance Officer

PURPOSE / SUMMARY

- To update Members of the Audit Committee regarding safeguarding arrangements/referrals.
-

RECOMMENDATIONS

1. That Audit Committee notes the report.

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

There are no additional financial implications arising out of this report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

There are no legal or data protection issues arising out of this report.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

No direct issues outside already recognised budgets and resources.

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 	
Stage 2 full assessment undertaken <ul style="list-style-type: none"> Completed EIA stage 2 needs to be appended to the report 	
Consultation: Leader / Deputy Leader <input checked="" 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"/>	

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

REPORT DETAILS

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

1.1 **Safeguarding Referrals.**

Safeguarding means protecting people's health, well-being and human rights, and enabling them to live free from harm, abuse and neglect.

Derbyshire County Council (DCC) is the statutory lead for safeguarding in Derbyshire as they have responsibility for adult care and children's services. However, there is a requirement that North East Derbyshire District Council (NEDDC) must work in partnership with DCC to protect adults and children who are most at risk.

The table below shows trend information from the centrally recorded safeguarding referrals to DCC, from 2016/17 up to 18 September 2024.

Year	Total Number of referrals	Split between adult / children		Department/Organisation Referring to Link Officer	Number of referrals
		Adult	Children		
2016/17	18	12	6	Housing Options	3
		(66%)	(33%)	Environmental Health	6
				*Contact Centre	8
				Leisure	1
2017/18	24	16	8	Housing Options	2
		(66%)	(33%)	Environmental Health	4
				*Contact Centre	17
				Leisure	1
2018/19	28	19	9	Housing Options	3
		(68%)	(32%)	Environmental Health	2
				*Contact Centre	13
				Leisure	1
				Revenues and Benefits	6

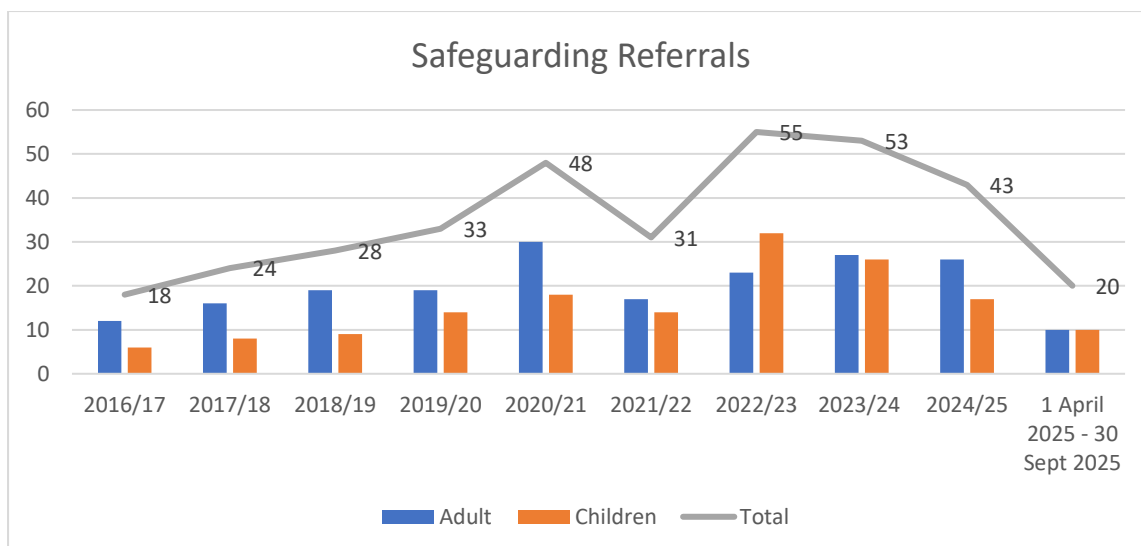
				Street Scene	1
				Community Development Worker	1
				Elections	1
2019/20	33	19 (58%)	14 (42%)	Housing Options	5
				Environmental Health	2
				*Contact Centre	14
				Leisure	2
				Revenues and Benefits	4
				Legal	2
				Councillor	1
				Partnership Team	1
				DCC's Tell us Once Scheme	1
				Planning	1
2020/21	48	30 (62%)	18 (38%)	Housing Options	7
				Environmental Health	2
				*Contact Centre	32
				Revenues and Benefits	4
				Home Start at Derby	1
				Partnership Team	1
				Dental Practice	1
2021/22	31	17 (55%)	14 (45%)	Housing Options	12
				Environmental Health	1
				*Contact Centre	17
				Covid Test Centre	1
2022/23	55	23	32	Housing Options	10

