



#### TO COUNCILLOR:

R H Adams  
N Alam  
S S Athwal  
L A Bentley  
G A Boulter  
L M Broadley  
F S Broadley  
M H Charlesworth  
J K Chohan (Deputy Mayor)

H E Darling  
M L Darr  
J K Ford  
D A Gamble  
F S Ghattoraya  
C S Gore  
S Z Haq  
G G Hunt  
P Joshi

R V Joshi  
J Kaufman  
C D Kozlowski (Mayor)  
K J Loydall  
C J R Martin  
R E R Morris  
I K Ridley  
C A M Walter

I summon you to attend the following meeting for the transaction of the business in the agenda below.

**Meeting:** Full Council  
**Date & Time:** Thursday, 20 February 2025, 7.00 pm  
**Venue:** Civic Suite, Brocks Hill Council Offices, Washbrook Lane, Oadby, Leicester, LE2 5JJ  
**Special Title:** Council Tax & Budget Setting (2025/26)  
**Contact:** Democratic Services  
**t:** (0116) 257 2775  
**e:** democratic.services@oadby-wigston.gov.uk

Yours faithfully

Council Offices  
Oadby  
**12 February 2025**

**Anne E Court**  
Chief Executive



**Meeting ID: 2744**

#### ITEM NO.

#### AGENDA

#### PAGE NO'S

#### Meeting Live Broadcast | Information and Link

This meeting will be broadcast live.

#### Press & Public Access:

A direct link to the live broadcast of the meeting's proceedings on the Council's Civico platform is below.

<https://civico.net/oadby-wigston/19971-Full-Council>

## **1. Calling to Order of the Meeting**

The meeting of the Council will be called to order to receive Her Worship The Mayor and Deputy Mayor.

## **2. Apologies for Absence**

To receive apologies for absence from Members to determine the quorum of the meeting in accordance with Rule 7 of Part 4 of the Constitution.

## **3. Declarations of Interest**

Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.

## **4. Minutes of the Previous Meeting(s)**

To read, confirm and approve the minutes of the previous meeting(s) in accordance with Rule 19 of Part 4 of the Constitution.

**a. Tuesday, 10th December, 2024** **4 - 7**

**b. Thursday, 6th February, 2025 6.30 pm (Extraordinary)** **8 - 10**

**c. Thursday, 6th February, 2025 7.00 pm (Extraordinary)** **11 - 12**

## **5. Action List Arising from the Previous Meeting(s)**

There was no Action List(s) arising from the previous meeting(s).

## **6. Motions on Notice**

To consider any Motions on Notice in accordance with Rule 14 of Part 4 of the Constitution.

## **7. Petitions, Deputations and Questions**

To receive any Petitions, Deputations and, or, to answer any Questions by Members or the Public in accordance with Rule(s) 11, 12, 13 and 10 of Part 4 of the Constitution and the Petitions Procedure Rules respectively.

## **8. Mayor's Announcements**

To receive any announcements from the Mayor in accordance with Rule 2 of Part 4 of the Constitution.

**a. Official Mayoral / Deputy Mayoral Engagements** **13 - 15**

## **9. Leader's Statement**

To receive any statement from the Leader of the Council in accordance with Article 2.9.2(ii) of Part 2 of the Constitution.

## **10. Council Tax Setting (2025/26)** **16 - 20**

Report of the Chief Finance Officer / Section 151 Officer

In accordance with Rule 18.3.2 of Part 4 of the Constitution, as required by Regulation 4 and Part 3 of Schedule 2 of the Local Authorities (Standing Orders) (England) Regulations 2001 (as amended), the names of the Members who cast

a vote for the motion or against the motion or who abstain from voting will be recorded for this item of business and will be recorded in the minutes of the meeting's proceedings.

**11. 2025/26 Revenue Budgets, Medium Term Financial Plan and 2025/26 - 2029/30 Capital Programmes** **To Follow**

Report of the Chief Finance Officer / Section 151 Officer

**12. Treasury Management Policy and Strategies and Prudential Indicators (2025/26)** **21 - 68**

Report of the Chief Finance Officer / Section 151 Officer

**13. External Audit Progress Report (January 2025)** **69 - 151**

Report of the Chief Finance Officer / Section 151 Officer

**14. Pay Policy Statement (2025/26)** **121 - 161**

Report of the Chief Executive / Head of Paid Service

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# Agenda Item 4a.

## **MINUTES OF THE MEETING OF THE FULL COUNCIL HELD AT CIVIC SUITE, BROCKS HILL COUNCIL OFFICES, WASHBROOK LANE, OADBY, LEICESTER, LE2 5JJ ON TUESDAY, 10 DECEMBER 2024 COMMENCING AT 7.00 PM**

### **PRESENT**

C D Kozlowski                      Mayor  
R H Adams                         Deputy Mayor (Acting)



**Meeting ID: 2731**

### **COUNCILLORS**

N Alam                                 Deputy Leader of the Opposition  
S S Athwal  
L A Bentley                         Deputy Leader of the Council  
G A Boulter  
L M Broadley  
F S Broadley  
M H Charlesworth  
H E Darling  
M L Darr  
F S Ghattoraya  
C S Gore                                 Leader of the Opposition  
S Z Haq                                 Leader of the Council  
P Joshi  
R V Joshi  
J Kaufman  
K J Loydall  
C J R Martin

### **OFFICERS IN ATTENDANCE**

S J Ball                                 Legal & Democratic Services Manager / Deputy Monitoring Officer  
A E Court                                 Chief Executive / Head of Paid Service  
D M Gill                                 Head of Law & Democracy / Monitoring Officer  
T Neal                                     Strategic Director  
C Warren                                 Chief Finance Officer / Section 151 Officer

### **35. CALLING TO ORDER OF THE MEETING**

The meeting of the Council was called to order to receive Her Worship The Mayor and Deputy Mayor.

### **36. APOLOGIES FOR ABSENCE**

An apology for absence was received from the Deputy Mayor and Councillors J K Ford, I K Ridley, R E R Morris, C A M Walter.

It was moved by the Leader of the Council, seconded by the Deputy Leader of the Council and

### **UNANIMOUSLY RESOLVED THAT:**

**Councillor R H Adams Councillor deputise for and in the absence of the Deputy Mayor for the duration of this meeting only**

### **Full Council**

Tuesday, 10 December 2024, 7.00 pm

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and Wigston Borough Council, Brocks Hill Council  
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~ Page 4 ~*



**37. DECLARATIONS OF INTEREST**

Councillor M H Charlesworth declared a pecuniary interest in relation to agenda item 7a insofar the Council-provided allotment on Aylestone Lane, Wigston.

Councillor C J R Martin declared a pecuniary interest in relation to agenda items 10 and 11 insofar as a Council-rented house and garage.

**38. MINUTES OF THE PREVIOUS MEETING**

By affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The minutes of the previous meeting held on 24 September 2024 be taken as read, confirmed and approved.**

**39. ACTION LIST ARISING FROM THE PREVIOUS MEETING**

There was no Action List arising from the previous meeting.

**40. MOTIONS ON NOTICE**

None.

**41. PETITIONS, DEPUTATIONS AND QUESTIONS**

**41a. ALLOTMENTS COMPUTER SOFTWARE LICENCE**

The Chief Finance Officer / Section 151 Officer, on behalf of the Leader of the Council, provided the response (as set out on page 9 of the agenda reports pack) to the Question on Notice (as set out on page 8 of the agenda reports pack) as posed by Councillor M H Charlesworth in relation the allotments computer software licence.

A supplementary question was asked by Councillor M H Charlesworth which sought an assurance that a more cost-effective solution be explored and implemented, to which Officers responded they would review the position accordingly.

**42. MAYOR'S ANNOUNCEMENTS**

None.

**42a. OFFICIAL MAYORAL / DEPUTY MAYORAL ENGAGEMENTS**

By affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The list of Official Engagements attended by The Mayor and/or Deputy Mayor be noted.**

**43. LEADER'S STATEMENT**

The Leader of the Council presented a statement outlining her recent work and meetings she has attended, the administration's plans and an overview of recent decisions taken since the previous meeting of the Council, together with fielding questions in relation to her statement.

**44. 2025/26 DRAFT REVENUE BUDGETS, MEDIUM TERM FINANCIAL PLAN AND 2025/26 - 2029/30 DRAFT CAPITAL PROGRAMMES**

Having declared a pecuniary interest, Councillor C R J Martin left the meeting and took no part in the debate on the agenda item and voting thereon.

The Council gave consideration to the report and appendices (as set out at pages 3 – 10 of the agenda update reports pack), which provided Members the draft General Fund Annual Budget for 2025/26, an updated MTFP for 2025/26 to 2029/30, an update on the capital programme for 2025/26 and HRA Annual Budget for 2025/26.

By affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The contents of the report and appendices be noted.**

It was moved by Councillor G A Boulter, seconded by Councillor K J Loydall and

**RESOLVED THAT:**

**An increase in housing rents, service charges and garage rents by the maximum social rent level of 2.7% be recommended to the next Full Council.**

<b>For</b>	12
<b>Against</b>	6
<b>Abstentions</b>	1

**45. COMPLIMENTS, COMMENTS & COMPLAINTS POLICY (DECEMBER 2024)**

Having declared a pecuniary interest, Councillor C R J Martin remained outside the meeting and took no part in the debate on the agenda item and voting thereon.

The Council gave consideration to the report and appendices (as set out at pages 13 – 35 of the agenda reports pack), which sought Members' approval for the updated Compliments, Comments and Complaints Policy including a chapter that specifically focused on the handling and management of Housing Complaints as required by the Social Housing Regulator.

It was moved by Deputy Leader of the Council, seconded by Councillor K J Loydall and

**UNANIMOUSLY RESOLVED THAT:**

- (i) The updated Compliments, Comments and Complaints Policy including the chapter on handling and managing housing complaints be approved; and**
- (ii) Councillor G A Boulter be appointed as the Member Representative for Housing Complaints (MRC) with Councillor F S Broadley substituting as of when necessary.**

**46. APPOINTMENT OF ADDITIONAL MEMBERS FOR THE COMMUNITY HEALTH & WELLBEING GROUP**

Councillor C R J Martin returned to the meeting at 7:28 pm.

The Council gave consideration to the report and appendix (as set out at pages 36 – 47 of the agenda reports pack), which sought agreement for the appointment of two additional Councillors to become members of the Community Health and Wellbeing Group.

It was moved by the Leader of the Council, seconded by the Leader of the Opposition and

**UNANIMOUSLY RESOLVED THAT:**

**Councillor J Kaufman and Councillor R V Joshi be appointed as the two additional Councillors to sit on the Community Health and Wellbeing Partnership Group.**

**47. REVIEW OF DESIGNATION OF POLLING PLACE FOR POLLING DISTRICTS N1 & N2 (WIGSTON ALL SAINTS)**

The Council gave consideration to the report and appendices (as set out at pages 48 – 54 of the agenda reports pack), which asked it to approve an alternative designation being proposed by the (Acting) Returning Officer in respect of the polling place to be used at future elections and referenda that take place within the Borough of Oadby and Wigston for Polling Districts N1 and N2 only.

It was moved by the Deputy Leader of the Council, seconded Councillor M H Charlesworth

**UNANIMOUSLY RESOLVED THAT:**

- (i) The content of the report and appendices be noted; and**
- (ii) The Council approves the re-designation of Little Hill Primary School on Launceston Road, Wigston, Leicestershire, LE18 2GZ for electors residing in Polling Districts N1 and N2.**

**THE MEETING CLOSED AT 7.39 pm**

# Agenda Item 4b.

## **MINUTES OF THE MEETING OF THE FULL COUNCIL HELD AT CIVIC SUITE, BROCKS HILL COUNCIL OFFICES, WASHBROOK LANE, OADBY, LEICESTER, LE2 5JJ ON THURSDAY, 6 FEBRUARY 2025 COMMENCING AT 6.30 PM**

### **PRESENT**

C D Kozlowski                      Mayor  
J K Chohan                         Deputy Mayor



**Meeting ID: 2866**

### **COUNCILLORS**

R H Adams  
N Alam                                 Deputy Leader of the Opposition  
S S Athwal  
L A Bentley                         Deputy Leader of the Council  
G A Boulter  
L M Broadley  
F S Broadley  
M H Charlesworth  
H E Darling  
M L Darr  
D A Gamble  
S Z Haq                                 Leader of the Council  
R V Joshi  
J Kaufman  
K J Loydall  
C J R Martin  
R E R Morris  
I K Ridley  
C A M Walter

### **OFFICERS IN ATTENDANCE**

S J Ball                                 Legal & Democratic Services Manager / Deputy Monitoring Officer  
A E Court                             Chief Executive / Head of Paid Service  
D M Gill                                Head of Law & Democracy / Monitoring Officer

### **48. CALLING TO ORDER OF THE MEETING**

The meeting of the Council was called to order to receive Her Worship The Mayor and Deputy Mayor.

### **49. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillors J K Ford, C S Gore, G G Hunt and P Joshi.

### **50. DECLARATIONS OF INTEREST**

None.

### **51. ENGLISH DEVOLUTION WHITE PAPER UPDATE (FEBRUARY 2025)**

The Council gave consideration to the report (as set out at pages 4 – 6 of the agenda

### **Full Council**

Thursday, 6 February 2025, 6.30 pm

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~ Page 8 ~*

reports pack), which advised Members of the content of the Government's recent Devolution White Paper and to seek approval to commence such work as is considered necessary in response.

Councillors L M Broadley and F S Broadley entered the Civic Suite at 6:42 pm.

