

Leicester City Council

Interim Auditor's Annual Report
Year ending 31 March 2025

25 November 2025



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for Leicester City Council during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Auditor's powers

Under Section 31 of the Local Audit and Accountability Act 2014, the auditor of a local authority may make an application for judicial review of a decision of that authority, or of a failure by that authority to act, which it is reasonable to believe would have an effect on the accounts of that body. They may also issue:

- Statutory recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Local government – context

Local government has remained under significant pressure in 2024/25

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Local

Present



Financial Sustainability

Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.



Funding Reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and Devolution

Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Leicester City Council is a unitary authority in the East Midlands consisting of 54 councillors, representing 21 wards in the city, overseen by a directly elected City Mayor. Net expenditure on provision of services was £401m in 2024/25. The Council recognises that it faces significant financial challenges – the net use of the managed reserves strategy in 2024/25 was £21.6m, and the reserves available to support future budgets are rapidly being depleted. The Council is also one of those affected by the government's plans for Local Government Reorganisation – please see the next page for more information.

It is within this context that we set out our commentary on the Council's value for money arrangements in 2024/25.

Grant Thornton Insights – Local Government Reorganisation (LGR)

National perspectives - devolution and LGR

In December 2024, the English Devolution White Paper set out the government's vision for a simpler form of local government. The intention is to produce better outcomes, save money for reinvestment in local services and to improve local accountability. All councils with a two-tier county and district system of local government (together with neighbouring small unitary councils) were required to set out the plans for a programme of devolution and local government reorganisation.

On 5 February 2025, the government's Devolution Priority Programme was announced to establish six new regional Mayoral Strategic Authorities. Those selected for the programme submitted plans by May 2025 with the ambition of holding Mayoral elections in May 2026.

On the same date, all remaining councils with a two-tier system were required to develop proposals to reconfigure county and district services into one or more new unitary councils. Plans are required to be submitted by 28 November 2025 with the ambition of establishing the new Unitary Councils from April 2028.

Local perspectives - LGR in the Leicestershire and Rutland region

Leicester City Council and Leicestershire County Council believe that the best option for Leicester and Leicestershire is a two unitary model, one City, one County, although there is no agreement on whether Leicester City Council's boundaries will change.

The seven district councils in Leicestershire and Rutland County Council have proposed creating three unitary councils to govern the region. This would see the creation of three unitary councils: one for North Leicestershire and Rutland, one for South Leicestershire, and one for Leicester City, based on existing boundaries.

Our discussions with the councils in the region indicate there has been collaboration between officers to progress the LGR agenda but there is currently no consensus around a single model. It is likely that three different options will be submitted to government to meet the national timeframe and that government will then select its preferred option.



Grant Thornton insight

What the Council is already doing

- Active participation of Officers in the governance and options appraisal process.
- Consideration of LGR compatibility in contract renewal and capital investment decisions.
- Safeguarding responsible financial decisions in the medium-term including use of reserves.

What the Council should consider

- Continuing to engage constructively with the LGR process
- Working with partners towards a single proposal which maximises Value for Money for Leicester, Leicestershire and Rutland.
- Modelling potential outcomes to discuss with members and establish political priorities.
- Making advance preparations for member and public engagement within a tight timeframe.
- The potential cost of transition for the council and how this will be funded.

02 Executive Summary

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	R Significant weakness identified in relation to the medium-term financial challenge and one improvement recommendation around monitoring and reporting.	Two risks of significant weakness identified in relation the medium-term financial challenge and the Dedicated Schools Grant deficit.	R Two significant weaknesses identified and two key recommendations made - one in relation to the medium-term financial challenge and one in relation to the Dedicated Schools Grant deficit.
Governance	A No significant weaknesses identified; three improvement recommendations made covering cyber security, the risk register and an independent member for the Governance and Audit Committee.	No risks of significant weakness identified.	G No significant weaknesses identified and no improvement recommendations raised.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified; one improvement recommendation raised in relation to Key Performance Indicators.	No risks of significant weakness identified.	R One significant weakness identified in relation to the Regulator of Social Housing judgement and one key recommendation made. One improvement recommendation raised in relation to performance reporting.

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendation(s) made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

The Council has made significant strides in improving its medium-term financial position, but continues to face significant challenges and we have raised a key recommendation.

Like many other councils, the Council is seeing its Dedicated Schools Grant deficit increase each year and this is impacting its revenue position through reduced investment interest income. We have raised a key recommendation.

Budget setting assumptions are appropriate. The Council underspent by £15.4m in 2024/25 and is forecasting a £6m underspend for 2025/26. The Council has a track record of achieving planned savings.



Governance

The Council has reasonable risk management and counter fraud arrangements in place, although there is scope to further enhance reporting. Internal Audit arrangements are appropriate, with a new provider starting from August 2024.

Budget setting arrangements are robust and in-year financial reporting is timely, with key information clearly communicated.

Decision-making and leadership are appropriate.