		(42%)	(58%)	Environmental Health	3
				*Contact Centre	24
				Revenues and Benefits	4
				Leisure	2
				Street Scene	1
				Housing Strategy	1
				Human Resources	1
				Learning Disability Centre	1
				North Derbyshire Newmedica Ltd	1
				NHS Ambulance	1
				Health Assured	1
				Ukrainian Host	1
				Probation Service	2
				Family Court	1
				Counselling Advice	1
2023/24	53	27 (51%)	26 (49%)	Housing Options	11
				Environmental Health	1
				*Contact Centre	34
				Revenues and Benefits	3
				Sheffield CAMHS	1
				P3	1
				Sheffield Teaching Hospital	1
				Sheffield Social Care Practitioner	1
2024/25	43	26 (60%)	17 (40%)	Housing Options	8
				Environmental Health	1

				*Contact Centre	24
				Revenues and Benefits	1
				South Yorkshire Housing	1
				Bank	1
				Guinness Partnership	1
				Adult Care Sheffield City	2
				Probation	2
				Street Scene	1
				Octopus Energy	1
1st April 2025 to 30th Sept 2025	20	10 (50%)	10 (50%)	*Contact Centre	13
				Housing Options	3
				South Yorkshire Police	1
				Reeds Partnership	1
				School Worker	1
				Guinness Partnership	1

*NOTE: The Contact Centre receives the most cases for Safeguarding Referrals, this will be due to their role as the first point of contact for the Council. Referrals are identified from tenants and residents who mostly report concerns about their family, friends, and neighbours. On some occasions external organizations report Safeguarding Concerns to the Contact Centre, these are monitored and have been shown in the table.

The Chart shows the number of Safeguarding referrals over time for Adults, Children and overall total per year up to 30th September 2025.



Since 2016/17 the number of referrals has increased over the reporting period, with a noticeable spike during the years 2020/21 and 2022/23. This is especially true for Child referrals which significantly increased during 2022/23. However, during 2024/25 there has been a decrease in Safeguarding referrals.

Factors that could have influenced the referral increases are:

- Covid 19 pandemic – “lockdowns” began 2020
- Domestic Abuse Act 2021 - framework designed to support organisations to identify and respond to domestic abuse and promote best practice. It also recognises children as victims of domestic abuse in their own right which may have led to more referrals.
- Cost of Living Crises – people struggling to pay bills and buy groceries, which can lead to homelessness, mental health illness, neglect and could create hostile environments in the home; this list is not exhaustive.

1.2 Referral Issues Identified

During the year 2022/23 the Council received a number of Safeguarding referrals from external organisations which should have been reported directly to DCC.

This raised a question as to why this was happening. After further investigation, we became aware that DCC's website could have been misinterpreted. DCC was notified of this and subsequently amended their website.

In 2023/24 less reports of Safeguarding concerns from external organisations have been sent to the Council in error, however from April 2024 up to September 2025 there has again been a noticeable increase.

During this reporting period 15 referrals was sent to the Council in error. To rectify this problem the Council's website is going to be amended to provide

clearer instructions to the public of who to contact to make a Safeguarding referral.

1.3 1st April 2025 to 30th September 2025

There were 20 Safeguarding referrals during this 6 month reporting period, the majority were reported through the contact centre (13), however 5 (25%) were referrals from external organisation reporting to NEDDC in error.