Councillor S S Athwal entered the Civic Suite at 6:47 pm.

It was moved by the Deputy Leader of the Opposition, seconded by R V Joshi and

**DEFEATED THAT:**

- (i) The Council authorises, the Leader of the council, in liaison with the Chief Executive and "Opposition Leaders", to undertake work as is considered necessary "agreed by members" in response to White Paper and subsequent approach from government.**
- (ii) The Council authorises the Section 151 officer to set aside £50,000 from reserves to fund any necessary legal and governance advice on framing any specific proposals once "agreed by members".**

**For** 3  
**Against** 13  
**Abstentions** 2

It was moved by Councillor I K Ridley, seconded by the Deputy Leader of the Council and

**RESOLVED THAT:**

- (i) The Council authorises the Leader of the Council, in liaison with the Chief Executive, to undertake such work as is considered necessary in response to the White Paper and subsequent approach from government; and**
- (ii) The Council authorises the Section 151 Officer to set aside £50,000.00 from the reserves to fund any necessary legal and governance advice on framing any specific proposals.**

**For** 13  
**Against** 3  
**Abstentions** 2

Councillors F S Broadley, L M Broadley and SS Athwal did not vote on the motion(s) above as they were not present in the Civic Suite during the entire debate.

**52. EXCLUSION OF THE PRESS AND PUBLIC**

By affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The press and public were excluded from the remainder of the meeting in accordance with Section 100(A)(4) of the Local Government Act 1972 (Exempt Information) during consideration of the items below on the grounds that it involved the likely disclosure of exempt information, as defined in the respective paragraph 1 of Part 1 of Schedule 12A of the Act and, in all the circumstances, the public interest in maintaining the exempt items outweighed**

**the public interest in disclosing the information.**

**53. RESOLUTION TO EXTEND SIX-MONTH MEETING ATTENDANCE RULE (EXEMPT)**

The Council gave consideration to the exempt report (as set out at pages 7 – 9 of the agenda reports pack), to obtain a resolution to extend the six-month meeting attendance rule in respect of Councillor Gary G Hunt.

It was moved by the Deputy Leader of the Opposition, seconded by and H E Darling and

**DEFEATED THAT:**

**That Council resolves, in accordance with Section 85(1) of the Local Government Act 1972, to approve the non-attendance of Councillor Gary Hunt at meetings initially until Thursday 14 August 2025 “without allowances” and that the Council’s best wishes be conveyed to him.**

<b>For</b>	3
<b>Against</b>	18
<b>Abstentions</b>	0

It was moved by the Deputy Leader of the Council, seconded by Councillor G A Boulter and

**RESOLVED THAT:**

**The Council resolves, in accordance with Section 85(1) of the LG Act 1972, to approve the non-attendance of Councillor Gary G Hunt at meeting initially until Thursday 14th August 2025 and that the Council's best wishes are conveyed to him.**

<b>For</b>	18
<b>Against</b>	3
<b>Abstentions</b>	0

**THE MEETING CLOSED AT 6.50 pm**

**MINUTES OF THE MEETING OF THE FULL COUNCIL HELD AT CIVIC SUITE, BROCKS HILL COUNCIL OFFICES, WASHBROOK LANE, OADBY, LEICESTER, LE2 5JJ ON THURSDAY, 6 FEBRUARY 2025 COMMENCING AT 7.10 PM**

## **PRESENT**

C D Kozlowski                      Mayor  
J K Chohan                        Deputy Mayor



**Meeting ID: 2859**

## **COUNCILLORS**

R H Adams  
L A Bentley                      Deputy Leader of the Council  
M H Charlesworth  
H E Darling  
M L Darr  
D A Gamble  
S Z Haq                         Leader of the Council  
R V Joshi  
J Kaufman  
K J Loydall  
C J R Martin  
R E R Morris  
I K Ridley  
C A M Walter

## **OFFICERS IN ATTENDANCE**

S J Ball                         Legal & Democratic Services Manager / Deputy Monitoring Officer  
B Clark-Monks                Selective Licensing Team Leader  
A E Court                      Chief Executive / Head of Paid Service  
D M Gill                        Head of Law & Democracy / Monitoring Officer  
J Wells                         Senior Strategic Development Manager

## **54. CALLING TO ORDER OF THE MEETING**

The meeting of the Council was called to order to receive Her Worship The Mayor and Deputy Mayor.

## **55. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillors N Alam, G A Boulter J K Ford, C S Gore, G G Hunt and P Joshi.

## **56. DECLARATIONS OF INTEREST**

Councillors N Alam and G A Boulter pre-emptively declared a pecuniary interest in relation to agenda item 4 insofar as they both owned properties materially affected the Proposed Selective Licencing Scheme, and therefore did not attend the meeting with apologies given and/or left the meeting and took no part in the debate on the agenda item and voting thereon.

## **57. PROPOSED SELECTIVE LICENSING SCHEME (2025 – 2030)**

### **Full Council**

Thursday, 6 February 2025, 7.00 pm

The Council gave consideration to the report and appendices (as set out at pages 3 – 47 of the agenda reports pack and pages 3 – 30 of the agenda update reports pack), which provided to Members information to decide if they wish to adopt a further Selective Licensing Scheme in the Borough for the period of 2025 – 2030, following the expiration of the existing scheme.

It was moved by the Deputy Leader of the Council, seconded by the Leader of the Council and

**UNANIMOUSLY RESOLVED THAT:**

- (i) That a larger Selective Licensing Scheme (2025-2030) referenced as SLS-B be approved and declared as outlined in paragraphs 5 of this report;**
- (ii) Approve a review of staffing and resource within the Selective Licensing team to ensure there is sufficient resource and capacity in place to effectively deliver any approved scheme.**
- (iii) Approve the fee structure set out in paragraph 8.**
- (iv) Approve the Selective Licensing and Enforcement Policy (2025 – 2030) outlined in paragraph 9 and attached at appendix 5.**

**THE MEETING CLOSED AT 7.32 pm**



## Events attended by the Mayor, May 14<sup>th</sup> 2024 – Present (as of 12.02.25)

### JUNE

05	Leicestershire County Council	Meeting Lord Lieutenant and other Civic Heads
06	OWBC – Rob Helliwell	D-Day Anniversary Event
09	Oadby & Wigston Lions Club	RNLI Lifeboats 200 Years Celebratory Concert
15	The Royal British Legion Oadby Branch	Standard Dedication Ceremony

### AUGUST

10	Nigel Herbert (Chairman ALAA)	Allotment Day Event
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### SEPTEMBER

05	North West Leicestershire District Council	Chairman's Charity Event (Dinner)
11	Little Hill Primary School	School "House" Election
13	Blaby District Council	Chairman at Home
14	OWBC – Cllrs Bill Boulter & Carl Walter	Re-dedication of Oadby & Wigston Remembrance Room
21	Comfort Centre Leicester	Fundraising Charity Night (Sickle Cell)

### OCTOBER

12	Oadby & Wigston Hindu Community	Navratri Celebrations 2024
13	The High Sheriff of Leicestershire	Justice Service
18	Leicester Grammar School	Foundation Day Service
19	Royal British Legion	Leicestershire, Rutland & County Festival of Remembrance

### NOVEMBER

08	Blaby District Council	Chairman's Charity Event
10	OWBC	Wigston Remembrance Parade & Service
10	Oadby Royal British Legion	Remembrance Parade, Service & Wreath Laying
10	Lieutenant Colonel David Young & Resham Singh Sandhu	Multi-faith Remembrance Service
11	OWBC	Remembrance Day Service
27	Warning Zone	Christmas Wreath Making
29	OWBC	Celebration of Volunteers Awards / Event

30 Oadby & Wigston Lions

Wigston Christmas Light Switch On

## DECEMBER

05 Warning Zone  
06 North West Leicestershire District Council  
07 South Wigston Chamber of Trade  
09 Oadby & Wigston Senior Citizens  
17 OWBC – Raheema Caratella  
19/23 OWBC – Raheema Caratella

Festive Quiz  
Chairman's Christmas Charity Dinner Show  
South Wigston Christmas Capers (and Light Switch On)  
Christmas Concert  
Christmas Front Shop Judging  
Christmas Front Shop Awards

## JANUARY

15 Hinckley & Bosworth Borough Council  
23 North Warwickshire & South Leicestershire College  
27 OWBC  
27 Lord Mayor of Leicester's Office

Mother Goose Pantomime  
Celebration of Achievement Awards  
Holocaust Memorial Day Service  
Holocaust Memorial Day Service

## FEBRUARY

02 Oadby & Wigston Lions Club  
04 All Saints CofE Primary School

Oadby & Wigston Lions Club, 44<sup>th</sup> Charter Lunch  
Wings of Peace Memorial Service

## Events attended by the Deputy Mayor, May 14<sup>th</sup> 2024 – Present (as of 12.02.25)

## JUNE

06 Leicestershire Lieutenancy Office  
22 British Red Cross  
24 OWBC – Rob Helliwell  
26 University of Leicester – School of Business  
29 Leicestershire Lieutenancy Office  
30 Cllr Carl Walter

Service to Commemorate the 80<sup>th</sup> Anniversary of D-Day  
Refugee Week  
Armed Forces Day Flag Raising Ceremony  
Leadership Networking Event  
Armed Forces Day Parade  
Elliot Hall – Armed Forces Event

## JULY

03 Pride of the Borough – David Carter  
03 Leicester Grammar School

East Midlands in Bloom 2024  
Celebration of Achievement Evening

06	Wigston Framework Knitters Museum – Cllr Bill Boulter	Ceremony of Socks
08	Wigston Framework Knitters Museum – Cllr Bill Boulter	Fundraising Curry Night

## AUGUST

10	OWBC – Raheema Caratella	Olympics in the Park
29	Warning Zone (Charity)	Back to School Quiz Night
31	OWBC – Raheema Caratella	Oadby Food Festival

## SEPTEMBER

11	Little Hill Primary School	School “House” Election
15	Charles Bellamy (Hon. Secretary RAF Association)	Leicester Battle of Britain Service

## OCTOBER

04	Pride of the Borough	Awards & Celebrations 2024
30	Dean of Leicester (Leicester Cathedral)	The Cathedral Annual Dinner 2024

## NOVEMBER

05	University Hospitals of Leicester NHS Trust	Opening of the Leicester South Dialysis Unit
08	Oadby & Wigston Swimming Club	Celebrating Young People’s Achievements from the Club Champs 2023
10	St Thomas’ Church, South Wigston	South Wigston Remembrance Service

# Agenda Item 10



**Full Council**

**Thursday, 20  
February 2025**

**Matter for  
Information and  
Decision**

**Report Title:**

**Council Tax Setting (2025/26)**

**Report Author(s):**

**Colleen Warren (Chief Finance Officer / Section 151 Officer)**

<b>Purpose of Report:</b>	The purpose of this report is for Oadby and Wigston Borough Council to set and approve the amount of Council Tax for its area in accordance with section 30(2) of the Local Government Finance Act 1992 as amended by the Localism Act 2011.
<b>Report Summary:</b>	Approval is sought for Oadby and Wigston Borough Council's associated Band D Council Tax for 2025/26 of <b>£261.64</b> Members should note that the wording of this report and the recommendations are largely prescribed by statute.
<b>Recommendation(s):</b>	<p><b>A. It be noted that under powers delegated to the Chief Financial Officer, the Council has calculated the amount of 18,594.19 as its Council Tax base for the financial year 2025/26 in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.</b></p> <p><b>B. It be noted that the Council Tax requirement for the Council's own purposes for 2025/26 is £4,864,982.</b></p> <p><b>C. The following amounts be calculated by the Council for the year 2025/26 in accordance with sections 30 to 36 of the Local Government Finance Act 1992 (as amended):</b></p> <p><b>(i) £43,324,879 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(2) of the Act.</b></p> <p><b>(ii) £38,459,897 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(3) of the Act.</b></p> <p><b>(iii) £4,864,982 being the amount by which the aggregate at C(i) above exceeds the aggregate at C(ii) above, calculated by the Council, in accordance with section 31 A (4) of the Act, as its Council Tax Requirement for the year.</b></p> <p><b>(iv) £261.64 being the amount at C(iii) divided by the amount at A above, calculated by the Council, in accordance with section 3 B of the Act, as the basic amount of its Council Tax for the year.</b></p> <p><b>(v) Valuation Bands 2025/26</b></p>

Being the amounts given by multiplying the amount at C(iv) above by the number which, in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with section 36(1) of the Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Oadby & Wigston Borough Council			
A	B	C	D
£174.43	£203.50	£232.57	£261.64
E	F	G	H
£319.78	£377.92	£436.07	£523.28

D. It is noted that for the year 2025/26, the Police and Crime Commissioner for Leicester/shire, and the Leicester/shire and Rutland Combined Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with section 40 of the Local Government Finance Act 1992, for each of the categories shown below and that Leicestershire County Council have indicated that their provisional precept will be confirmed on 19 February 2025.