Improving economy, efficiency and effectiveness

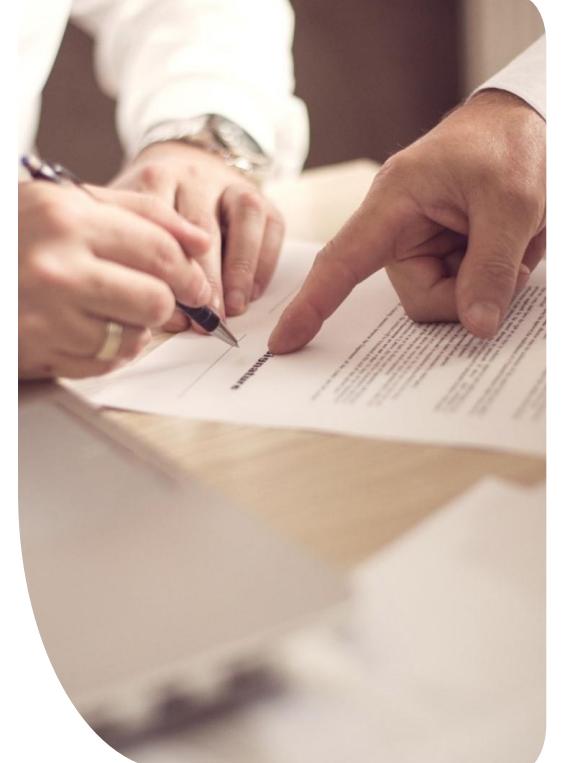
Following a regulatory inspection the Council's management of its housing stock was assessed as “serious failings and significant improvement needed”. While the Council did not fully agree with the findings and has prepared an action plan, this judgement represents a significant weakness in arrangements and we have raised a key recommendation.

There is scope to further develop performance reporting and we have raised an improvement recommendation.

The Council works well in partnership and has appropriate procurement arrangements.

Executive summary – auditor's other responsibilities

This page summarises our opinion on the Council's financial statements and sets out whether we have used any of the other powers available to us as the Council's auditors.

Auditor's responsibility	2024/25 outcome	
Opinion on the Financial Statements	<p>We anticipate completing our audit of your financial statements and issue an unqualified audit opinion in December 2025, following the Governance and Audit Committee meeting on 17 December 2025. Our findings are set out in further detail on pages 11 to 13.</p>	
Use of auditor's powers	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.</p>	

03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

We anticipate to issue an unqualified opinion on the Council's financial statements in December 2025.

The full opinion is included in the Council's Annual Report for 2024/25, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline of 30 June 2025.

Our audit work has identified errors in the draft financial statements, which has led to additional work and extended testing.

We have also experienced delays to the completion of the audit due to the Council's draft accounts not accounting for the implementation of IFRS 16, which came into effect 1 April 2024. Management's work on this area is ongoing at the time of writing this report.

We have raised a number of recommendations—some new and others carried forward from prior years—that, if implemented, would improve the quality of draft financial statements and the efficiency of future audits.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report.

Subject to the completion of the work on IFRS 16, our intention is that a final version of our report will be presented to the Council's Governance and Audit Committee on 17 December 2025. Requests for this Audit Findings Report should be directed to the Council.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (continued)	<p>In 2024/25 the Council made significant strides in addressing its financial situation, but recognises that challenges remain. The outturn report shows an original General Fund budget of £429.0m, which was revised to £405.1m, with an outturn of £389.7m, an underspend of £15.4m. This was mainly comprised an underspend of £5.4m on Adult Social Care (ASC) and £6.5m on Education and Children's Services. The ASC budget was reduced by £15.7m and the housing and neighbourhoods budgets increased by £16m to reflect ongoing savings and cost pressures. Corporate Budgets were reduced by £25m, to £6.3m, including contingencies of £6m which were not needed, with an outturn of £2.1m. The report shows that the budget changes are largely due to £23.1m of savings being approved in period three of 2024/25. £21.6m of reserves were used in 2024/25 compared to £61.0m planned.</p> <p>The 2025/26 budget setting report includes reasonable assumptions around increases in demand and costs. The report proposes the use of the £90m capital fund; freeing up £20.1m of earmarked reserves; reducing the capital programme by £13m to reduce the borrowing required; attempting to sell £60m of property (which cannot be used to support revenue expenditure); making ongoing savings of £23m per annum which have been built in to budgets. Considerable additional savings will still be required, with recurring budget gaps of £30.1m in 2025/26; £46.2m in 2026/27 and £68.1m in 2027/28 which would be met from reserves. Reserves would fall to £25.2m, which is around 6% of the 2025/26 budget and would support only one year of the forecast overspending. As a result of underspending in 2024/25 reserves available have increased to £103.8m and are now projected to be £55m at the end of 2027/28, but the projected gap remains, and this level of reserves would not support any further overspending on the scale forecast. The Council recognises the need to continue with its costs mitigation schemes. Despite the progress made this area continues to be a significant weakness in the Council's financial sustainability. We have made a key recommendation on page 20.</p>	R

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
(continued) identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Council is also facing an increasing deficit on its Dedicated Schools Grant, with an in-year deficit of £12.6m taking the cumulative deficit to £22.2m with a forecast that it will be £45m by 31 March 2026. The in-year overspending places an additional financial burden on the Council and represents a challenge in securing financial sustainability. While the Council is now projecting to have reserves of £55m at the end of 2027/28 these are currently needed to address the General Fund forecast gap of £68.1m by 2027/28. We have made a key recommendation on page 21.</p> <p>For 2024/25 the Housing Revenue Account underspent by £3m, with a forecast £10.5m surplus for 2025/26, which will be used to support the revenue position.</p>	R