There are many reasons why a person is at risk and will require a safeguarding referral. The top reasons for Safeguarding Referrals during the reporting period, in simple terms, are Domestic Violence, health issues, mental health problems and neglect. Most cases are complex and cannot fit into one category, therefore to give an idea of complexity the reasons for the referrals are as follows:

Adults

- 1 x Vulnerable Adult with Dementia
- 2 x House a state or repair
- 1 x Self neglect
- 1 x suicide threat
- 1 x High risk missing person
- 1 x Vulnerable adult with physical disability
- 1 x Mental Health
- 1 x Coerced out of money
- 1 x Not eating, sleeping mid conversation

Children

- 1 x Father concerned for child's Safety with mother
- 1 x Suspected DV from Mother
- 2 x DV
- 1 x Children drinking under age
- 1 x Mother leaving children with men met on snap chat
- 1 x Intentionally homeless
- 1 x Suicide threats
- 1 x Men coming and going and smoking Marijuana
- 1 x Neglect

Each case is considered on an individual basis with a variety of actions taken which as well as a referral to social care, can include Police, co-operation with social care / Police investigations, safe and well checks, MARM plans (Vulnerable person risk management), monitoring, etc.

When a referral is made to DCC, where relevant and appropriate, council departments may be informed, for example, the Council's Environmental Health, Housing Options and Community Safety teams. Rykneld Homes Limited will also be informed if the vulnerable person at risk is living in a Council property. This is to ensure a joined-up approach to Safeguarding and the person at risk gets the help required. Any information shared will have due regard to the Safeguarding data protection legislation.

Cases may be brought to the NEDDC safeguarding group to establish lessons learned, key themes and where appropriate discussion. Feedback and escalation via the Derbyshire Districts Safeguarding Lead Sub Group is also an option.

1.4 Safeguarding Policy Update

The Derbyshire wide "Safeguarding Policy and Procedures, Protecting Children and Adults at Risk" has been adopted by the Council and is not due for a review until December 2025. The review will be conducted by the Derbyshire District Safeguarding Leads Sub Group with the involvement of the Council's representative.

1.5 Learning and development

Internal Training Update

Safeguarding training is compulsory for new starters and existing employees as a Safeguarding refresher course.

The training sessions can now be completed online.

Training for Private Landlords

A Private Sector Strategy has been implemented, within the strategy and it's Action Plan private landlords will have the opportunity to receive Safeguarding training, this may be implemented by the Council through the Landlord forum but is yet to be decided how the training will take place.

The training session will help landlords identify vulnerable people at risk in the Private Rented Sector and fill in the gaps.

Member Training

Online training for members, developing procedures for face to face training sessions.

DCC Training

DCC provides free training sessions for more in depth Safeguarding procedures, including for their referral processes. This is aimed at Link

Officers or front facing employees. The attendance to these sessions have been well received by NEDDC employees.

1.6 Derbyshire District Safeguarding Leads Sub Group (DDSLSG) Update

From September 2024, NEDDC's representative has Chaired this meeting and attends the Adult and Children's Board as a board member.

The Derbyshire Districts Safeguarding Leads Sub-Group meets on a quarterly basis and all district and borough safeguarding leads are invited. The Group has had a significant impact in improving safeguarding by providing a safe space to discuss safeguarding concerns and enable Derbyshire Districts to have a united, stronger voice at the safeguarding boards.