#### Precepting Authorities - Valuation Bands 2025/26

Leicestershire County Council			
A	B	C	D
£1,121.00	£1,307.83	£1,494.67	£1,681.50
E	F	G	H
£2,055.17	£2,428.83	£2,802.50	£3,363.00

Police & Crime Commissioner for Leicester, Leicestershire and Rutland			
A	B	C	D
£200.15	£233.51	£266.87	£300.23
E	F	G	H
£366.95	£433.67	£500.38	£600.45

Leicester, Leicestershire & Rutland Combined Fire Authority			
A	B	C	D
£57.77	£67.40	£77.02	£86.65
E	F	G	H
£105.91	£125.17	£144.42	£173.31

E. That having calculated the aggregate in each case of

	<p><b>the amounts at C(v) and D above, the Council, in accordance with section 30(2) of the Local Government Finance Act 1992, set the following amounts as the amounts of Council Tax for the year 2024/25 for each of the categories of dwellings shown below.</b></p> <p><b>Valuation Bands</b></p> <table border="1"> <tr> <th colspan="4">Total amount payable Oadby &amp; Wigston Borough Council Residents</th> </tr> <tr> <th>A</th><th>B</th><th>C</th><th>D</th> </tr> <tr> <td>£1,553.35</td><td>£1,812.24</td><td>£2,071.13</td><td>£2,330.02</td> </tr> <tr> <th>E</th><th>F</th><th>G</th><th>H</th> </tr> <tr> <td>£2,847.81</td><td>£3,365.59</td><td>£3,883.37</td><td>£4,660.05</td> </tr> </table>	Total amount payable Oadby & Wigston Borough Council Residents				A	B	C	D	£1,553.35	£1,812.24	£2,071.13	£2,330.02	E	F	G	H	£2,847.81	£3,365.59	£3,883.37	£4,660.05
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<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Colleen Warren (Head of Finance)  <a href="mailto:Colleen.Warren@oadby-wigston.gov.uk">Colleen.Warren@oadby-wigston.gov.uk</a></p> <p>Laura Parsons (Finance Manager)  <a href="mailto:Laura.Parsons@oadby-wigston.gov.uk">Laura.Parsons@oadby-wigston.gov.uk</a></p>																				
<b>Strategic Objectives:</b>	<p>Our Council (SO1)  Our Economy (SO3)</p>																				
<b>Vision and Values:</b>	<p>"Our Borough - The Place To Be" (Vision)  Resourceful &amp; Resilient (V4)</p>																				
<b>Report Implications:-</b>																					
Legal:	Click to select or insert narrative.																				
Financial:	There are no implications directly arising from this report.																				
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9)																				
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.																				
Human Rights:	There are no implications arising from this report.																				
Health and Safety:	There are no implications arising from this report.																				
<b>Statutory Officers' Comments:-</b>																					
Head of Paid Service:	Click to select comment.																				
Chief Finance Officer:	As the author, the report is satisfactory.																				
Deputy Monitoring Officer:	The report is satisfactory.																				

<b>Consultees:</b>	None.
<b>Background Papers:</b>	<a href="#">Local Government Finance Act 1992</a>
<b>Appendices:</b>	None.

## 1. Council Tax Setting 2025/26

1.1 Section 30 of the Local Government Finance Act 1992 requires the Council to set amounts of Council tax at taxpayer level for each category of dwelling (i.e. Council Tax Band) before 11 March in the preceding financial year. The Police and Crime Commissioner for Leicester and Leicestershire and Leicester and Leicestershire and Rutland Combined Fire Authority agreed their increases on 5 February 2025 and at the time of writing Leicestershire County Council is due to agree its increase on 19 February 2025.

1.2 The increases are as follows:

Preceptor	% Increase
Leicestershire County Council	4.99%
Police and Crime Commissioner for Leicestershire and Rutland	4.89%
Leicester, Leicestershire and Rutland Combined Fire Authority	6.12%

1.3 The Secretary of State for Housing, Communities and Local Government has made an offer to "Adult Social Care Authorities" which are local authorities that have functions under Part 1 of the Care Act 2014, namely County Councils in England, District Councils for an area in England for which there is no County Council, London Borough Councils, the Common Council of the City of London and the Council of the Isles of Scilly.

1.4 The offer is the option of an adult social care authority being able to charge an additional "precept" on its Council tax for financial years from the financial year beginning in 2016 without holding a referendum, to assist the authority in meeting expenditure on adult social care. Subject to the annual approval of the Commons, the Secretary of State intends to offer the option of charging this "precept" at an appropriate level in each financial year up to and including the financial year 2025/26.

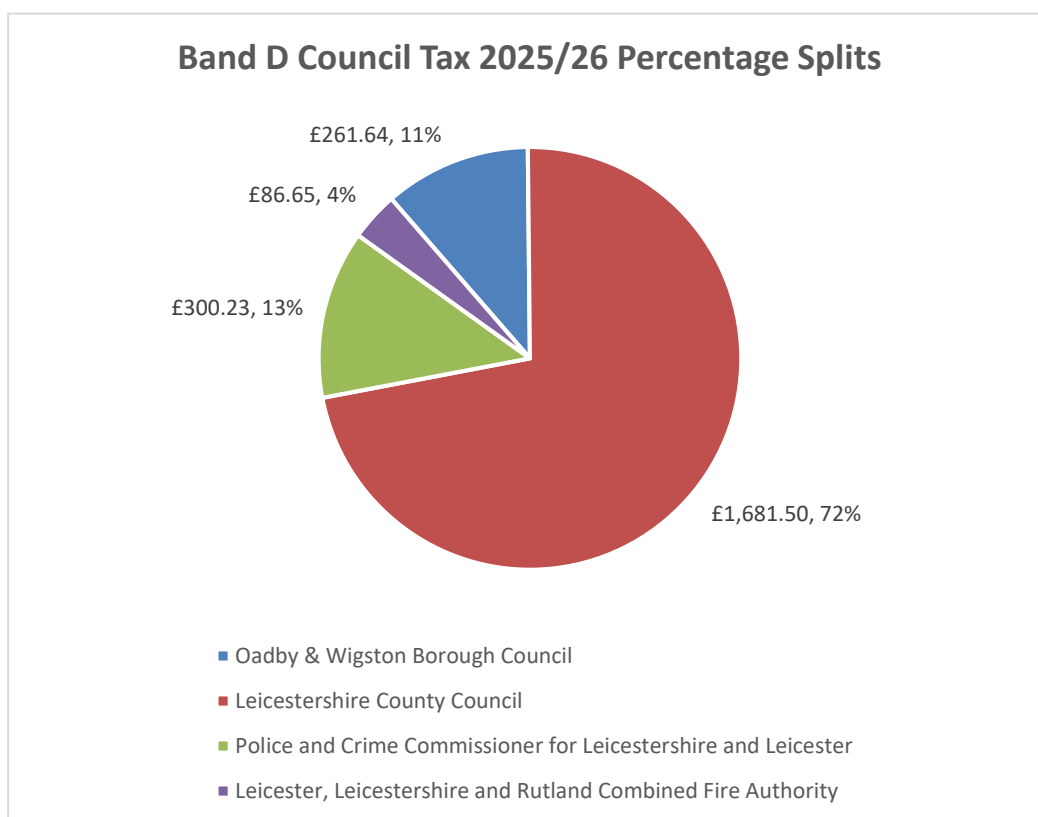
1.5 Leicestershire County Council has provisionally set a 2% adult social care levy in 2025/26. Their final decision will be reported to Council verbally by the Chief Financial Officer before Members are asked to vote on the recommendations above, noting that their council tax setting meeting will be held on 19 February 2025 and therefore after the publication of this report.

1.6 The Leicester, Leicestershire and Rutland Police and Crime Panel meeting on 5 February 2025 approved the 2025/26 Council Tax precept for the Police and Crime Commissioner for Leicestershire and Leicester.

1.7 The Combined Fire Authority meeting on the 5 February 2025 approved the 2025/26 Council Tax precept for the Leicester, Leicestershire and Rutland Combined Fire Authority.

1.8 In total, the average Council Tax (Band D) for 2025/26 (assuming that Leicestershire County Council confirm their proposed precepts) will be **£2,330.02**, comprising:

Preceptor	Band D Council Tax	% Increase
Leicestershire County Council	£1,681.50	4.99%
Police and Crime Commissioner for Leicester/shire and Rutland	£300.23	4.89%
Leicester, Leicestershire and Rutland Combined Fire Authority	£86.65	6.12%
Oadby & Wigston Borough Council	£261.64	2.99%
	<b>£2,330.02</b>	<b>4.74%</b>



- 1.9 Although the information contained in this report is accurate at the time of writing, not all the major precept bodies had formally approved their Council Tax. Should there be any changes to the figures in this report, Members will be informed verbally at the meeting.
- 1.10 A Council Tax Guide will be placed on the Council's website following this meeting. The guide will detail the 25/26 precepts.





**Full Council**

**Thursday, 20  
February 2025**

**Matter for  
Information and  
Decision**

**Report Title: Treasury Management Policy and Strategies and Prudential Indicators (2025/26)**

**Report Author(s): Simon Ball (Senior Finance Business Partner)  
Colleen Warren (Chief Finance Officer / Section 151 Officer)**

<b>Purpose of Report:</b>	<p>This report contains the Capital Strategy and Prudential Indicators which ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable.</p> <p>It also contains the Treasury Management Policy, Strategy and Plan including Treasury Management Indicators detailing the expected treasury management operations and impact on the prudential indicators for the forthcoming financial year.</p> <p>It fulfils the key requirements of the:</p> <ul style="list-style-type: none"> <li>• Local Government Act 2003;</li> <li>• The CIPFA Prudential Code for Finance in Local Authorities;</li> <li>• The CIPFA Code of Practice for Treasury Management in Public Services;</li> <li>• DLUHC Statutory Guidance on Local Government Investments; and</li> <li>• DLUHC Statutory Guidance on the Minimum Revenue Provision.</li> </ul>
<b>Report Summary:</b>	<p>The report contains the Council's:</p> <ul style="list-style-type: none"> <li>• Capital Strategy (2025/26) and Prudential Indicators (2024/25 – 2029/30)</li> <li>• Treasury Management Policy (2025/26)</li> <li>• Treasury Management Strategy (2025/26) and Treasury Management Indicators (2025/26 - 2029/30)</li> <li>• Minimum Revenue Provision Statement (2025/26)</li> <li>• Investment Strategy (2025/26 – 2027/28)</li> <li>• Flexible Use of Capital Receipts Strategy (2025/26)</li> </ul>
<b>Recommendation(s):</b>	<p><b>a) That the Capital Strategy (2025/26) and Prudential Indicators (2024/25 – 2029/30) (as set out in Appendix 1) be approved;</b></p> <p><b>b) That the Treasury Management Policy (2025/26) and Treasury Management Strategy (2025/26) &amp; Treasury Management Indicators (2025/26 – 2029/30) (as set out in Appendices 2 &amp; 3) be approved;</b></p> <p><b>c) That the Minimum Revenue Provision Statement (2025/26) (as set out in Appendix 4) be approved;</b></p> <p><b>d) That the Investment Strategy (2025/26 – 2027/28) (as set out in Appendix 5) be approved; and</b></p> <p><b>e) That the Flexible Use of Capital Receipts Strategy (2025/26) (as set out in Appendix 6) be approved.</b></p>
<b>Senior Leadership, Head of Service,</b>	<p>Colleen Warren (Chief Finance Officer / Section 151 Officer) (0116) 257 2759 <a href="mailto:colleen.warren@oadby-wigston.gov.uk">colleen.warren@oadby-wigston.gov.uk</a></p>

<b>Manager, Officer and Other Contact(s):</b>	<p>Laura Parsons (Finance Manager) (0116) 257 2694 <a href="mailto:laura.parsons@oadby-wigston.gov.uk">laura.parsons@oadby-wigston.gov.uk</a></p> <p>Simon Ball (Senior Finance Business Partner) (0116) 257 2624 <a href="mailto:simon.ball@oadby-wigston.gov.uk">simon.ball@oadby-wigston.gov.uk</a></p>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"A Stronger Borough Together" (Vision) Resourceful & Resilient (V4)
<b>Report Implications: -</b>	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out in this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable.
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
<b>Statutory Officers' Comments: -</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Deputy Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	None.
<b>Appendices:</b>	<ol style="list-style-type: none"> <li>1. Capital Strategy (2025/26) and Prudential Indicators (2024/25 – 2029/30)</li> <li>2. Treasury Management Policy (2025/26)</li> <li>3. Treasury Management Strategy (2025/26) and Treasury Management Indicators (2025/26 - 2029/30)</li> <li>4. Minimum Revenue Provision Statement (2025/26)</li> <li>5. Investment Strategy (2025/26 – 2027/28)</li> <li>6. Flexible Use of Capital Receipts Strategy (2025/26)</li> </ol>

## **1. Introduction**

- 1.1 The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice and to

prepare, set and publish a Capital Strategy including prudential indicators, and a Treasury Management Policy, Treasury Strategy and Plan including treasury indicators that ensure the Council's capital expenditure plans are affordable, prudent and sustainable in the long-term.

- 1.2 The prudential indicators consider the affordability and impact of capital expenditure plans and set out the Council's overall capital framework. The prudential indicators summarise expected treasury activity, introduce limits upon that activity and reflect the underlying capital programme. As a consequence, a Treasury Management Strategy is prepared which considers the effective funding of the capital expenditure decisions and complements the prudential indicators.
- 1.3 The Council is required to operate a balanced budget, meaning that cash raised during the year will meet cash expenditure. As part of this, the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus moneys are invested in low-risk counterparties commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. The Council is required to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby charges to revenue remain affordable within the projected income of the Council for the foreseeable future. These increases in charges may arise from increases in interest charges and debt repayment caused by increased borrowing to finance additional capital expenditure and any increases in operational running costs from new capital projects.
- 1.4 Treasury Management is, therefore, an important part of the overall financial management of the Council's affairs. Treasury Management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risk associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.5 Specific treasury indicators are prepared and included in the Treasury Management Policy and Strategy which also requires Member approval.
- 1.6 The Annual Investment Strategy for Treasury Management investments, sets the limits for the maximum amounts to be invested and the types of investments the Council may consider.
- 1.7 The Minimum Revenue Provision statement states how the Council will charge revenue for capital expenditure, which is financed by borrowing or credit arrangements. Local Authorities are required each year to set aside some of their revenues as provision for this debt. This was revised in November 2023.
- 1.8 The Council's capital and treasury activities are strictly regulated by statutory requirements and guidance, including the CIPFA Prudential Code for Capital Finance in Local Government, CIPFA Treasury Management Code of Practice, Department for Levelling Up Housing and Communities (DLUHC) Investment Guidance and DLUHC Minimum Revenue Provision (MRP) Guidance.
- 1.9 Full Council is required to approve the Capital Strategy and Treasury Management Policy statement for the forthcoming year at or before the start of the year.