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	<p>The Council has been successful in identifying and delivering both cost mitigation and savings schemes. Cost mitigation schemes are not built in to the budget, but are ongoing. The 2025/26 budget setting report notes departmental savings of £12.3m planned in 2025/26, rising to £21.0m in 2026/27 and that a further £59m savings have been identified since the 2024/25 budget was set. The 2024/25 revenue outturn report shows cumulative savings achieved of £5.8m for 2025/26; £9m for 2026/27 and £9.5m for 2027/28. The Revenue Budget Monitoring April-June 2025/26 report states that a total of £15m of the £23m (65%) savings target by 2027/28 has been achieved. The in-year savings target was £12.3m of which £8.7m (71%) has been achieved to date.</p> <p>The approach to identifying savings is robust, with service Directors overseeing their teams in playing a key role in identifying opportunities. Internal and external scrutiny is appropriate, including trade unions. The Council does not report a risk assessment against savings delivery or track in-year savings as it reduces the budget when savings are made, not forecast. Whilst this is not a weakness in arrangements it is something the Council may wish to consider as increasingly difficult decisions are needed.</p> <p>The Council recognises that it needs to continue to focus on this area in order to reduce the planned use of reserves. We have raised a key recommendation on the previous criterion and have therefore rated this criterion as “Red”.</p>	R
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council operates a Mayoral system of governance. The Mayor's vision for Leicester from May 2023, when he was elected for a four year term, is supported by 10 priorities. These include - supporting people, supporting communities, a good home and our care services. The budget setting report does not specifically link funding to the priorities, but it is clear that additional funding has been allocated to items such as adult and children's care and homelessness, which underpin some of the priorities. The Housing Revenue Account budget is prioritised, including providing decent homes, improving communities and reducing carbon. These align with the Council priorities.</p>	G

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	<p>The Council's financial plan is consistent with other plans, such as workforce, capital and climate change. There are a number of capital projects expected to support the Council's carbon reduction plan.</p> <p>Quarterly capital programme reporting to the Overview Select Committee clearly sets out the reasons for delays to many of the projects. The Council recognises that its plan to use £90m of the capital fund to support revenue expenditure significantly limits resources available to fund capital projects. In 2024/25 the Council incurred £137.7m of capital expenditure against a total budget of £283.1m which spans multiple years not just 2024/25. Reports show the individual schemes comprising the capital programme, including the budget, 2024/25 expenditure, forecast over / under spend, original and forecast completion dates and risk assessment. Some of the schemes have slipped by two or three years, but most delays appear reasonable, with costs within the budget. Appropriate narrative explanations are given. Reporting is appropriate and clearly explains causes of slippage and progress of individual projects.</p>	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	<p>Financial monitoring reports explain the threats and challenges to achieving the budget. Risk Management reports to the Governance and Audit Committee include a Strategic Risk s on financial sustainability, which scores 25 (the highest). The risk is linked to 12 other operational risks. These are, for example, in housing and homelessness and are included in a risk register which includes the information we would expect to see around the likelihood, impact and how the risk is being managed.</p> <p>The budget setting report explains that the budget and MTFS has been compiled on "central forecasts". While it is therefore implied that different scenarios have been explored, these are not set out. This is reasonable, avoiding too much information being reported while being clear that different scenarios have been considered.</p>	G

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability (continued)

Significant weakness identified in relation to financial sustainability

Key Finding: In previous years we have raised a key recommendation to support the Council in moving to a financial sustainable position.

Evidence: For 2024/25 the Council has made considerable progress in reducing its cost and managing demand in key service areas. This enabled the Council to reduce the use of reserves in 2024/25 from £61.0m to £21.6m. However, the Council is still dependent on one-off non-recurrent items, including the use of capital reserves (£90m) to support its planned revenue spending over the medium term. Recurring budget gaps remain - £30.1m in 2025/26; £46.2m in 2026/27 and £68.1m in 2027/28. The challenges are clearly set out in reports. As a result of underspending in 2024/25 reserves available have increased and are now projected to be £55m at the end of 2027/28, but the projected gap remains, and this level of reserves would not support any further overspending on the scale forecast.

Impact: Despite the progress made this area continues to be a significant weakness in the Council's financial sustainability.

Key recommendation 1

KR1: In order to further reduce the reliance on reserves to balance the revenue budget, the Council needs to continue to identify and deliver both savings and cost mitigation schemes.



Financial sustainability (continued)

Significant weakness identified: Dedicated Schools Grant deficit

Key Finding: As with many councils, the Dedicated Schools Grant (DSG) deficit is growing and represents a significant challenge for the Council. The DSG deficit was £6.0m at 31 March 2023 and £9.6m at 31 March 2024. The in-year deficit for 2024/25 was £12.6m, taking the cumulative deficit to £22.2m. The Council forecasts that this will rise to £45m by 31 March 2026.

Evidence: Officers are discussing a management plan with the Department for Education and are seeking to manage the growth in and complexity of cases and the associated cost.