The DDSLSG works to an Action Plan which is based on current Derby and Derbyshire Safeguarding Children's Partnership (DDSCP) and Derbyshire Safeguarding Adults Board (DSAB) Strategic Priorities. Specific actions include:

- Training, learning and development.
- Operational safeguarding issues/case studies.
- Policy and procedures.
- Learning from audits and reviews.
- Engagements with DDSCP and DSAB Boards.
- General Resilience to respond to safeguarding issues/concerns.
- S11 Audit – compliance, improvement discussions and consistent approach across all districts.
- Devolution Whitepaper

Key activities include:

- Improved access to joint briefings, training and a range of different safeguarding topics.
- Promotion of wider safeguarding activity.
- Provided opportunities for discussion on shared challenges, concerns and opportunities to escalate issues to statutory partner agencies.
- Discussion and dissemination of learning from local and serious case reviews.
- Development of joint policies and resources.
- Provide updates to the Adult and Childrens Safeguarding Boards

1.7 Key Board Developments 2025/26

Safeguarding Adults Board

A new strategic plan and priorities for 2025-2028 have been finalised and are now published on the website [Strategic plan and priorities - Derbyshire Safeguarding Adults Board](#). The Action plan for the DDSLSG has been updated to reflect the new

priorities: prevention, inclusion, and performance. All subgroups are working towards these three priorities

Derbyshire District Safeguarding Childrens Partnership

The New Families First reform is coming into effect from April 2026 with an aim to strengthen family help, multi-agency child protection and family group decision making. The joint strategic governance for these delivery groups from a county perspective will sit with the Derbyshire District Safeguarding Childrens Partnership, however districts may be invited to support specific initiatives, especially around housing and early help.

Adult Safeguarding Annual Report

It is a requirement of the Care Act 2014 that all safeguarding adults boards publish an annual report.

The annual report gives an insight as to how adult abuse and neglect is addressed in Derbyshire. This can be found on the Derbyshire SAB website [Annual reports - Derbyshire Safeguarding Adults Board](#) and will be available to view once published.

1.8 Suicide and Self-Harm Prevention Meetings

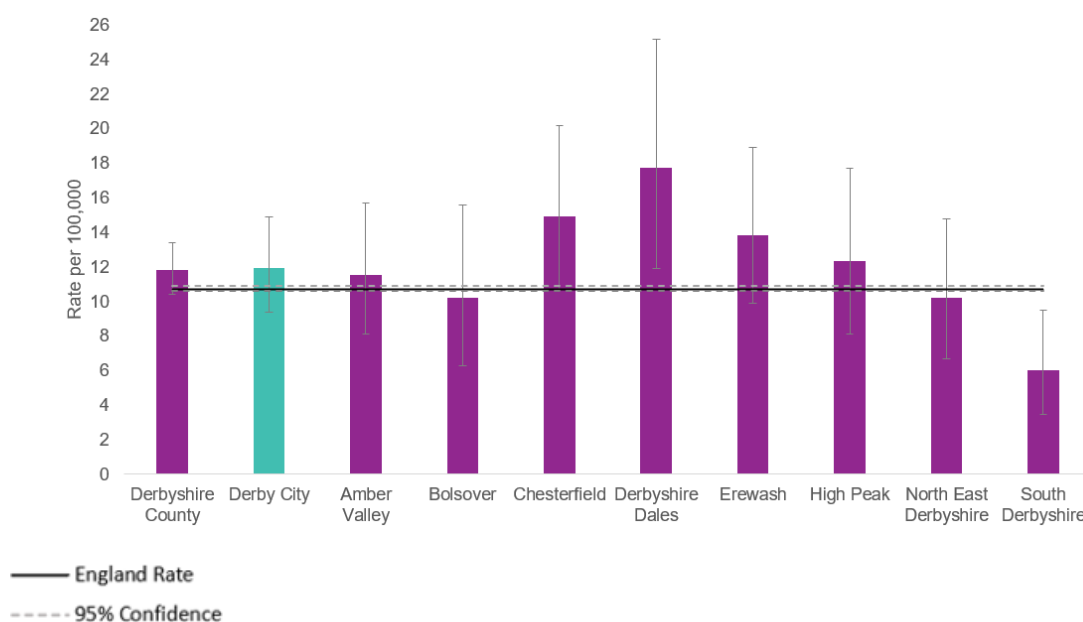
As part of their Safeguarding responsibilities, the Chair of the DDSLSG also attends the Suicide and Self-Harm Prevention meetings, therefore this is now attended by a NEDDC Officer.