- 1.10 Annual reporting to the Policy Finance and Development Committee (PFD) is required on the activities of the treasury management operation and on the exercise of the Section 151 Officer's delegated treasury management powers.

## **2. CAPITAL STRATEGY, TREASURY STRATEGIES AND PRUDENTIAL INDICATORS 2025/26**

- 2.1 The following strategies are attached as appendices for approval at Full Council on the 20<sup>th</sup> of February 2025:

- Appendix 1 – Capital Strategy (2025/26) which includes the Prudential Indicators (2024/25 – 2029/30)
- Appendix 2 – Treasury Management Policy (2025/26)
- Appendix 3 - Treasury Management Strategy (2025/26) which includes the Treasury Management Indicators (2025/26 - 2029/30)
- Appendix 4 – Minimum Revenue Provision (MRP) Statement (2025/26)
- Appendix 5 – Investment Strategy (2025/26)
- Appendix 6 – Flexible Use of Capital Receipts Strategy (2025/26)

The values within these strategies align with the revenue and capital budgets. Changes in capital and treasury indicators will be reported to PFD on a quarterly basis. All changes to the budgets that impact on the strategies will be agreed with the Section 151 Officer in consultation with the Chair of Policy, Finance and Development Committee.

## Capital Strategy Report (2025/26) and Prudential Indicators (2024/25 – 2029/30)

### Oadby and Wigston Borough Council

#### Introduction

This Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance Members' understanding of these sometimes-technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

#### Capital Expenditure and Financing

Capital expenditure is where the Authority spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £3k are not capitalised and are charged to revenue in year.

- For details of the Authority's policy on capitalisation, see the accounting policies section of the Statement of Accounts:

In 2025/26, the Authority is planning capital expenditure of £5.478m as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions*

	<b>2024/25 Forecast £000s</b>	<b>2025/26 Forecast £000s</b>	<b>2026/27 Forecast £000s</b>	<b>2027/28 Forecast £000s</b>	<b>2028/29 Forecast £000s</b>	<b>2029/30 Forecast £000s</b>
General Fund	2.245	2.684	0.824	0.308	0.824	0.394
HRA	3.233	3.596	1.500	1.500	1.500	1.500
Capital Investments	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>5.478</b>	<b>6.280</b>	<b>2.324</b>	<b>1.808</b>	<b>2.324</b>	<b>1.894</b>

The main General Fund capital projects include Vehicle Replacements (£1,164k), Food Waste Collection (£580k) and Play Area Improvement (£350k); The Authority does not plan to incur capital expenditure on investments during 2025/26.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of new housing schemes (£1,772k), Social Housing Decarbonisation Fund (£321k) and other capital works per the HRA Business Plan (£1,502k).

Capital investments include loans and shares made for service purposes and property held primarily for financial return in line with the definition in the *CIPFA Treasury Management Code*.

**Governance:** Service managers bid annually to include projects in the Authority's capital programme. Bids are collated by Finance who calculate the financing cost (which can be nil if the project is fully externally financed). The Policy, Finance and Development Committee appraises all bids based on a comparison of service priorities against financing costs and makes recommendations to Full Council. The final capital programme will be presented to Full Council in February at the same meeting as this strategy.

➤ For full details of the Authority's capital programme, see:

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £ millions*

	<b>2024/25 Forecast £000s</b>	<b>2025/26 Forecast £000s</b>	<b>2026/27 Forecast £000s</b>	<b>2027/28 Forecast £000s</b>	<b>2028/29 Forecast £000s</b>	<b>2029/30 Forecast £000s</b>
External sources	1.144	1.171	0.000	0.000	0.000	0.000
Capital resources	1.495	3.385	0.824	0.308	0.824	0.394
Revenue resources	2.493	1.724	1.500	1.500	1.500	1.500
Debt	0.346	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>5.478</b>	<b>6.280</b>	<b>2.324</b>	<b>1.808</b>	<b>2.324</b>	<b>1.894</b>

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned Minimum Revenue Provision payments (MRP) are as follows:

Table 3: Replacement of prior years' debt finance in £ millions

	2024/25 Forecast £000s	2025/26 Forecast £000s	2026/27 Forecast £000s	2027/28 Forecast £000s	2028/29 Forecast £000s	2029/30 Forecast £000s
Capital resources	0.000	0.000	0.000	0.000	0.000	0.000
Revenue resources	0.303	0.337	0.376	0.412	0.452	0.495
<b>TOTAL</b>	<b>0.303</b>	<b>0.337</b>	<b>0.376</b>	<b>0.412</b>	<b>0.452</b>	<b>0.495</b>

- The Authority's full minimum revenue provision is available and included as Appendix 4 to this suite of reports.

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The General Fund CFR is expected to decrease by £0.337 during 2025/26, due to the capital program being funded entirely from capital receipts accruing from the sale of Bushloe House & Oadby Pool. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2024/25 Forecast £000s	2025/26 Forecast £000s	2026/27 Forecast £000s	2027/28 Forecast £000s	2028/29 Forecast £000s	2029/30 Forecast £000s
General Fund services	22.365	22.029	21.652	21.240	20.788	20.293
Council housing (HRA)	19.732	19.732	19.732	19.732	19.732	19.732
Capital investments	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL CFR</b>	<b>42.097</b>	<b>41.761</b>	<b>41.384</b>	<b>40.972</b>	<b>40.520</b>	<b>40.025</b>

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive circa £4.9 m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts receivable in £ millions

	2024/25 Forecast £000s	2025/26 Forecast £000s	2026/27 Forecast £000s	2027/28 Forecast £000s	2028/29 Forecast £000s	2029/30 Forecast £000s
Asset sales	1.000	4.900	0.100	0.100	0.100	0.100
Loans etc. repaid	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	1.000	4.900	0.400	0.400	0.400	0.400

- The Authority's Flexible Use of Capital Receipts Policy is available as part of the Full Council reporting pack in February 2025.

### **Treasury Management**

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, as at 31 December 2024 the Authority currently has £32.384m borrowing at an average interest rate of 3.19%.

**Borrowing strategy:** The Authority's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	2024/25 Forecast £000s	2025/26 Forecast £000s	2026/27 Forecast £000s	2027/28 Forecast £000s	2028/29 Forecast £000s	2029/30 Forecast £000s
GF and HRA Debt	37.377	34.778	35.676	36.072	36.465	36.855

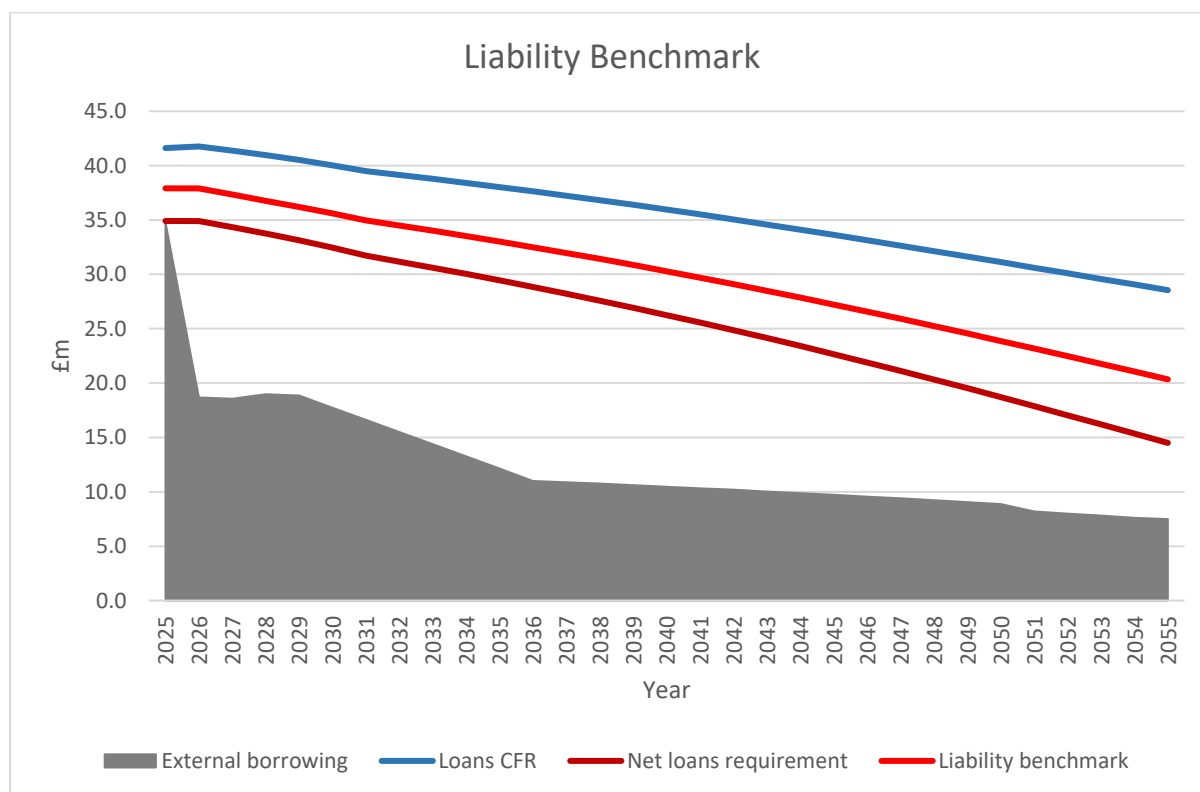


Capital Financing Requirement	42.097	41.761	41.384	40.972	40.520	40.025
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Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in both the short and medium term.

**Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 6 above.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.



**Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

*Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	2024/25 Forecast £000s	2025/26 Forecast £000s	2026/27 Forecast £000s	2027/28 Forecast £000s	2028/29 Forecast £000s	2029/30 Forecast £000s
Authorised limit – borrowing	46.0	46.0	46.0	46.0	46.0	46.0
Operational boundary – borrowing	41.0	41.0	41.0	41.0	41.0	41.0

- Further details on borrowing are in the Council's Treasury Management Strategy

**Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Authority's policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy, and the Authority may request its money back at short notice.

*Table 9: Treasury management investments in £millions*

	2024/25 Forecast £000s	2025/26 Forecast £000s	2026/27 Forecast £000s	2027/28 Forecast £000s	2028/29 Forecast £000s	2029/30 Forecast £000s
Near-term investments	0.000	1.000	1.000	1.000	1.000	1.000
Longer-term investments	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>0.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>

**Risk management:** The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

- The treasury management prudential indicators are detailed in the Treasury Management Strategy

**Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Full Council. Half-yearly reports on treasury management activity are presented to Policy, Finance and Development Committee who scrutinise the treasury management decisions.

### **Commercial Activities**

The Authority has very limited commercial activity which relates to three small shops which form part of an apartment block which is owned by the Council. The rental is c£17k per annum and is therefore not material and as such present little risk.

**Governance:** Decisions on commercial investments are made by the Section 151 Officer alongside the Senior Leadership Team. Any plans would then require approval by Full Council. Property and most other commercial investments are also capital expenditure, and purchases will therefore also be approved as part of the capital programme.

### **Liabilities**

In addition to debt of circa £32m (2025/26) detailed above, the Authority is committed to making future payments to cover its pension fund deficit (valued at £8.6m). It has also set aside £348k to cover OWBC share of risks arising from Business Rates appeals.

**Governance:** Decisions on incurring new discretionary liabilities are taken in consultation with the Section 151 Officer. The risk of liabilities crystallising and requiring payment is monitored by Finance and reported to Committee.

- Further details on liabilities and guarantees are shown each year in the Statement of Accounts.

### **Revenue Budget Implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

*Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream.*

	<b>2024/25 Forecast £000s</b>	<b>2025/26 Forecast £000s</b>	<b>2026/27 Forecast £000s</b>	<b>2027/28 Forecast £000s</b>	<b>2028/29 Forecast £000s</b>	<b>2029/30 Forecast £000s</b>
Financing costs (£m) General Fund	0.949	0.946	0.812	0.838	0.862	0.877
Financing costs (£m) HRA	0.686	0.770	0.740	0.745	0.749	0.752
Proportion of net revenue stream GF	13.6	13.1	11.3	11.4	11.4	11.4

Proportion of net revenue stream HRA	11.6	13.0	12.2	12.0	11.7	11.5
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### **Incremental Impact of Capital Investment Decisions on the Band D Council Tax**

The estimates of the incremental impact of capital investment decisions on the Council Tax indicator identifies the trend in the cost of proposed changes in the three-year capital programme recommended in the budget report compared to the Council's existing commitments and current plans. The figures are based on the assumptions included in the budget.