The Council has been successful in reducing the percentage of Education Health Care Plans (EHCPs) it agrees to process from 75% to 55%, without any increase in subsequent tribunals. This is unusual. The Council also advised that it has no backlog in EHCPs and processes around 70% within the 20 week target period - the national average is 50%. This has been achieved by using Education Psychologists more effectively. The Council also engages with schools and parents through a large and strong specialist teaching service.

As a result of General Fund underspending in 2024/25 reserves available have increased and are now projected to be £55m at the end of 2027/28. However, these are currently needed to address the General Fund forecast gap of £68.1m by 2027/28.

Impact: Government has announced its intention to extend the statutory override, allowing councils to treat the DSG deficit as a negative reserve, until 31 March 2028. While this gives the Council more time to manage the DSG deficit, in-year overspending still needs to be paid for and is a drain on the Council's financial resources. It also adversely affects treasury management through lower interest earned or increased interest on borrowing. The increasing deficit, coupled with the decreasing reserves available to meet it, should the need arise, represents a challenge in the Council's arrangements to ensure financial sustainability and we have raised a key recommendation.

Key Recommendation 2

KR2: While the Council now has until 31 March 2028 to contain its Dedicated Schools Grant within budget it needs to ensure that its Management Plan is implemented, capacity in schools is increased as required and demand for placements continues to be managed effectively.

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Council has reasonable arrangements to manage strategic risks, underpinned by a Risk Management Policy Statement and Strategy. The twice-yearly Risk Management report provided a summary of the Strategic Risk Register and an example of a risk control action plan. There was no evidence of the selection criteria to report examples. We have highlighted an opportunity for the Council to align with best practice in an Insight on page 26.</p> <p>The Council has an adequate Internal Audit function, with a new provider commencing in August 2024. Overall during 2024/25, eight Internal Audit reports were issued, with seven further reports in draft and five reviews still in progress at the time of writing the Head of Internal Audit Annual Report. The Internal Audit provider has stated that more work is in progress than they would usually expect at this point and this is due to the time required to establish and integrate the Internal Audit service, with some audits commencing later in the year due to service pressures within the Council. However, the level of slippage is not excessive.</p> <p>The Council has adequate Counter Fraud arrangements in place. The Governance and Audit Committee receives a mid-year and annual report, although reports do not detail preventive activity. We have highlighted an opportunity for the Council to align with best practice in an Insight on page 26.</p> <p>The annual complaints report is presented to the Governance and Audit Committee. However, the Committee did not receive a similar report on any whistleblowing activity or the outcome of any staff surveys. These can provide “early indicators” of potential issues. There is therefore scope for the Council to better ensure that information relating to whistleblowing concerns and staff survey results, as well as complaints information, are triangulated for the Council to learn from and minimise the likelihood of issues reoccurring. We have raised an Insight highlighting areas where, based on good practice we see elsewhere, the Council could further strengthen arrangements. Please see page 26.</p>	G

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	The Council has a robust approach to budget setting. Starting with the prior year budget, known changes, such as pay awards and contractual increases, are adjusted, growth and savings are applied. Engagement includes scrutiny committees, Unison and tenants and leaseholders for the Housing Revenue Account.	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	Quarterly finance reports to the Overview Select Committee demonstrate sound budgetary control. Reports are presented in a reasonable timeframe and clearly report the key messages and variances, with further detail in supporting appendices. The City Mayor proposes the budget for Council consideration and approval. Each Strategic Director is responsible for ensuring their departmental budget is not overspent. The Director allocates the budget to individual nominated cost centre managers. Budget accountability is aligned with managerial responsibility. Cost centre managers are responsible for ensuring that their budget is not overspent and are accountable to their directors.	G

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Council has reasonable arrangements in place to ensure that appropriate and informed decisions are made, and these are reflected in the Constitution. Our review did not identify an inappropriate tone from the top, with good evidence of Chair leadership at Full Council meetings. The Governance and Audit Committee is a key component of the Council's corporate governance framework and met eight times during 2024/25. Minutes were clear and concise and there was evidence of discussion and challenge to Councillors and auditors. The Council has appointed one Overview Select Committee and seven Scrutiny Commissions to carry out the scrutiny function.	G

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>The Council has reasonable arrangements to ensure compliance with legislative and regulatory requirements. The arrangements for making a complaint that an Elected or co-opted Member of the Council has failed to comply with the Council's Code of Conduct under the Localism Act 2011 were revised during 2024/25. The Council's procedure is dated July 2017. The Council may wish to address this.</p> <p>Councillors' profile pages include a Declaration of Interest and Gifts and Hospitality received. Most forms required Gifts and Hospitality with a value in excess of £50 to be declared, although at least one form stated items with a value in excess of £25. In addition, the value of the gift or hospitality has been revised in the Constitution from £25 to £50, although this is not consistent throughout the document. The Council may wish to address this inconsistency.</p> <p>The Council's arrangements to ensure that it meets legislative and regulatory standards where it procures or commissions services are detailed in the Council's Constitution. However, this does not refer to the Procurement Act 2023. An Internal Audit of compliance with the Act is scheduled for 2025/26.</p> <p>The issues noted above are comparatively minor procedural issues which we have identified and the Council may wish to resolve. However, arrangements overall are appropriate.</p>	G

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of risk management and counter fraud and we have not raised a recommendation. However, the Council could challenge itself to go further, based on the best arrangements we see across the sector.