The Suicide and Self-Harm Prevention strategy is being refreshed and is currently out for consultation.

A recent report, [Deaths from suicide and injury of undetermined intent in Derby City and Derbyshire County](#) has been published, some key findings of the report are:

- Derbyshire's suicide rates are slightly above the national average, with 65% of cases occurring at home.
- NEDDC is below the national average (see table below)
- In 2023, there were 113 suicides in Derbyshire, including 26 in Derby City, with most victims being middle-aged males.
- Derbyshire Dales had the highest rate, while
- Belper recorded 7 cases that were investigated for possible links, though none were found.

Age-standardised rates of registered deaths from suicide and injury of undetermined intent by Local Authority District or Unitary Authority (2021-2023)



1.9 Actions to be Addressed 2025/26

A couple of Link Officers have left the authority which has left gaps within some service areas, therefore recruitment for new Link Officers will be required to fill those gaps.

2. Details of Proposal or Information

2.1 To update Members of the Audit Committee on safeguarding arrangements.

3. Reasons for Recommendation

3.1 To keep members of the Audit Committee updated and sighted on all arrangements relating to safeguarding as a key element of the overarching risk management framework.

4. Alternative Options and Reasons for Rejection

4.1 This report could be shared and reviewed by a Scrutiny Committee or Council directly. However, it is felt that the Audit Committee is the right place to report back on safeguarding issues as it is a key feature of the overarching framework.

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)	

North East Derbyshire District Council

Audit Committee

24 November 2025

Committee Work Programme May 2025 – April 2027

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 May 2025 – April 2027.

RECOMMENDATIONS

1. That the Committee notes and approves the proposed Audit Committee Work Programme for the period May 2025 – April 2027 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 May 2025 – April 2027.

3 Reasons for Recommendation

- 3.1 To enable the Committee to consider the Work Programme for the period May 2025 – April 2027.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no other options proposed.

DOCUMENT INFORMATION

Appendix No	Title
1	Committee Work Programme May 2025 – April 2027.
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)	

AUDIT COMMITTEE
WORK PROGRAMME
MAY 2025 - APRIL 2027

<u>DATE OF MEETING</u>	<u>ITEM</u>
28 July 2025	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Treasury Management Update • Annual Governance Statement • Code of Corporate Governance • Annual Statement of Accounts • Going Concern Report • Internal Audit Progress Report • Internal Audit Consortium Annual Report
24 November 2025	<ul style="list-style-type: none"> • Internal Audit Progress Report • Monitoring the implementation of Internal Audit recommendations • External Audit Completion Report • Safeguarding Update
19 January 2026	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Treasury Management Refresher training • Treasury Management Strategies • Proposed Accounting Policies • Internal Audit Progress Update • Review of the Internal Audit Charter
27 April 2026	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Annual Review of Effectiveness of Internal Audit • Evaluate the Effectiveness of the Audit and Corporate Governance Committee • Internal Audit Progress Update • Monitoring the implementation of Internal Audit recommendations • Internal Audit Plan
July 2026 *	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Treasury Management Update • Annual Governance Statement • Code of Corporate Governance • Annual Statement of Accounts • Going Concern Report • Internal Audit Progress Report

	<ul style="list-style-type: none"> • Internal Audit Consortium Annual Report
November 2026 *	<ul style="list-style-type: none"> • Internal Audit Progress Report • Monitoring the implementation of Internal Audit recommendations • External Audit Completion Report
January 2027 *	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Treasury Management Refresher training • Treasury Management Strategies • Proposed Accounting Policies • Internal Audit Progress Update • Review of the Internal Audit Charter
April 2027 *	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Annual Review of Effectiveness of Internal Audit • Evaluate the Effectiveness of the Audit and Corporate Governance Committee • Internal Audit Progress Update • Monitoring the implementation of Internal Audit recommendations • Internal Audit Plan

**actual dates to be confirmed with Governance*