	<b>2024/25 Forecast £000s</b>	<b>2025/26 Forecast £000s</b>	<b>2026/27 Forecast £000s</b>	<b>2027/28 Forecast £000s</b>	<b>2028/29 Forecast £000s</b>	<b>2029/30 Forecast £000s</b>
2024/25 Programme	2.93	2.93	2.93	2.93	2.93	2.93
2025/26 Programme	0.00	(6.97)	(6.97)	(6.97)	(6.97)	(6.97)
2026/27 Programme	0.00	0.00	1.92	1.92	1.92	1.92
2027/28 Programme	0.00	0.00	0.00	0.84	0.84	0.84
2028/29 Programme	0.00	0.00	0.00	0.00	0.83	0.83
2029/30 Programme	0.00	0.00	0.00	0.00	0.00	0.81
<b>Total</b>	<b>2.93</b>	<b>(4.04)</b>	<b>(2.12)</b>	<b>(1.28)</b>	<b>(0.45)</b>	<b>0.36</b>

### **Incremental Impact of Capital Investment Decisions on Housing Rent Levels**

The estimates of the incremental impact of capital investment decisions on housing rent levels are similar to the Council Tax calculation. This indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in the budget report compared to the Council's existing commitments and current plans, expressed as a change in weekly rent levels.

(Continues overleaf)

	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £	2029/30 Estimate £
2024/25 Programme	0.00	0.00	0.00	0.00	0.00	0.00
2025/26 Programme	0.00	0.00	0.00	0.00	0.00	0.00
2026/27 Programme	0.00	0.00	0.00	0.00	0.00	0.00
2027/28 Programme	0.00	0.00	0.00	0.00	0.00	0.00
2028/29 Programme	0.00	0.00	0.00	0.00	0.00	0.00
2029/30 Programme	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	0.00	0.00	0.00	0.00	0.00	0.00

**Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable following scrutiny of the available funding: the medium-term financial strategy and the due diligence of each project.

### **Knowledge and Skills**

The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Section 151 Officer is a qualified accountant with substantial experience. The Authority pays for junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury) and AAT.

Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.



## Treasury Management Policy (2025/26)

Revised	20/01/2025
Next Revision By	31/01/2026
Head Of Finance Approval	

# **OADBY & WIGSTON BOROUGH COUNCIL**

## **TREASURY MANAGEMENT POLICY (2025/26)**

### **Introduction**

The CIPFA code of practice Treasury Management in the Public Services was produced to assist all forms of public bodies with their treasury management strategies. In the publication of this policy the Council formally adopts the CIPFA code of practice as part of its standing orders and financial regulations.

### **Three Key Elements to the Policy**

#### **1. The Definition of The Treasury Activities of The Council**

Oadby & Wigston Borough Council defines its treasury management activities as “The management of the organisation’s borrowing, investments and cash flows, including its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

#### **2. The role of Risk Management in the Treasury Policy**

Oadby & Wigston Borough Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

#### **3. Achievement of Business and Service Objectives**

Oadby & Wigston Borough Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques, within the context of effective risk management.

### **Treasury Management Practices (TMP)**

#### **TMP1 Risk Management**

The Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, and will report annually on their adequacy and suitability. They must also report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation’s objectives in relation to a failure in the policy.

In respect of each of the following risks, the arrangements, which seek to ensure compliance with the stated objectives, are set out in the schedule to this document.

### **1. Liquidity Risk**

Oadby & Wigston Borough Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its operation.

The Council will not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so and will only do so for the current capital programme, to fund future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the organisation

### **2. Interest Rate and Inflation Risk**

The Section 151 Officer, on behalf of the Council, will manage its exposure to fluctuations in interest rates and inflation with a view to containing its net interest costs or revenues in accordance with its treasury management policy and strategy. It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of income but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above is subject at all times to the considerations and if required, approval of any policy or budgetary implications.

### **3. Credit and Counterparty Risk**

Oadby & Wigston Borough Council regards a prime objective of its treasury management activities to be the security of the principal sums invested. Accordingly, we will ensure that its counterparty list and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4, and listed in the schedule to this document.

### **4. Refinancing Risk**

Oadby & Wigston Borough Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies raised are managed, with a view to obtaining offer terms for renewal or refinancing if required. All arrangements should be competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time of transaction.

### **5. Legal and Regulatory Risk**

Oadby and Wigston Borough Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. It will ensure that there is evidence of counterparties' powers, authority and compliance in respect of transactions they may affect with the Council, particularly with regard to duty of care and fees charged.



## **6. Operational Risk, Including Fraud, Error and Corruption**

Oadby and Wigston Borough Council will ensure that it has identified the circumstances, which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to enable risk to be minimised.

## **7. Market Risk**

Oadby and Wigston Borough Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

## **8. Security, Liquidity & Yield**

When considering potential treasury management investments, Oadby and Wigston Borough Council will consider security, liquidity and yield in that order of importance.

Above all, the Council will consider the security of the capital sum invested. The Council needs to be as certain as possible when an investment is made that the amount invested is returned when due.

Liquidity is important because the Council needs cash to deliver its day-to-day activities therefore treasury officers have to determine how much should be invested in call accounts where daily access is available and how much is invested in term accounts where the money is only available on maturity.

Although the generation of yield is distinct from these prudential objectives, that does mean that the Council will ignore potential sources of revenue from investment. Once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with the above priorities. If the Council has an opportunity to invest a sum of money and there are two investment opportunities, each of which meets the security and liquidity criteria, then in this scenario the investment that pays the greatest yield will be chosen

## **9. Environmental, Social and Governance (ESG)**

Environmental, social and governance (ESG) considerations are increasingly becoming a factor in investment decision making, but the framework for evaluating investment opportunities is still developing, and therefore the Council does not currently include ESG scoring at an individual investment level.

Local authorities and other UK government institutions, such as the Debt Management Office, by their very nature as democratically accountable bodies, will meet ESG requirements. As such, it is not intended that any further checking of local authority or UK central government counterparties will be undertaken (other than our standard checks for financial stability).

When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, and/or the UK Stewardship Code.

The Council will:

- Ensure that as far as is practicable, investment counterparties are committed to the principles of ESG.
- The Council and its counterparties will act with integrity at all times in their dealings.
- The Council will comply with any industry standard ESG guidelines that may arise and always seek to ensure best practice in managing its treasury investments.

This is a developing area for Treasury Management and the Council will continue to monitor progress and develop its policies in line with guidance from both CIPFA and the Council's Treasury Management Advisors.

## **TMP 2      Best Value and Performance Measurement**

Oadby and Wigston Borough Council is committed to the pursuit of best value in its treasury management activities. Accordingly, the treasury management activities will be the subject of ongoing analysis of the value it adds in support of the organisations stated objectives and include measures of effective treasury risk management and not only measures of financial performance (income or savings).

## **TMP 3      Decision-making and Analysis**

Oadby and Wigston Borough Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions. Both for the purpose of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered at the time. The issues, processes and practices taken account of when reaching decision are detailed in the schedule.

## **TMP 4      Approved Instruments, Methods and Techniques**

Oadby and Wigston Borough Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule, and within the limits and parameters defined in TMP1.

## **TMP 5      Organisation, Clarity and Segregation of Responsibilities and Dealing Arrangements**

Oadby and Wigston Borough Council considers it essential, for the purpose of the effective control and monitoring of its treasury management activities, for the reduction of the risk or fraud or error, and for the pursuit of optimum performance; that these activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities.

That there is a clear distinction between the Section 151 Officer charged with setting treasury management policies and those officers charged with carrying out those policies.

If and when the organisation intends, as a result of lack of resources or other circumstances, to depart from these principles, the Section 151 Officer will ensure that the reasons are properly reported in accordance with TMP6.

## **TMP 6      Reporting Requirements and Management Information Arrangements**

Oadby and Wigston Borough Council will ensure that quarterly reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes resulting from regulatory, economic, market or other factors.

Council will receive:

- Annual Treasury and Investment Strategies and Plan Report for the coming year, including the CIPFA Liability Benchmark
- Quarterly Treasury Management Performance Report to include any non-compliance with the Council's Treasury Management Policy and TMPs, reflecting the Council's quarterly forecast revenue and capital outturns.

## **TMP 7      Budgeting, Accounting and Audit Arrangements**

Oadby and Wigston Borough Council will account for its treasury management activities in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force.

The Council will ensure that the costs involved in running the treasury management function will pertain to best value.

The Council will ensure its auditors, and those charged with regulatory review have access to all information and papers supporting the activities of the treasury management function as are necessary to fulfil their roles.

## **TMP 8      Cash and Cash Flow Management**

All monies in the hands of Oadby and Wigston Borough Council will be under the control of the Section 151 Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, using a Liability Benchmark where appropriate, and the Section 151 Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 – Liquidity Risk.

## **TMP 9      Money Laundering**

Oadby and Wigston Borough Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, we maintain procedures for verifying and recording the identity of counterparties and reporting suspicions.

## **TMP 10     Staff Training and Qualifications**

Oadby and Wigston Borough Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. We will therefore seek to ensure that individuals are provided with training as required and/or identified by the Oadby and Wigston Borough Council Employee Appraisal and Development process.

## **TMP 11     Use of External Service Providers**

Oadby and Wigston Borough Council recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. In doing so we will ensure that the cost and benefits are considered. We will also ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one company. Where services are subject to formal tendering standing orders will be applied.

## **TMP 12    Corporate Governance**

Oadby and Wigston Borough Council is committed to the pursuit of proper corporate governance throughout the authority, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function will be undertaken with openness, transparency, honesty, integrity and accountability.

We have adopted and implemented the key recommendations of the Code, and this together with the other arrangements detailed in the schedule are considered vital to the achievement of proper corporate governance in treasury management. The Section 151 Officer will monitor and if and when necessary, report upon the effectiveness of these arrangements.

## **TREASURY MANAGEMENT PRACTICES - SCHEDULES**

This section contains the schedules which set out the details of how the Treasury Management Practices (TMPs) are put into effect by this organisation.

**TMP 1 Risk Management**

**TMP 2 Best Value and Performance Measurement**

**TMP 3 Decision-making and Analysis**

**TMP 4 Approved Instruments, Methods and Techniques**

**TMP 5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements**

**TMP 6 Reporting Requirements and Management Information Arrangements**

**TMP 7 Budgeting, Accounting and Audit Arrangements**

**TMP 8 Cash and Cash Flow Management**

**TMP 9 Money Laundering**

**TMP 10 Staff Training and Qualifications**

**TMP 12 Corporate Governance**

### **1. Liquidity**

It will be the function of the Section 151 Officer to calculate from cash flow forecasts the extent of any surplus cash available for investment. There will be no requirement of the Council to maintain a surplus cash balance in the bank account although such surpluses may occur from time to time. The intention should always be to maintain a nil cleared balance as far as possible.

In the event of the Council having to borrow for short-term cash flow reasons this will be carried out through the money markets, or from the Council's bank if more economic.

### **2. Interest Rate and Inflation**

The rate of interest on new investments will be made taking into account the market conditions and obtaining rates from a number of institutions on the Council's counterparty list.

Surplus cash may be invested with those institutions shown on the Council's counterparty list for a maximum maturity of 364 days.

The level of investments placed with any one institution are approved annually within the Treasury Strategy and Plan Report by Council. This limit may be adjusted by Council during the year if it is found to be prejudicial to the interest rates the Authority can earn on its investments.

The Authority determines annually, within its Treasury Strategy and Plan, the level of total external debt, temporary external borrowing, and variable against fixed interest rate exposure.

### **3. Credit and Counterparty Policies**

The Section 151 Officer will be responsible for preparing for the Council a list of institutions in whom the Council's funds may be invested. This list will be supported by details of the criteria employed to assess the various credit standings of counterparties. As a general principle these institutions will have at least F1, F1+ Fitch short term rating or PI Moody's short-term rating although, subject to the supporting report of the Section 151 Officer, other non-rated institutions may be included.

The Council will seek to ensure that the maximum amount of market, media and local intelligence is gathered and communicated to the responsible treasury staff to assist them in constantly reviewing sectors and individual institutions on the approved list. The Section 151 Officer may add, delete or amend institutions on the approved list during the year. In any event, the list of counterparties will be reviewed annually by Council.

The Council's current policy is not to appoint external fund managers. Under the present circumstances, the Authority does not have sufficient surplus funds to give either enough scope or sufficient diversity of portfolio to justify such consultancy fees.

#### **4. Refinancing**

The maturity pattern of all outstanding debt must be reviewed before any new long-term loan is taken and before debt is rescheduled.

Variable and fixed rate funds should be kept under review with the potential of securing discounts.

#### **5. Legal and Regulatory Work**

Treasury management activities will be carried out in accordance with rules governing the investment of local authorities' funds as set out in the Local Authorities (Capital Finance) (Approved Investments) Regulations 1990, and the Local Authorities (Capital Finance) Regulations 1997, as amended.

In addition, activities will be conducted in accordance with the Council's approved Treasury Management Strategy and Plan, and Treasury Management Policy Statement. This includes the adoption of CIPFA's Code of Practice for Treasury Management in the Public Services and CIPFA's Prudential Code for Capital Finance in Local Authorities.

Evidence of officers delegated powers, to borrow and invest, will be provided on request to counterparties as set out in the constitution.

All the banks included in the Council's lending list are authorised under the Banking Act 1987, to accept deposits in the UK.

#### **6. Fraud, Error and Corruption, and Contingency Management**

In order to minimise the possibility of fraud, error, and corruption the procedures for carrying out and monitoring treasury management activities are subject to audit, as well as various internal controls and reporting to the Council.