What the Council is already doing

- The Council's Corporate Risk Register is presented to the Governance and Audit Committee twice a year as a summary of risks which may affect the Council's achievement of its strategic objectives. An example of a completed risk control action plan is shared with the summary, although there is no evidence of the selection criteria for risks to report as examples.
- Counter Fraud activity is reported to the Governance and Audit Committee twice a year with a mid-year report and an annual report. Reports detail the activity of the Counter Fraud Team and the savings to the Council, although reporting does not mention any training or preventative work undertaken.

The Council could consider

To strengthen governance arrangements, improve oversight, and provide further opportunity for meaningful discussion, the Council could:

- Develop a methodology to select strategic risks to report to the Governance and Audit Committee. This could use the current and target risk score as an indicator or may involve a schedule which ensures each risk is presented at least once a year.
- Include in reporting any Counter Fraud preventive activity the Council is undertaking. For example, the International Fraud Awareness week, training and awareness sessions offered, policies in place and reviewed to support the prevention of fraud.
- Reviewing the reporting arrangements of key information such as complaints, whistleblowing concerns, as well as other items such as staff survey results to enable triangulation of information and identify key learning to alert the Council to any risks of significant breaches of internal control and minimise the likelihood of issues reoccurring.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	<p>Our review of Full Council and Committee meeting documentation did not evidence that corporate performance reports detailing operational services, workforce and finance are presented on a regular basis. However, there was evidence of performance being reported to Scrutiny Commissions, and that areas for improvement are addressed, such as Social Care Reviews that are more than 12 months overdue.</p> <p>There was no evidence of any arrangements to assess the quality of data reported in performance reports. There remains scope to develop an approach to drive data quality and we have raised an improvement recommendation to include this. Please see page 32.</p> <p>There is evidence that the Council learns from other organisations to identify areas for improvement, such as engagement in learning events, webinars and reflection sessions held nationally and regionally regarding the pilot phase of the social care reform programme.</p>	A

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
evaluates the services it provides to assess performance and identify areas for improvement (housing only)	The Government's Regulator of Social Housing carried out an inspection of housing properties owned by Leicester City Council in July 2025 and due to issues identified, the Council received a consumer standards rating of C3 which means there are "serious failings and significant improvement is needed". Issues included 70% of properties had not had an electrical safety test, the last comprehensive survey of hazards had taken place in 2009, there was a weakness in the provision of timely repairs and maintenance service and there were concerns over the Council's complaints handling. The review also identified that over 52% of complaints received over a 12 month period related to housing matters. The Council considers this judgement to be harsh, but has prepared a response to the points raised. However, due to the C3 grading by the regulator, we have identified this as a significant weakness in arrangements, and we have raised a key recommendation in relation to non-compliance with the Government's regulations for social housing. Please see page 31.	R
evaluates the services it provides to assess performance and identify areas for improvement (other – including Children and Adult Social Care)	Children's Services was inspected by Ofsted in September 2024 and received a grade of "Requires Improvement to be Good". The Children, Young People and Education Scrutiny Commission received the Ofsted ILACS report (inspecting local authority children's services) and improvement plan in February 2025, evidencing work had been undertaken since the inspection. In July 2025 the Care Quality Commission (CQC) published the Council's assessment report, rating it as "Requires Improvement" with a score of 56% (62% would be "Good"). The report noted areas of good performance and those that need to improve – broadly around improving consistency to ensure that everyone benefits from the highest levels of service provided. As the Council has responded appropriately to these reports, including reporting progress to Members, we have not made any recommendations. We have however rated this as "Amber" noting recommendations made by Ofsted.	A

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	<p>The Council has engaged with stakeholders and partners when developing strategic priorities. The Council participates in stakeholder engagement through consultation, representations and petitions and has a dedicated webpage for Consultations and Engagement, detailing recently closed and open consultations, along with links to any surveys. There is evidence that the Council gives feedback to its stakeholders following any consultation, with the outcomes detailed in a user-friendly format of 'we asked, you said, we did'.</p> <p>Activity of key partnerships is reported, with details of the Leicester and Leicestershire Enterprise Partnership (LLEP) reported as part of the Annual Accounts 2023/24, including the total operating income and expenditure. LLEP is formally constituted as a limited company, comprising local government and business leaders, together with senior education and third sector representatives, with a remit to create economic prosperity in Leicester and Leicestershire. LLEP remained dormant until 31st-March 2024 and then from 1st April 2024, the City Council became the lead authority and as such oversees LLEP finances.</p>	G

