



Leicester
City Council

Minutes of the Meeting of the
GOVERNANCE AND AUDIT COMMITTEE

Held: Tuesday, 17 February 2026 at 5:30 pm

P R E S E N T :

Councillor Kaur Saini (Chair)
Councillor Russell (Vice Chair)

Councillor Bajaj
Councillor Joel

Councillor Dr Moore
Councillor Rae Bhatia

Councillor Singh Patel

* * * * *

1 Apologies for Absence

Apologies were received from Cllr Kitterick.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes of the Previous Meeting

The minutes of the previous of meeting held on 26 January 2026 were confirmed as a correct record.

4 Statutory Statement of Accounts and Annual Governance Statement 2024/25

The Director of Finance submitted a report to the Governance and Audit Committee which presented the Statutory Statement of Accounts and Annual Governance Statement 2024/25, along with an update from the External Auditor, which detailed their audit work and any recommendations.

The following points were highlighted:

- Resourcing the team had been a challenge, but this was an issue nationally.
- Other issues faced included a change in requirements around leasing and complex contracts.

- There was a £10m impact on the general fund due to the settlement with Biffa. The cost had effectively been brought forward into this set of accounts.
- There had also been an impact caused by a move in investment from capital to revenue.
- The action plan contained a recommendation on quality control processes within capital accounting based on material errors.
- The report contained an update on recommendations made, eight of these had not been addressed. Some of these that were highlighted included:
 - Completeness of Income and Expenditure not being accrued
 - The process for Schools Cash Balances still being completed at the end of March.
- There had been some improvement around the revaluations of assets. However, material errors had been identified in the valuations themselves. As such a recommendation had been brought forward on quality control processes on valuations.
- There was a focus on now the audit process could be made more efficient to meet the deadline.

With regard to questions and comments from members, the following was noted:

- In response to queries about resourcing issues, it was recognised that this was not a quick fix, but work was being done to bring resources into the team. New staff had been brought in, but it took time for them to gain experience.
- A report on improvement arrangements would be brought to future reports.
- Regarding a suggestion to have a dashboard to that progress against areas for improvement could be monitored, it was suggested that an update could be brought to the Committee, and a progress report could be given so that audits could be examined and assurance given that things were improving and concerns could be highlighted.
- It was noted that similar errors in accounting happened in other local authorities, but the quantum of errors at the Council was high.
- With regard to improving quality control processes, the valuation process had improved since last year, there was a lot less query on the valuation of assets. This was largely about checks and balances, and the checks should be done before the entries were done. It was further noted that valuations could be subjective and there would be debate between the Council and auditors on valuations.
- With regard to a query on investments treated as Capital, it was explained that property funds had been invested in and these had been treated as a capital investment as guidance at the time had suggested. This had then gone into an unusable reserve. The rules had then changed such that this should not have been treated as Capital, but as a normal investment. Therefore, it now needed to be shown as a usable reserve, and as such was now being treated as revenue.

- It was stressed that concerns raised around the findings could not be repeated again.
- A report could come to the Committee on the new finance system.

RECOMMENDATIONS:

- 1) That a report be brought on additional resources to prevent future issues.
- 2) That an action plan be brought to the Committee.

AGREED:

- 1) That the auditor's ISA 260 Report (the Audit Findings Report) to those
- 2) charged with Governance and the recommendations contained within be noted.
- 3) That the Statement of Accounts 2024/25 be approved.
- 4) That the Annual Governance Statement be approved.
- 5) That the Letter of Representation submitted by the Director of Finance be approved.
- 6) That authority be delegated to approve changes in relation to IFRS16 and any minor amendments to the Annual Accounts and Annual Governance Statement to the Director of Finance, subject to a report to the Committee at the next meeting.

Councillor Joel joined the meeting during the consideration of this item.

5 External Audit Annual Report 2024/25

The External Auditors, Grant Thornton, and Head of Finance submitted a report to the Governance and Audit Committee which presents the External Audit Annual Report 2024-25.

The following points were highlighted:

- Financial strategy continued to be a risk
- A weakness surrounded the Designated Schools Grant deficit, whilst we await government plans.
- A weakness relating to the recent housing regulator outcomes.

With regard to questions and comments from members, the following was noted:

- In response to a query on the DSG, it was clarified that the papers showed the split.
- Information on governance arrangements surrounding Housing could come to the Committee.

AGREED:

That the report be noted.

6 Any Other Urgent Business

The Chair advised members that items raised under Any Other Urgent Business should be agreed with the Chair in advance of the meeting.

The meeting ended at 18:15.