Evidence of fraud and corruption should be reported to the Section 151 Officer or Monitoring Officer, in accordance with the Council's Anti-Fraud & Corruption Policy, who will then determine the appropriate course of action.

The Chief Executive and Section 151 Officer must include arrangements for the proper and continuous fulfilment of the Treasury Management function in any disaster planning.

The Council's fidelity guarantee insurance provides cover of up to £2.5 million for all employees for losses caused by fraud.

#### **7. Market Risk Management**

The value and performance of the Council's investments is regularly monitored and is reported to Members on an annual basis.

In order to manage risk and protect public funds, the following are the only organisations with which investments will be placed.

- Other Local Authorities
- UK Clearing Banks and their subsidiaries.
- Government Institutions

- Building Societies
- Money Market Funds
- CCLA Property Funds

In addition, each clearing bank or subsidiary will be assessed for its credit standard and rating. The minimum rating that the authority will accept prior to placing a temporary loan are.

- Long Term Investments Fitch Rating A
- Short Term Investments Fitch Rating F1
- Money Market Funds are required to be rated AAA.

In addition, the Authority will invest with Building Societies with an asset base of at least six billion UK pounds as reviewed annually in the Councils Investment Strategy.

There should be a maximum amount which officers are permitted to invest with any one institution. This amount should be reviewed annually within the Treasury and Investment Strategies and Plan Report to the Council. Deposit accounts held with the Councils own bank are not subject to this limit.

The level of external debt, temporary external borrowing and exposure to variable and fixed rate interest should be set within the Treasury Strategy and Plan Report.

## **TMP 2            PERFORMANCE MANAGEMENT**

Banking services are renegotiated or re-tendered normally every 3-5 years to ensure competitive pricing.

The Council uses money broking services in order to make deposits or to borrow. Charges for all services are established prior to using them to ensure that the relevant terms are satisfactory in the light of market conditions.

The following brokers may be used by the Council:

- Martins Brokers
- Tradition Brokers

The quality of service provided by these brokers shall be monitored on a regular basis and reviewed annually.

In order to provide the best possible value in treasury management the Authority may employ financial consultants for specialist advice on the markets and developments in treasury management and accounting.

The following consultants may be used by the Council.

- Arlingclose Treasury Management

The performance of the Council's borrowing activities is monitored by calculating the average interest rate on external borrowing and is compared to the rate for the previous year. This is included in the annual Treasury Management Performance Report.



### **TMP3            DECISION MAKING AND ANALYSIS**

In carrying out treasury management responsibilities the Section 151 Officer will meet on a regular basis with the Finance Team to discuss and agree the implementation of the Treasury Strategy and Plan, monitor performance and make decisions on operational treasury management issues.

Detailed records will be maintained of all borrowing and investments made by the Council. These records are reconciled on a monthly basis to the financial management system.

In respect of borrowing objectives, the Council will:

- minimise the revenue costs of debt.
- manage the debt maturity profile to ensure that there is no overexposure to re-borrowing in any one year.
- effect borrowing at the cheapest cost commensurate with future risk.
- be aware of the future interest rate forecasts and to borrow accordingly.
- monitor and review the level of variable interest rate loans in order to take advantage of interest rate movements.
- ensure that borrowings accord with statutory requirements.

In respect of investment objectives, the Council will:

- maximise the level of return commensurate with maximum protection of the Council's money.
- invest in accordance with the approved list of counterparties.
- manage the maturity profile to ensure that there is no exposure to reinvestment at any point in the year.
- ensure all investments fall within the definitions of Approved Investments

### **TMP4            APPROVED INSTRUMENTS, METHODS AND TECHNIQUES**

#### **1. Treasury Management Procedure Notes**

Detailed procedures to be followed when carrying out cash flow monitoring and any borrowing or investment activities will be maintained and updated as requested.

#### **2. Approved Activities of the Treasury Management Operation**

- borrowing
- lending
- consideration, approval and use of new financial instruments and treasury management techniques
- managing the underlying risk associated with the Council's capital financing and surplus fund activities.
- managing cash flow
- banking activities
- leasing

### 3. Approved Instruments for Investments

The Council will only invest surplus funds in accordance with the investments approved under the Local Government (Capital Finance) (Approved Investments) Regulations 1990 and subsequent amendments i.e.

- Institutions authorised under the Banking Act 1987 by the Bank of England
- Building Societies
- Local Authorities
- Other public sector bodies as permitted by the above regulations.

### 4. Approved Methods and Sources of Raising Capital Finance

The following instruments are available and may be utilised to provide capital finance: -

	Rates of interest	
	Fixed	Variable
PWLB	✓	✓
Market Long-term	✓	✓
Market Temporary	✓	✓
Bank Overdraft		✓
Internal Funds		✓
Operating Leases	✓	✓
Finance Leases	✓	✓

No instruments, other than those listed may be used.

## **TMP5      ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS**

In accordance with the Council's Constitution, Council is responsible for approving the annual Treasury Strategy and Plan.

### 1. Responsibilities of Staff Relating to Treasury Management

#### **Section 151 Officer**

- Ensure that Treasury Management activities comply with the CIPFA Code of Practice for Treasury Management in the Public Services.
- Submit budgets for treasury management activities.
- Implement the Council's Treasury Strategy and Plan.
- Report to Council on the Treasury Strategy and Plan for the next financial year and Treasury Management Performance for the past financial year.
- Ensure the adequacy of internal audit and liaise with external audit.
- Approve the Council's lending list and any changes to it.
- Ensure staff involved in treasury management receive appropriate training.
- Ensure that the treasury management function is adequately resourced.
- Ensure all staff involved in dealing are aware of the principles contained in the Bank of England's London Code of Conduct for corporate dealing in the money market.
- Assess and appoint money brokers.
- Ensure that all proposed transactions are intra-vires.

### **Deputy Section 151 Officer**

- Absence cover for the Section 151 Officer
- Prepare the annual Treasury Strategy and Plan Report and the annual Treasury Management Performance Report
- Prepare the annual budget for treasury management activities.
- Review TMPs
- Transmit priority payments.
- Advise the Section 151 Officer on treasury management matters.
- Manage the treasury management function.

### **Senior Finance Business Partner**

- Check daily cash-flow and agree dealing.
- Ensure adherence to Council's lending list.
- Check monthly reconciliations.
- Maintain procedure notes for the treasury management function.
- Dealing and recording of deals
- Completion of Priority Payment forms
- Maintenance of documentation
- Prepare daily and long-term cash-flow projections.
- Check receipt of treasury management funds
- Prepare documentation to confirm deal which should be signed by an approved signatory.

### **Finance Business Partner**

- Check daily cash-flow.
- Reconcile Treasury records to the financial ledger on a monthly basis.

### **Other Responsible Officers**

#### **Head of Paid Services**

- That the system is laid down and properly resourced.
- That the Section 151 Officer complies with statutory guidelines as regards reporting to elected members on treasury policy, activity and performance.

#### **The Monitoring Officer**

- Should ensure that all policy and strategy put forward by the Section 151 Officer complies with the law.

## **2. Dealing and Decision-Making Limits**

All treasury management activities should be carried out in accordance with the annual Treasury Strategy and Plan.

## **TMP 6      REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS**

### **1. Annual Treasury Strategy and Plan**

The Treasury Strategy and Plan sets out the expected treasury activities for the forthcoming financial year. This strategy will be submitted to Council for approval before the start of each financial year.

The formulation of the annual Treasury Strategy and Plan involves determining the appropriate borrowing and investment decisions in the light of anticipated movement in both fixed and shorter-term variable interest rates.

The Treasury Strategy and Plan will include the following elements:

- The current treasury position.
- The expected movement in interest rates
- The Council's borrowing and debt strategy
- The Council's investment strategy
- Treasury performance indicators (see 2 below)
- Specific limits on treasury activities
- Local treasury issues

The Section 151 Officer must ensure that all proposed transactions are intra-vires, and if not must make a report under Section 114 of the Local Government Finance Act 1988.

The Section 151 Officer and Chief Executive and Monitoring Officer must ensure that the stated policy is adhered to and if not must also bring the matter to the attention of the elected members as soon as possible.

In the circumstances of a Section 114 report the external auditor must be advised immediately.

### **2. Borrowing Limits**

As required by the Local Government Act 2003 and CIPFA's Prudential Code for Capital Finance in Local Authorities, Council must approve before the beginning of each financial year the following limits:

- the Authorised Limit for External Debt
- the Operational Boundary for External Debt
- the Upper Limit on Fixed Interest Rate Exposure
- the Upper Limit on Variable Interest Rate Exposure
- A Long-Term Projection of External Debt and the Capital Financing Requirement (the CIPFA Liability Benchmark)

for the forthcoming year and the following two years.

Furthermore, Council must approve before the beginning of the financial year:

- the Lower Limit for the Maturity Structure of Borrowing
- the Upper Limit for the Maturity Structure of Borrowing

for the following periods:

- under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and above.

The Section 151 Officer is responsible for incorporating these limits into the annual Treasury Strategy and Plan and for ensuring compliance with the limits. Should it prove necessary during the year to amend these limits the Section 151 Officer in consultation with the Chief Executive may in exceptional circumstances do so, but only if it is necessary to avoid incurring a loss or cost to the Council.

Any such interim action must be reported to the Leader of the Council and Chairperson of the Policy, Finance and Development Committee and be endorsed at the next meeting of the Council.

### **3. Annual Treasury Management Performance Report**

An annual report will be presented to Council by the end of September, to report on the performance of the Treasury Management Function for the previous year.

This report will include the following.

- Actual borrowing, investments and repayments for the year, detailing counterparty amounts and terms.
- The actual interest rate changes for the year against the original plan.
- A commentary on general performance
- A commentary on compliance with the Treasury Management Policy Statement and the Treasury Strategy and Plan.

## **TMP 7      BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

### **1. Accounting Practices and Standards**

The Section 151 Officer will prepare a budget for Treasury Management in accordance with the appropriate accounting practices and standards and with the statutory and regulatory requirements in force.

### **2. List of Information Requirements of External Auditors**

External auditors will have access to all papers supporting and explaining the operation and activities of the treasury management function.

## **TMP 8      CASH AND CASH FLOW MANAGEMENT**

Cash flow projections will be prepared on a regular and timely basis in order to effectively manage cash balances and to calculate interest and investment income.

There is no necessity to maintain an aggregate surplus cash balance but where possible it is the intention to achieve a nil cleared balance.

The cash flow forecast is updated daily to take account of income and expenditure i.e. creditors and debtors and this information is provided by the National Westminster Bankline service. This will ensure for the purposes of monitoring compliance with TMP1 Liquidity Risk Management, that adequate funds are available on a regular basis.

Whenever the projected cash flow statement indicates a surplus cash balance funds are invested with institutions on the counterparty list.

The Council make creditor payments on the due date which ensures that funds remain in the account for as long as possible.

Debtor invoices are raised on a regular and timely basis and procedures are in place for reminder and recovery action to take place for unpaid invoices.

Bank statements are received on a daily basis and are reconciled to the Cash Book.

#### **TMP 9            MONEY LAUNDERING**

The Council does not accept loans from individuals. Loans are obtained from authorised institutions under the Banking Act 1987, building societies or from other public sector bodies, e.g. the Bank of England or other local authorities.

#### **TMP 10          STAFF TRAINING AND QUALIFICATIONS**

A number of different courses are run to accommodate the training requirements of staff involved in treasury management activities, as well as those involved at a strategic level. These courses will explain the complexities of dealing procedures, interest calculations, credit ratings, the regulatory framework, different types of investment instruments, etc.

Seminars are held for staff involved in managing the service, issues covered are for example:

- to provide updates on the implications of new regulations/ legislation
- codes of practice
- to obtain the latest economic forecasts for the economy and interest rates.

#### **TMP 11          USE OF EXTERNAL SERVICE PROVIDER**

External Service providers may be employed to give expert advice on borrowing and lending decisions. The Council will at all times make sure that these providers will only be employed where there is a clear value for money benefit to the organisation. The selection of these providers will be carried out under the Council's Contract Procedure Rules and their performance and value to the organisation will be monitored and measured.

The Council recognises that responsibility for treasury management decisions lies with the Council at all times.

#### **TMP 12          CORPORATE GOVERNANCE**

The Council is committed to proper corporate governance, openness and transparency in its treasury management activities as demonstrated by the adoption of the Treasury Management Code of Practice.

Information about the Council's treasury management activities is accessible, and the strategy and outturn reports are public documents.

The procedures set out in the TMPs for reporting and audit (both internal and external audit) are designed to ensure the integrity and accountability of the function.

# Appendix 3

## **TREASURY STRATEGY (2025/26) AND TREASURY MANAGEMENT INDICATORS (2025/26 – 2029/30)**

### **1.0 Introduction**

In accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) latest Code of Practice on Treasury Management and the Council's Treasury Management Policy Statement, a Treasury Strategy and Plan is prepared each year.

For the purpose of this strategy, treasury management includes the management of all capital market transactions in connection with the cash and funding resources of the Council. This covers all funds and reserves including the collection fund and includes the arrangement of leases.

The strategy includes broad principles, which provide the framework within which the Council's treasury management activities are conducted together with detailed plans for the management of the Council's loans and investment portfolios. The strategy includes those indicators required by the Prudential Code that relate to treasury management.