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
commissions or procures services, assessing whether it is realising the expected benefits	<p>The Council is aware of the new Procurement Act 2023 and requirements for contract management are described in the Council's Constitution, although there is no indication of how the performance of a contract or contractor will be monitored or reported. The Council confirmed it is working through the requirements of the Act and that contracts are managed by Divisions. We note that Contract Management is included on the Internal Audit work programme for 2025/26; therefore, we have not raised an improvement recommendation.</p> <p>The Council monitors capital projects through the Overview Select Committee. Project delays are attributable to instability in the construction industry, limited contractor capacity and continued inflationary pressures, with contingencies in place. The Council will need to consider the impact Local Government Reorganisation has upon capital projects.</p> <p>The Council is not engaged in any procurement shared service or collaboratives, although we note the Council has entered into pooled budget arrangements under Section 75 of National Health Services Act 2006. These include:</p> <ol style="list-style-type: none"> 1) Supply of Integrated Community Equipment Loan Services (ICELS), an arrangement for the supply of community equipment with Leicestershire County Council, Rutland County Council and NHS Leicester, Leicestershire and Rutland Integrated Care Board (ICB) in the areas covered by the councils. Leicester City Council acts as the host partner and contributed £0.67m to the pool during 2024/25. 2) The Better Care Fund, an arrangement between Leicester City Council and the ICB to meet the aims and benefits prescribed in the Section 75 agreement by delivering a robust and more integrated service between health and social care. The City Council contributed £20.9m to the pool in 2024/25. <p>We have not noted any weakness in the Council's arrangements to monitor these agreements.</p>	G

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to management of the Council's housing stock

Key Finding: The Government's Regulator of Social Housing carried out an inspection of housing properties owned by the Council in July 2025 and due to issues identified the Council received a consumer standards rating of C3 which means there are “serious failings and significant improvement is needed”.

Evidence: Issues found included:

- 70% of properties owned by the Council had not had an electrical safety test at the time of the visit.
- The Council was unable to evidence the properties were free of category one hazards as the last comprehensive survey took place in 2009. Hazards can include mould, asbestos, fall risks, overcrowding and fire and electrical hazards.
- There was a weakness in the Council's provision of an effective, efficient and timely repairs and maintenance service.
- There were concerns over the Council's complaints handling.

The Council considers that the Housing Regulator and Consumer Standards were only introduced in 2024 and were very challenging to achieve in the first year for this size of housing stock. The Council also considers that the housing stock is in good condition and safe, supported by its own internal inspections and processes, and that it had already identified all of the issues the Regulator identified. The Council believes that 99.5% of its properties meet the Decent Homes Standards and it is on track to meet the Electrical Installation Condition Report (EICR) five year inspection target. The Regulator noted that the Council had not used the Housing Health and Safety Rating System, and felt that this would provide better oversight.

Impact: Residents need to be assured that their homes are safe. The Council has developed responses to each of the points the Regulator raised and is committed to ensuring and demonstrating its housing stock is of appropriate quality.

Key recommendation 3

KR3: The Council needs to ensure there are sufficient resources to deliver the robust plan the Council has developed to ensure it improves its management of social housing properties to become compliant and sustain compliance with the Government's regulations for social housing. The Council must ensure that there are appropriate governance arrangements in place to monitor and oversee the delivery of the plan, ensuring that oversight and accountability are appropriate and kept well informed of progress, challenges and success.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement: performance reporting

Key Finding: Our review of publicly available meeting documentation did not evidence that corporate performance reports detailing operational services, workforce and finance are prepared and presented on a regular basis.

Evidence: There is evidence of performance being reported to Scrutiny Commissions, for example, the Adult Social Care (ASC) Scrutiny Commission receive reports on performance, with a report on Adult Social Care reviews presented in July 2024.

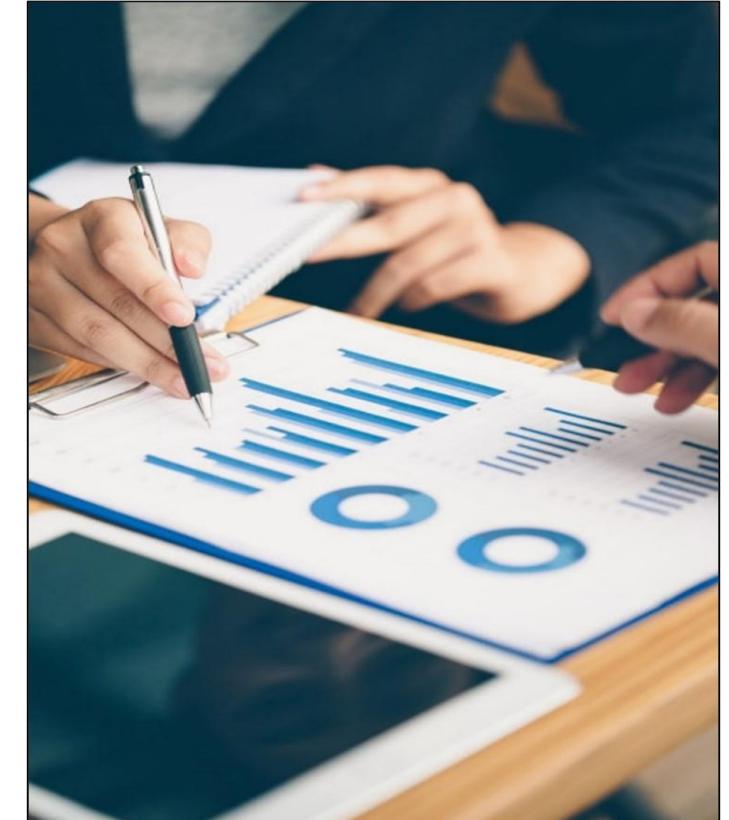
The Council does not set out how it intends to ensure data quality.

Impact: The absence of regular publicly available corporate performance reports, underpinned by robust data quality, hinders decision making and weakens transparency.

