
Draft Statutory Statement of Accounts & Annual Governance Statement 2025/26

Governance and Audit Committee

Decision to be taken by: N/A

Date of meeting: 13th July 2026

Lead director: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Ben Matthews
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- Report version number: 1.0

1. Summary

- 1.1. To provide an opportunity for the committee to consider the Council's Draft Annual Statement of Accounts and Annual Governance Statement for 2025/26 before they are brought back to committee for formal approval.

2. Recommendations

- 2.1. The Committee is asked to note the contents of the report and make any comments.
- 2.2. The Committee is asked to consider the:
 - 1.1.1. Draft Annual Statement of Accounts for 2025/26 at appendix 1.
 - 1.1.2. Draft Annual Governance Statement 2025/26 at appendix 1.

3. Background

- 3.1. The Accounts & Audit (England) Regulations 2015 require that the Council present its audited Statement of Accounts along with its Annual Governance statement for approval annually. This is delegated to the Governance & Audit Committee by Council. For 2025/26, this deadline has been brought forward by a month to the 31 January 2027, however it is still an extended deadline due to issues being experienced in the local authority audit sector. The draft accounts are therefore presented to this meeting for information and consideration and will be brought to a future meeting for formal approval following the completion of the external audit.

4. Draft Annual Statement of Accounts for 2025/26

- 4.1. 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 underlying financial position.

4.2. Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the accounts are consistent.

4.1. The core financial statements are:

1.1.1. Movement in Reserves Statement

This shows the movement in the year on the different reserves held by the authority. This statement distinguishes between “usable reserves” which can be used to fund expenditure or reduce local taxation and “unusable reserves” which are effectively accounting entries and not available to spend. The level of uncommitted general balances at 31st March 2026 was £15.0m, in line with the Council’s financial strategy.

1.1.2. Comprehensive Income and Expenditure Statement (CIES)

This shows the Council’s actual performance for the year in accordance with the Code of Practice. This means that the accounts are prepared on a different basis than that used to set the Council’s budget and raise council tax. There are several statutory adjustments that are made to the surplus or deficit shown on this statement to arrive at the balance on the General Fund shown in the Movement in Reserves Statement above.

1.1.3. Balance Sheet

The balance sheet shows the net worth of the Council in terms of its assets and liabilities. It shows the net value of the organisation including the balances and reserves, its long-term indebtedness, and its fixed and net current assets employed in its operations.

1.1.4. Cash Flow Statement

This statement summarises the movements in cash holdings during the year in common with the presentation required for commercial companies, although the statement is of less significance in the local authority context.

4.2. The Council’s Draft Statement of Accounts were published on the website on the 25th June 2026.

4.3. The external audit commenced on 29th June. Any recommendations made will be reported to your committee, along with any alterations made to the draft Statement of Accounts.

4.4. Due to the issues being experienced in the local authority audit sector, the usual statutory deadlines have been extended and the final audited accounts are not required to be completed until the 31st January 2027. However, the Council is working closely with Grant Thornton to present a final set of accounts by the end of November, although it should be noted that the accounts cannot be completed until the Leicestershire County Council Pension Fund has been audited.

4.5. When producing the Statement of Accounts, a number of accounting estimates are used. These estimates rely on the professional judgement of experts in the relevant areas. As these estimates are material to the accounts it is important that the committee understand them and the impact on the accounts. For the Council the main estimates are:

- Property, Plant & Equipment – asset values
- Pensions Liability

4.6. Members should note that the 2025/26 Code of Practice on Local Authority Accounting introduced changes to the requirements relating to the valuation of Property, Plant and Equipment (PPE). These changes are intended to enable a more proportionate approach to the accounting requirements for non-investment assets, primarily by utilising indexation between formal valuations.

4.7. Further detail on significant estimates in the accounts can be found in Note 5 (page 43) of the Statement of Accounts.

5. Draft Annual Governance Statement

5.1. The Council is required to publish, as part of its financial accounts reporting, an Annual Governance Statement. This statement should assure the people of Leicester that the Council operates in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse. The draft Annual Governance Statement is being presented here for comment before final approval by this committee.

5.2. 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'.

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

6.1 Financial implications

This report is exclusively concerned with financial issues.

Claire Gavagan, Assistant Director of Finance

2 July 2026

6.2 Legal implications

There are no direct legal implications arising from this report.

Kevin Carter, Head of Law (Commercial, Property and Planning)

3 July 2026

6.3 Equalities implications

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The duty requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

The Code of Practice referenced in the report specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. As such, there are no direct equality implications arising from the report.

Equalities Officer, Surinder Singh Ext 37 4148
30 June 2026

6.4 Climate Emergency implications

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

Phil Ball, Sustainability Officer, Ext 37 2246
2 July 2026

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

N/A

7. Background papers:

Revenue and capital outturn reports presented to the Overview Select Committee on 8th July 2026.

8. Summary of Appendices:

Appendix 1 – Draft Annual Statement of Accounts & Annual Governance Statement 2025/26

10. 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

11. Is this a "key decision"? If so, why? No