### **2.0 Treasury Management Objectives**

The primary objective of treasury management operations will be to maximise the revenue resources available to the Council whilst ensuring the effective management of risks associated with treasury management activities in accordance with the following principles:

- i) That the cost of borrowing is minimised commensurate with following a prudent funding policy.
- ii) That the most advantageous rates of return on investments are secured commensurate with the primary principle of maintaining the capital value of funds.
- iii) That the Council maintains flexibility in its borrowing and lending portfolios.
- iv) That the Council manages its borrowings and investments as a combined portfolio in order to achieve the optimum net debt position.

The sections below provide a summary of the principal activities anticipated during the period covered.



### 3.0 **Balanced Budget Requirement**

It is a statutory requirement under the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, it requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level of increase in costs to revenue from:-

- Increases in interest charges caused by increased borrowing and,
- Any increase in running costs from new capital projects

to a level which is affordable within the projected income of the Council for the foreseeable future.

### 4.0 **Current Treasury Position**

The Council's detailed treasury position is highlighted in the following table.

		31st March 2024 Actual		Rate %	31st March 2025 Forecast		Rate %
		GF £ 000s	HRA £ 000s		GF £ 000s	HRA £ 000s	
Fixed Rate Debt	PWLB	500		4.10	500		4.10
	PWLB		13,082	3.17		12,076	3.24
	PWLB					2,000	5.40
	PWLB	4,392		2.66	4,301		2.66
	Market		7,000	5.50		3,000	4.80
	Market	6,000		5.50		2,500	5.45
	Market	4,000		5.50		500	6.00
	Market	1,500		5.50	2,000		5.45
	Market				10,500		6.00
Variable Rate Debt	PWLB	0	0		0	0	
	Market	0	0		0	0	
Total Debt		16,392	20,082		17,301	20,076	
Other Long-term Liabilities		0	0				
<b>Total</b>		<b>16,392</b>	<b>20,082</b>		<b>17,301</b>	<b>20,076</b>	
Fixed Investments		0	0		0	0	
Variable Investments		0	0		0	0	
<b>Total Investments</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	
<b>Net Borrowing</b>		<b>16,392</b>	<b>20,082</b>		<b>17,301</b>	<b>20,076</b>	

## **5.0 Borrowing and Debt Strategy**

### **General Fund**

As at 31<sup>st</sup> March 2024, the Council's outstanding borrowing for General Fund purposes stood at a total of £16.392m. This was made up of two loans from the Public Works Loan Board (PWLb) totalling £4.89m, and £11.5m of short-term borrowing, as shown in the table at 4.0.

Up until the end of 2015/16, the Council was able to utilise cash balances, held in the form of short-term investments, grants and capital reserves, to help in the funding of its capital programme. Consequently, the Council was able to avoid increasing its long-term borrowing, despite carrying out ambitious schemes both in the General Fund and Housing Revenue Account.

In 2016/17 the financing of the Council's new leisure development was finalised. The Council borrowed £5m from the PWLB, taken over 39 years. The remaining £5m of the £10m project was funded by internal borrowing.

From 2016/17 to 2023/24 the Council did not borrow any further funds long term and instead continued to take advantage of the very low short term rates to keep interest payments under control. While there is scope to continue with this policy to some extent, the need to control the council's exposure to refinancing risk means that future borrowing in support of the capital programme will need to consist of a mix of short and long-term debt.

Short-term debt applicable to the General Fund is forecast to rise to £12.5m during 2024/25 due to the costs of the GF capital programme. This is forecast to drop to £10.0m, in 2025/26 due to the capital receipts from the sale of Bushloe House and Oadby Pool. In 2026/27, borrowing of £1.0m is anticipated, and in subsequent years, borrowing of £0.5m a year.

No new long-term borrowing is forecast on the general fund over the next five years.

Total external short-term borrowing relating to the General Fund for future financial years is expected to be:

2025/26	£10.0 million
2026/27	£11.0 million
2027/28	£11.5 million
2028/29	£12.0 million
2029/30	£12.5 million

In 2016/17 and 2017/18 the HRA used a total of £1.6m borrowing to fund its capital programme. This initially was supported by internal balances, however £1.5m of short-term borrowing is projected in 2024/25 in support of the HRA capital programme.

The HRA self-financing settlement involved the Council taking on £18.114 million of PWLB borrowing. Repayment of this borrowing commenced at the end of 2019/20, at the rate of £1m per annum. This repayment has been refinanced with short-term borrowing to date, however as from the end of 2024/25, it will be necessary to refinance using new long-term borrowing, in order to maintain the proportion of short-term borrowing to gross debt below 50%.

## **6.0 Prudential Indicators and Limits on Activity**

The purpose of these Prudential Indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk of an adverse movement in interest rates impacting negatively on the Council's overall financial position. However, if these are set to be too restrictive they will impair the opportunities to reduce costs.

### **6.1 Authorised Limit for External Debt**

This represents the limit beyond which borrowing is prohibited and needs to be set and revised by Council. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

	<b>2024/25 Estimate £ 000s</b>	<b>2025/26 Estimate £ 000s</b>	<b>2026/27 Estimate £ 000s</b>	<b>2027/28 Estimate £ 000s</b>	<b>2028/29 Estimate £ 000s</b>	<b>2029/30 Estimate £ 000s</b>
Authorised limit – borrowing	46.0	46.0	46.0	47.0	47.0	47.0
Other Long Term Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>46.0</b>	<b>46.0</b>	<b>46.0</b>	<b>47.0</b>	<b>47.0</b>	<b>47.0</b>

**The Chief Financial Officer (Section 151 Officer) reports that the authorised limits given above are consistent with the council's current commitments, existing plans and the proposals in the capital programme report. The limits are also consistent with the Council's approved treasury management policy statement and practices. Risk analysis of the key elements of the council's cash flow forecasts has been undertaken to determine these limits.**

## 6.2 Operational Boundary for External Debt

This indicator is based on the probable external debt during the course of the year (allowing for peaks and troughs in cash flow and the impact of treasury management decisions). It is not a maximum and actual borrowing could vary around the boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

	2024/25 Estimate £ 000s	2025/26 Estimate £ 000s	2026/27 Estimate £ 000s	2027/28 Estimate £ 000s	2028/29 Estimate £ 000s	2029/30 Estimate £ 000s
Borrowing	41.0	41.0	41.0	41.0	41.0	41.0
Other Long Term Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>

## 6.3 Limits in Interest Rate Exposure

**Upper Limits on Variable Rate Exposure** – This indicator identifies a maximum limit for variable interest rates based upon net interest payments.

**Upper Limits on Fixed Rate Exposure** – Similar to the previous indicator this covers a maximum limit on fixed interest rates.

	2023/24 Upper %	2024/25 Upper %	2025/26 Upper %	2026/27 Upper %	2027/28 Upper %	2028/29 Upper %
Limits on Fixed Interest Rates	100	100	100	100	100	100
Limits on Variable Interest Rates	25	25	25	25	25	25

## 6.4 Maturity Structure of Fixed Borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.

	Lower %	Upper %
Under 12 months	0	50
12 months to 2 years	0	50
2 years to 5 years	0	50
5 years to 10 years	0	100
10 years and above	0	100

## 6.5 Total Principal Sums Invested

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Limit on principal invested beyond year end	£10m	£10m	£10m	£10m	£10m	£10m

## 7.0 Local Performance Indicators

The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the Prudential Indicators, which are predominantly forward looking. The Council also sets local performance indicators which are as follows.

Local Indicator	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Average rate of interest on borrowing compared to the national average	Level	Level	Level	Level	Level	Level
Average rate of interest on investments compared to the national average	Level	Level	Level	Level	Level	Level

The results of these indicators will be reported as part of the Treasury Management Annual Report before 30<sup>th</sup> September each year.

# Appendix 4

## **Minimum Revenue Provision Statement (2025/26)**

### **Annual Minimum Revenue Provision Statement (2025/26)**

An underpinning principle of the local authority financial system is that all capital expenditure must be financed either from capital receipts, capital grants (or other contributions), by debt or eventually from revenue.

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the capital expenditure is known as "Minimum Revenue Provision" (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MRP Guidance) most recently issued in 2018.

The broad aim of the MRP Guidance is to ensure a prudent provision is made from revenue over time to cover the total amount of capital expenditure needed to be met from revenue. A prudent provision is where the period over which MRP is charged is aligned to the period over which the capital expenditure provides benefits.

The MRP Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. However, the Guidance gives flexibility in how MRP is calculated, providing the calculation is 'prudent'. The following Statement incorporates options recommended in the Guidance.

### **Minimum Revenue Provision Policy**

- For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP is calculated using the Capital Financing Requirement (CFR) method.

The CFR method calculates MRP as 2% of the non-housing CFR at the end of the preceding financial year (2% of the capital expenditure funded by supported borrowing).

- For unsupported capital expenditure incurred after 31st March 2008, MRP is calculated using the Weighted Average Asset Life method.

The Weighted Average Asset Life method requires that the MRP for non-supported debt be calculated by dividing the non-supported CFR by a weighted average of the expected lifetime of the Council's assets on an annuity instalment basis. The annuity rate applied will be the PWLB rate for the weighted average assets life at the date the policy is approved. In the case of Oadby and Wigston, the weighted average asset life is currently 31 years.

This approach gives a robust basis and has been recognised as appropriate by the external auditors in a number of authorities in the past. It also allows for borrowing which is not directly linked to a particular asset. Treasury management procedures mean that the cheapest course of action to fund expenditure is to use the Council's uncommitted cash balances before borrowing externally, due to the returns on cash deposits being lower than borrowing rates. This means that we may be able to delay borrowing whilst we use our own cash, hence when we do decide to borrow this is not always directly attributable to a specific asset, it may in fact fund a number of assets or capital enhancements to existing assets.

Capital expenditure funded by prudential borrowing in year will not be subject to a MRP charge until the following year or the year after the asset becomes operational if that is beyond the following year.

## **HRA**

No MRP will be charged in respect of assets held within the Housing Revenue Account.

This is due to:

- There is no statutory requirement to make a MRP in the HRA,
- Repayment of HRA debt began in March 2020 and
- Resources were required in the early years of the HRA business plan to fund the demands of the asset management strategy

It is planned in the short term that HRA external debt will be replaced with short term borrowing, in order to minimise the costs of servicing the debt. However, from 2025/26 onwards, it will be necessary to take on new long-term borrowing, in order maintain the proportion of short-term borrowing to gross debt below 50%.

# Appendix 5

## **INVESTMENTS STRATEGY (2025/26 – 2027/28)**

### **1.0 Introduction**

This strategy is written in accordance with guidance issued under section 15 (1) (a) of the Local Government Act 2003, the Department of Levelling Up and Housing and Communities (DLUHC) Guidance on Local Authority Investments (3<sup>rd</sup> Edition) effective from 1 April 2018, , the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (2021) and the revised CIPFA Prudential Code (2021).

The objectives of this strategy are to:

- Security - facilitate investment decisions which ensure that the Council's investment sums remain secure
- Liquidity - ensure the liquidity of investments so that the Council has sufficient cash resources available to carry out its functions at all times
- Optimum Yield - achieve the maximum return on investments after taking into account security and liquidity

### **2.0 Current Investments**

Surplus funds arising from day-to-day operations are invested based on the most up to date forecasts of interest rates and in accordance with the Council's cash flow requirements in order to gain maximum benefit from the Council's cash position throughout the year. In the current financial climate only specified investments will be considered as set out below.

### **3.0 Investments: Loans**

In accordance with relevant guidance, all investments will be placed with counterparties included on the Council's approved list. Institutions with which specified investments will be made include:

- UK government institutions and other local authorities
- institutions which have been awarded a high-quality credit rating by a credit rating agency

The length of time an investment can be placed for is specified below under each category of counterparty, normally this will be no longer than 364 days.

Non-Specified Investments are any investment not meeting the definition of a specified investment above. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.



The Council's Treasury Management Practice note 1 (3) states that 'The Section 151 Officer will be responsible for preparing for the Council a list of institutions in which the Council's funds may be invested. This list will be supported by details of the criteria employed to assess the various credit standings of counterparties'. The following credit ratings will be considered:

- Long-term ratings – these range from the highest rating of AAA to the lowest rating of D. As the title suggests, this indicator reflects the long-term stability of the institution.
- Short-term ratings - These have a time horizon of less than 12 months and therefore place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner. As most of the Council's investments are expected to be for less than 364 days, this is of particular importance. The ratings are F1 (highest credit quality), F2 (good credit quality), F3 (fair credit quality) and B to D (representing various levels of potential default).
- Individual ratings – These range from the highest of A to the lowest of F. This rating is only assigned to banks and attempts to assess how it would be viewed if it were entirely independent and could not rely upon external support.
- Support ratings – These range from 1 to 5 with 1 being the highest. It is a judgement on whether a bank would receive support should this become necessary. It is assumed that any such support would come from the sovereign state or institutional owners.

The Council's counterparty list needs to provide security for the amounts invested whilst containing a sufficient number of institutions with which to place funds. For the purpose of this strategy in respect of Categories 1 and 2 below, only counterparties that meet all of the following criteria will be considered for investment.

- UK banks
- Building societies with asset bases in excess of £6 billion.
- By reference to all three major credit rating agencies (Fitch, Standard and Poor's, Moody's) only those that reach the minimum standard for the lowest agency rating set out.

### Category 1

The minimum ratings that will be considered for all agencies are set out below:

Term	Credit Agency		
	Fitch	Moody's	S & P
Short	F1	P1	A1
Long	AA-	AA3	AA-
Individual	C	D	
Support	3		

For any organisation that meets the above criteria, up to £1.5m may be invested at any one time for a maximum duration of 364 days.