Improvement Recommendation 1

IR1: To ensure the Council has sufficient overview of performance to enable decision making, we recommend:

The Council publicly reports on progress against key performance indicators (KPI) linked to its key strategic priorities. Reporting should identify a performance target or minimum threshold, detail changes in performance over the previous 12 months and benchmark performance appropriately. The report should provide assurance against the quality of data used in the report. The Council may need to agree an approach to test and validate data using an approved method.



05 Summary of Value for Money Recommendations raised in 2024/25

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
KR1 In order to further reduce the reliance on reserves to balance the revenue budget, the Council needs to continue to identify and deliver both savings and cost mitigation schemes.	Financial sustainability (page 20)	Actions: The Council has made significant improvement in reducing its financial budget and recognises this is a continued key strategic priority. Responsible Officer: Amy Oliver Due Date: Ongoing
KR2 While the Council now has until 31 March 2028 to contain its Dedicated Schools Grant within budget it needs to ensure that its Management Plan is implemented, capacity in schools is increased as required and demand for placements continues to be managed effectively.	Financial sustainability (page 21)	Actions: We will continue to implement and review progress in the High Needs Block recovery plan and to review this as reforms are announced by government to address the broken SEND system. Responsible Officer: Laurence Jones Due Date: Ongoing

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<p>KR3</p> <p>The Council needs to ensure there are sufficient resources to deliver the robust plan the Council has developed to ensure it improves its management of social housing properties to become compliant and sustain compliance with the Government's regulations for social housing. The Council must ensure that there are appropriate governance arrangements in place to monitor and oversee the delivery of the plan, ensuring that oversight and accountability are appropriate and kept well informed of progress, challenges and success.</p>	<p>Improvement economy, efficiency and effectiveness (page 31)</p>	<p>Actions: The Council is already taking action in relation to the findings of the housing regulator and will continue to do this. In addition, the Council is setting up a programme management office that will have oversight of recommendations from all inspections.</p> <p>Responsible Officer: Richard Sword</p> <p>Due Date: Ongoing process which is monitored and overseen in conjunction with the regulator.</p>

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR1	<p>To ensure the Council has sufficient overview of performance to enable decision making, we recommend:</p> <p>The Council publicly reports on progress against key performance indicators (KPI) linked to its key strategic priorities. Reporting should identify a performance target or minimum threshold, detail changes in performance over the previous 12 months and benchmark performance appropriately. The report should provide assurance against the quality of data used in the report. The Council may need to agree an approach to test and validate data using an approved method.</p>	Improvement economy, efficiency and effectiveness (page 32)	<p>Actions: The Council recognised the importance of data in measuring performance and will consider how this is reported.</p> <p>Responsible Officer: Alison Greenhill</p> <p>Due Date: September 2026</p>

06 Follow up of previous Key recommendations

Follow up of 2023/24 Key recommendations

Prior Recommendation

The Council should re-consider all aspects of service delivery in order to ensure financial sustainability with efforts being directed toward:

- The identification and delivery of savings that reduce the indicative budget gap in 2025/26 and in future years, along with supporting the replenishment of reserves. These savings should be realistic, evidence-based targets as opposed to unachievable or overly-optimistic.
- Reducing reliance on one-off measures to support the revenue budget (including non-recurrent savings, one-off grants and reserves)
- Considering how and when a credible plan can be developed for the rebuilding the reserves balance to ensure it can be replenished to provide financial security and cushioning in the future.
- Difficult decisions are likely to be required in future budgets. The Council should therefore ensure that:
 - its financial planning demonstrates and reports a clear understanding of statutory versus discretionary areas of spend,
 - where discretionary spend continues this spend can be managed within the available financial envelope whilst ensuring that statutory duties continue to be met, and
 - If required, how the reduction or removal of services in its long term plan fits with its organisational strategy and the priorities of stakeholders.

KR1

Follow up of 2023/24 Key recommendations

Raised	Progress	Current status	Further action	
KR1	2023/24	<p>For 2024/25 the Council has made considerable progress in reducing its cost and managing demand in key service areas. This enabled the Council to reduce the use of reserves in 2024/25 from £61.0m to £21.6m. However, the Council is still dependent on one-off non-recurrent items, including the use of capital reserves (£90m) to support its planned revenue spending over the medium term. Recurring budget gaps remain - £30.1m in 2025/26; £46.2m in 2026/27 and £68.1m in 2027/28. The challenges are clearly set out in reports. As a result of underspending in 2024/25 reserves available have increased and are now projected to be £55m at the end of 2027/28, but the projected gap remains, and this level of reserves would not support any further overspending on the scale forecast. Despite the progress made this area continues to be a significant weakness in the Council's financial sustainability.</p>	<p>Replaced with new key recommendation 1.</p>	Yes

07 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

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.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council's Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.



