
Statement of Accounts & Annual Governance Statement 2024/25

Governance and Audit Committee

Decision to be taken by: Governance & Audit Committee

Date of meeting: 17 February 2026

Lead director: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Claire Gavagan
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- Report version number: 1

1. Summary

- 1.1. To seek the approval of the Committee for Council's Annual Governance Statement & Annual Accounts 2024/25.
- 1.2. To provide the Committee with an update from the External Auditor, which details their audit work and any recommendations.

2. Recommended actions/decision

- 2.1. The Governance & Audit Committee is recommended to:
 - Note the auditor's ISA 260 Report (the Audit Findings Report) to those charged with Governance and the recommendations contained within it, attached at Appendix 1.
 - Approve the Statement of Accounts 2024/25, Appendix 2
 - Approve the Annual Governance Statement 2024/25, Appendix 2.
 - Approve the Letter of Representation submitted by the Director of Finance (S151), attached at Appendix 3.
 - Delegate authority to approve changes in relation to IFRS16 and any minor amendments to the Annual Accounts and the Annual Governance Statement to the Director of Finance, subject to a report to the Committee at the next meeting.

3. Scrutiny / stakeholder engagement

- 3.1. N/A

4. Background and options with supporting evidence

- 4.1. The Accounts & Audit (England) Regulations 2015 required that the Council presented its audited Statement of Accounts along with its Annual Governance statement for approval annually by the 31 July. This is updated by The Accounts and Audit (Amendment) Regulations 2024.
- 4.2. Under the 2024 regulations, the amendments change the dates for authorities to publish their accounts to bring reporting back inline.

- For the current year 2024/25 we must publish on or before 28 February 2026.
- For future years the dates are laid out in the table below

Year beginning in	Date
2025	31 January 2027
2026	30 November 2027
2027	30 November 2028

Statement of Accounts

- 4.3. Approval of the Statement of Accounts is delegated to the Governance & Audit Committee by Council.
- 4.4. The draft (unaudited) 2024/25 accounts were considered by this committee on 14 July 2025.
- 4.5. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts are presented to the Executive and to the Overview Select Committee, which set out the revenue and capital outturn for the authority. The financial position of the authority is presented in a different way in the Statement of Accounts. The outturn reports focus on the in-year financial performance in a format consistent with the Council's budgets, while the Statement of Accounts shows the in-year performance in a standard format adopted by all local authorities, including a balance sheet showing the financial position as at 31 March 2025.
- 4.6. There has been delays to the completion of the audit due to the implementation of IFRS16, which has created additional testing to be completed, we are not the only Council this has impacted, it is a trend across local government
- 4.7. Due to the delays in this this report linked to IFRS16, this report proposes the delegation of any changes from IFRS16 to the Director of Finance. Any changes needed does not impact the money available, just the way it is accounted for.
- 4.8. The Committee should note it is positive that we will receive an unqualified audit opinion and take assurance from this opinion.
- 4.9. The Director of Finance has recognised that the process for the final accounts needs to improve, and has already taken immediate action and will continue to work on a plan for 25/26 accounts

External Audit

- 4.10. The External Auditor's ISA 260 Report (the Audit Findings Report) presents the observations from the audit work undertaken that are significant to the responsibility of those charged with governance to oversee the financial reporting process. ISA is the International Standard on Auditing (UK). The report can be found at Appendix 1.

- 4.11. During the external audit a number of adjustments have been identified and reflected in the attached version to the financial statements attached at Appendix 2 and identified in the audit findings report at Appendix 1. The two changes that have impacted on the Council balance sheet are:
- The first is in relation to the BIFFA settlement, this was treated as a contingent liability at the point we published the draft statement accounts, as there had been no settlement and no reasonable estimate could be made. Since the publishing the draft accounts we have now made a settlement, and this therefore requires us to retrospectively make a provision.
 - A second correction was made in relation to our property funds which for many years have been held as capital investments. Upon review this has been decided to be an incorrect treatment and is now being treated as an investment, this has led to us now holding this as an earmarked reserve.
- 4.12. It is an important report and details the conclusions of the external audit and makes recommendations. Management responses to the recommendations are contained within the action plan at appendix D to the report itself.
- 4.13. Key actions to be noted in the statements are identified below:
- Lack of quality control in capital accounting – We have made significant improvement in our capital accounting processes and controls, however we recognised this is an area in which we need to continue to improve
 - Reoccurring errors in the financial statements – The Council has struggled with resourcing in the Corporate Accountancy team but have put additional resources in and controls for 2025/26 recognising this issue.
 - Debtor and Creditor reconciliations – This process will be reviewed, and improvements made for 25/26
 - Lack of action over reconciling items in the bank reconciliation – This process is continuing to be reviewed, and improvements to be made for 25/26, currently corrected in 2025/26
 - Management expert output not reviewed - IAS19 calculation to be confirmed - This process is continuing to be reviewed, and improvements to be made for 25/26
 - Correction of a various misclassifications as laid out in the audit findings report at Appendix 1.

Annual Governance Statement

- 4.14. The Annual Governance Statement is presented here for approval. If approved, the Statement will be signed by the Chief Operating Officer and City Mayor and published with the Statement of Accounts.
- 4.15. This is an important statement that should assure the people of Leicester that the Council operated in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse.
- 4.16. The format of the Annual Governance Statement to a large extent is dictated by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'.

Letter of Representation

- 4.17. The letter of representation is a letter to the external auditors signed by the Director of Finance (s.151 officer) and approved by the Governance & Audit Committee.
- 4.18. The letter is designed to give the external auditor assurance on the information included in the Statement of Accounts and to affirm that the primary responsibility for the content of the Statement of Accounts remains with the Council.

5. Financial, legal, equalities, climate emergency and other implications

5.1. Financial implications

The report is exclusively concerned with financial issues.

Signed: Claire Gavagan, Assistant Director of Finance

Dated: 5 February 2026

5.2. Legal Implications

There are no direct legal implications arising from this report.

Signed: Kevin Carter

Dated: 9 February 2026

5.3. Equalities Implications

Under section 149 of the Equality Act 2010, the Council must have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different groups.

This report seeks approval of the Council's 2024/25 Statement of Accounts and Annual Governance Statement. These are technical and regulatory documents concerned with financial reporting and assurance arrangements rather than service design or policy delivery. As such, they do not have a direct or differential impact on people with protected characteristics.

Sound governance and financial management underpin the Council's ability to allocate resources fairly and transparently, which in turn supports the advancement of equality through its wider functions.

There are therefore no direct equality implications arising from this report

Signed: Equalities Officer, Surinder Singh Ext 37 4148

Dated: 5 February 2026

5.4. Climate Emergency Implications

There are no significant climate emergency implications directly associated with this report.

Signed: Phil Ball, Sustainability Officer. Ext. 37 2246

Dated: 9 February 2026

5.5. Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

6. **Background information and other papers:**

None

7. **Summary of appendices:**

- Appendix 1 – Grant Thornton - Leicester City Council Audit Findings Report (AFR)
- Appendix 2 - Statement of Accounts and Annual Governance Statement 2024/25
- Appendix 3 - Letter of representation

8. **Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

9. **Is this a “key decision”? If so, why?**

No