A range of different recommendations can be raised by the Council's auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year

Key performance and risk management information reported to the Executive or full Council

Interviews and discussions with key stakeholders

External review such as by the LGA, CIPFA, or Local Government Ombudsman

Progress with implementing recommendations

Regulatory inspections such as from Ofsted and CQC

Findings from our opinion audit

Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	The Council should implement more formal governance processes and mechanisms for tracking, challenging and reporting on the financial savings required to balance the MTFS.	2023/24	<p>The approach to identifying savings is robust, with service Directors overseeing their teams in playing a key role in identifying opportunities. Internal and external scrutiny is appropriate, including trade unions.</p> <p>The Revenue Budget Monitoring April-June 2025/26 report to September Overview Select Committee show that, to date, a total of £15m of the £23m savings target by 2027/28 has been achieved. The in-year savings target was £12.3m of which £8.7m has been achieved to date, so good progress.</p>	Recommendation closed.	No
IR2	The Council should ensure that actions taken following the cyber-security incident are embedded within the Council and cyber-security remains core to the Council's operations to reduce the risk of a future cyber-security incident.	2023/24	<p>The Draft Annual Governance Statement (AGS) was shared with the Governance and Audit Committee in July 2025 and reported areas of significant risk or priorities for action, including Cyber Risk. The Draft AGS states that vulnerabilities with respect to supply chain management have been addressed and the Council continue to invest in Cyber Security and is implementing a new digital operating model that adopts the National Cyber Security Centre 10 steps to Cyber Security Framework. Internal Auditor will take this into account as part of delivering their work, and we note that two reviews relating to cyber security are included on the Internal Audit work programme for 2025/26, with one focusing on user awareness and training, and the other on vulnerability management.</p>	Recommendation closed.	No

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR3	The information on the Corporate Risk Register needs to be reviewed so that it is fully up to date through better triangulation with other information to remove inconsistencies in scoring and understanding of the risks around Council's operations so that risk management becomes more embedded as a useful tool in the Council.	2023/24	<p>Our review found that the Corporate Risk Register update reports show meaningful information is presented to Governance and Audit Committee.</p> <p>There is evidence that the Governance and Audit Committee is informed of any changes to the Strategic Risk Register, for example, in March 2025 no new strategic risks had been identified and two risks had been consolidated due to the similarities of the risks and the impacts identified. In addition, one risk score had increased from 15 to 20 since the last report.</p>	As this is unlikely to lead to a significant weakness, we have replaced this recommendation with an insight of how the Council could further improve its arrangements.	No

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR4	We recommend that the Council consider the merits of appointing an additional independent member to the Governance & Audit Committee as per the CIPFA (2022) guidance Audit Committees: Practical Guidance for Local Authorities and Police.	2023/24	<p>This is already included in the terms of reference and consideration will be given to recruiting an independent member during 2025/26.</p> <p>As the Council is considering appointing an additional independent member and this is unlikely to lead to a significant weakness we have closed this recommendation.</p>	Recommendation closed.	No
IR5	We suggest as part of the review of the Performance and Accountability Framework that the Council should set KPIs for each service area with stretch targets to reflect the improvement in service areas required to meet the Council's financial challenge.	2023/24	<p>Our review of publicly available meeting documentation did not evidence that corporate performance reports detailing operational services, workforce and finance are prepared and presented on a regular basis.</p>	Refreshed with new improvement recommendation 1.	Yes.

Appendix C: Follow up of 2023/24 improvement recommendations

Prior Recommendation	Raised	Progress	Current position	Further action
IR6 The Council should improve the presentation of the Strategic Risk Register by including the key relevant controls and assurance and setting these out for each strategic risk reported to Governance & Audit.	2022/23	<p>Our review this year did not evidence that this has been implemented.</p> <p>Review of the Summary register presented in March 2025 shows a clear and concise overview of the risks, including the previous and current risk score and target score, the risk owner and the risk response, will all risks labelled for treating.</p> <p>Details of the controls, gaps in controls, assurances and gaps in assurance and action taken and planned are not detailed in the summary of risks. The example of a completed risk control and action plan provides further detail. However, in March 2025, the example reported only had a risk score of nine compared to others scoring 20, and there is no evidence of the methodology for selection of risks to use as examples.</p>	As this is unlikely to lead to a significant weakness, we have replaced this recommendation with an insight of how the Council could further improve its arrangements.	No

Appendix C: Follow up of 2023/24 improvement recommendations

Prior Recommendation

We note that the Council do not currently publicly report on progress against each key performance indicator (KPI) linked to its key strategic priorities. At present, the performance reporting provides an overall summary of progress, informing users of the percentage of commitments achieved versus not achieved. Users, therefore, do not necessarily gain an understanding of which of the commitments the Council is performing well in versus those it is performing less well in. We recommend including, in the least as an appendix, greater detail on the individual performance indicators. The Council clearly have a suite of key performance indicators against which they measure performance. These should be aligned to its strategic objectives. These are known internally but are not currently shared publicly/externally.

IR7 We now recommend that the Council:

- publicly explain how these indicators are derived (e.g. statutory obligation);
- for each KPI, outline a performance target which meets the service quality the Council wishes to deliver;
- for each KPI, state performance against this target, how the performance has changed over time and consider benchmarking against near neighbours (NNs) as appropriate.

Appendix C: Follow up of 2023/24 improvement recommendations

Raised	Progress	Current position	Further action	
IR7	2022/23	Our review of publicly available meeting documentation did not evidence that corporate performance reports detailing operational services, workforce and finance are prepared and presented on a regular basis.	Refreshed with new improvement recommendation 1.	Yes.



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