**Any building society that meets the above criteria must also have an asset base in excess of £6 billion.**

### Category 2

The minimum ratings that will be considered for all agencies are set out below:

Term	Credit Agency		
	Fitch	Moody's	S & P
Short	F1	P1	A1
Long	A	A2	A1
Individual	C	D	
Support	3		

For any organisation that meets the above criteria, up to £1m may be invested at any one time for a maximum duration of maximum duration of 364 days.

**Any building society that meets the above criteria must also have an asset base in excess of £6 billion.**

Other counterparties that can be used and any restrictions applicable are set out below.

### Debt Management Office

Investments of a maximum duration of 6 months can be made with this Government department and are unrestricted in value.

### Public Authorities in England, Scotland and Wales

Investments totalling up to £5m at any one time with a maximum duration of three years can be made with these bodies. These include local government, fire and police authorities.

The Council exercises due diligence by assessing the organisation's financial stability. This is achieved by reviewing their credit status, most recent audited

financial statements, auditor's report, budget report and current news which is financial in nature. All decisions are signed off by the Section 151 Officer or the Deputy Section 151 Officer.

### Money Market Funds

Investments of up to £1.5m per fund at one time can be made provided they are AAA rated.

Credit ratings are monitored on a daily basis using Arlingclose credit rating service by the Section 151 Officer who will determine the amendments to be made to the counterparty list when credit ratings change.

The proposed counterparty list for investments is given at Annex 1.

The period for which investments are placed will be based on the Council's cash flow forecasts and estimates of movements in interest rates. The Council generally does not expect to place investments for longer than 364 days. This situation will be kept under review by the Section 151 Officer should a longer-term investment opportunity occur. Long-term investments will only be made where it is clear that surplus cash resources are not required for the day-to-day financing of the Council's activities. The maximum period for any long-term investments will be the three-year planning cycle covered by this strategy.

## **4.0 Policy on the Use of External Service Providers**

External advisors will be used when appropriate e.g. to undertake independent valuations prior to acquisition, asset valuation or when there is a lack of expertise in-house regarding an industry.

The Authority uses Arlingclose as an external treasury advisor but still recognise that responsibility for treasury management decisions remains with the Council at all times. Whilst it is recognised that undue reliance should not be placed on external advisors, it is valuable to be able to access specialist skills and resources.

## **5.0 Scheme of Delegation**

Full Council

- Approval of annual strategy
- Review of treasury management policy and procedures, including making recommendations to responsible body

Policy, Finance and Development Committee

- Approval of annual treasury outturn report
- Approval of mid year treasury management updates
- Mid year treasury management updates

Section 151 Officer

- Day to day management of treasury management, within agreed policy
- Appointment of external advisors, within existing Council procurement procedures and standing orders.

## **6.0 Role of Section 151 Officer**

The Section 151 Officer has day to day responsibility for running the treasury management function.

## **7.0 Ethical Investment Strategy**

The Council aims to be aware of ethical issues within its investment strategy. Where any member of the Council becomes concerned about such issues, these matters should be reported to the Section 151 Officer. Where necessary, the Section 151 Officer will then present a response to the concerns raised to the next meeting of the Policy, Finance and Development Committee.

**EXTERNAL INVESTMENT OF FUNDS - APPROVED INSTITUTIONS****Category 1**

<b>Restrictions</b>	
<b>Max Amount £m</b>	1.5
<b>Duration</b>	364 days
<b>Asset Base (Building Societies Only)</b>	£6 bn

**Category 2**

<b>Restrictions</b>	
<b>Max Amount £m</b>	1
<b>Duration</b>	364 days
<b>Asset Base (Building Societies Only)</b>	£6 bn

The following institutions will also be classed as Category 2 although they currently may not meet the exact criteria.

Barclays Bank Plc

Lloyds Bank Plc

HSBC Plc

Santander UK Plc

National Westminster Bank Plc

Royal Bank of Scotland Plc

Bank of Scotland Plc

Nationwide Building Society

**Debt Management Office**

<b>Restrictions</b>	
<b>Max Amount £m</b>	N/A
<b>Duration</b>	6 months

Operated by a National Government Department

### **Public Authorities in England, Scotland and Wales**

<b>Restrictions</b>	
<b>Max Amount £m</b>	5
<b>Duration</b>	3 Years

All public authorities (including local government, fire and police authorities) in England, Wales and Scotland

### **Money Market Funds**

<b>Restrictions</b>	
<b>Max Amount £m</b>	1.5
<b>Duration</b>	N/A

Funds must be AAA-rated and operated by a company regulated by the Financial Services Authority. The Section 151 Officer, under delegated powers, will choose the appropriate fund(s).

## Flexible Use of Capital Receipts Strategy (2025/26)

### 1 Introduction

- 1.1 In the 2022/23 Provisional Local Government Finance Settlement the following was announced:

***Extension of the flexibility to use capital receipts to fund transformation projects.***

*We are also announcing a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. We will provide further details on the extension in due course.*

- 1.2 On 4 April 2022, the Department of Levelling Up, Housing, and Communities confirmed this extension and published Guidance and a Direction. On 18<sup>th</sup> December 2023, it was announced that the flexibility scheme would be further extended to 31<sup>st</sup> March 2030.
- 1.3 The Council has previously produced strategies to 2022/23 in respect of the previous flexibility. This Strategy has been updated and produced for the financial year 2025/26, in the light of the extension and revised Guidance received in 2022 and 2023.

### 2 Objectives and purpose

- 2.1 This Strategy is intended to enable the Council to potentially take advantage of this flexibility if appropriate. The Strategy forms part of the delivery of the Corporate Strategy and particularly supports the theme of Financial Sustainability.
- 2.2 The objectives of this Strategy are to:
- Outline the methodology for funding projects using this flexibility;
  - Identify actual and potential capital receipts that could be utilised to fund transformation projects;
  - Identify projects that are considered to be eligible and which could be funded by this method;
  - In subsequent years, report on the progress of projects approved in previous years.
- 2.3 The Guidance sets out examples of qualifying expenditure which includes “funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation” and it is for this purpose that the Council is proposing to use Capital Receipts in 2025/26.

### **3 2025/26 Revenue Budget**

- 3.1 To support the significant and continued reconfiguration of the Council's Services to deliver the improvement and efficiencies set out in the Council's budget for 2025/26, it proposed that the associated one-off costs are funded from capital receipts. The legitimacy of this use will be determined by the S151 Officer in order to ensure that it meets the requirements set out by the Secretary of State.

### **4 The Prudential Code**

- 4.1 The Council has due regard to the requirements of the Prudential Code and the impact on its prudential indicators from the application of this Flexible Use of Capital Receipts Strategy.
- 4.2 Any capital receipts which are received and not allocated will be used to fund revenue costs incurred to support the Council's service development and delivery of savings and efficiencies. These receipts have not been earmarked as funding for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy.
- 4.3 The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this scheme within the 2024/25 Statement of Accounts.

### **5 Monitoring the strategy**

- 5.1 Implementation of this Strategy will be monitored as part of regular financial reporting arrangements.

### **6 Projects and activities to be funded by the Flexible Use of Capital Receipts**

- 6.1 The following sets out the projects and activities that the Council is currently undertaking.

<b>Project</b>	<b>Description and Progress</b>	<b>Lead</b>	<b>Planned value and timing of use of receipts</b>
Customer Improvement Officer	Revenue costs associated with the funding of this post.	Head of Customer Services and Transformation	£50,000 per annum 2022/23 – 2025/26





<b>Full Council</b>	<b>Thursday, 20 February 2025</b>	<b>Matter for Information</b>
---------------------	---------------------------------------	-----------------------------------

**Report Title:** **External Audit Progress Report (January 2025)**

**Report Author(s):** **Richard Anderson (External Audit – Audit Director)**  
**Colleen Warren (Chief Finance Officer / Section 151 Officer)**

<b>Purpose of Report:</b>	To present the External Auditors Progress Report 2023/24 Accounts
<b>Report Summary:</b>	The Annual Report details the auditors commentary on the Councils arrangements for securing economy, efficiency and effectiveness in its use of resources.
<b>Recommendation(s):</b>	<b>To note the contents of the report and appendices.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Colleen Warren (Chief Finance officer / Section151 Officer) (0116) 257 2759 <a href="mailto:colleen.warren@oadby-wigston.gov.uk">colleen.warren@oadby-wigston.gov.uk</a>  Richard Anderson (External Audit – Audit Director) (0121) 812 7658 <a href="mailto:richard.j.anderson@uk.gt.com">richard.j.anderson@uk.gt.com</a>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Deputy Monitoring Officer:	The report is satisfactory.

<b>Consultees:</b>	None.
<b>Background Papers:</b>	None.
<b>Appendices:</b>	<ol style="list-style-type: none"> <li><b>1.</b> Audit Findings Report</li> <li><b>2.</b> Auditors Annual Report to 31 March 2024</li> </ol>

## **1. Audit Findings Report**

- 1.1 This report outlines the key findings and matters arising from the statutory audit of the Councils financial statements for the period ending 31<sup>st</sup> March 2024. Detailed in Appendix B are the recommendations from the External Auditors for management, in appendix C the follow up recommendations from the prior year audit are detailed and in Appendix D the audit adjustments are detailed.
  - 1.1.1 Appendix E details the Fees and non-audit services provided.
  - 1.1.2 Appendix F shows the Management letter of Representation.
  - 1.1.3 Appendix G gives the Audit opinion.

## **2. Interim Auditors Annual Report**

- 2.1 The 2023-24 Annual Auditors report does not identify any significant weaknesses within the Councils arrangements. However, there is one recommendation still in progress from the 2022/23 report which is in relation to the development of further income generation and savings schemes in order to address the forecast in the Medium-Term Financial Plan.

# The Audit Findings Report for Oadby & Wigston Borough Council

**Year ended 31 March 2024**

13 January 2025

~ Page 71 ~





Oadby & Wigston Borough Council  
 Brocks Hill Council Offices  
 Washbrook Lane  
 Oadby  
 Leicester  
 LE2 5JJ

22 January 2025

## Private and Confidential

Grant Thornton UK LLP

17<sup>th</sup> Floor  
 103 Colmore Row  
 Birmingham  
 B3 3AG

+44(0)121 212 4000

[www.grantthornton.co.uk](http://www.grantthornton.co.uk)

## Audit Findings for Oadby & Wigston Borough Council for the year ended 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

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 expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf](https://www.grantthornton.co.uk/transparency-report-2023.pdf) ([grantthornton.co.uk](http://grantthornton.co.uk)).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

**Richard Anderson**

Director  
 For Grant Thornton UK LLP

### Chartered Accountants

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# Contents



**Your key Grant Thornton  
team members are:**

**Richard Anderson**

Key Audit Partner

E richard.j.anderson@uk.gt.com

**Kirsty Lees**

Senior Manager

E kirsty.lees@uk.gt.com

**Allison Thomas**

Assistant Manager

E allison.thomas@uk.gt.com

**Section**

1. Headlines
2. Financial statements
3. Value for Money arrangements
4. Independence and ethics

**Page**

4  
7  
22  
24

**Appendices**

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of financial statements
- C. Follow up of prior year recommendations
- D. Audit adjustments
- E. Fees and non-audit services
- F. Management Letter of Representation
- G. Audit opinion

27  
28  
30  
33  
42  
44  
46

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Oadby & Wigston Borough Council (‘the Council’) and the preparation of the Council's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

## Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (‘the Code’), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work has been completed both on site and remotely during July to September, as planned. Our findings are summarised on pages 4 to 25. We have identified 4 adjustments to the financial statements that have resulted in a £2m adjustment to the Council’s Comprehensive Income and Expenditure Statement. We also identified a prior period adjustment corresponding to one of these misstatements, where some of the impact has been adjusted for in the opening balance for the current financial year. These have no impact on the level of the Council’s usable reserves.

Audit adjustments are detailed at Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out at Appendix B. Our follow up of recommendations from the prior year’s audit are detailed at Appendix C.

Our work is now complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix G) or material changes to the financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our financial statements audit report opinion will be unmodified.



# 1. Headlines

## Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

Our work on the Council's value for money (VFM) arrangements is reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR). This report is included on the agenda for the 22 January Audit Committee.

In January 2024 we reported one significant weakness in relation to the Council's latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings. We raised a key recommendation that the Council take urgent action to implement savings plans identified to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26. Members have fully embraced the difficult decisions required and in February 2024 the Council agreed a breakeven budget, without the need to use reserves, which also included a further £0.326m of growth and cost pressures identified since December 2023. The MTFP 2024/25 to 2028/29 now shows a forecast cumulative surplus. Our Key Recommendation has been addressed and we are satisfied there was not a significant weakness in arrangements in this areas as at 31 March 2024, however we have reported the instance of an in-year significant weakness in our audit report.

## Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

No additional powers have been used.

We cannot formally conclude the audit and issue an audit certificate for Oadby & Wigston Borough Council for the year ended 31 March 2024. The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. The NAO has requested that we do not issue a certificate, even where the audit is below the threshold, pending completion of its own work. We are satisfied that this work would not have a material effect on the financial statements for the year ended 31 March 2024.

## Significant matters

We did not encounter any significant difficulties arising during our audit.

# 1. Headlines

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## National context – audit backlog

---

### Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament [Written statements - Written questions, answers and statements - UK Parliament](#). This confirmed the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024.

The government has set out its intention that from 2023/24, auditors should work with local authorities to begin the process of recovery. A backstop date for 2023/24 has been proposed of 28 February 2025, and a date for 2024/25 audits of 27 February 2026.

This does not affect Oadby & Wigston Borough Council as the 2022/23 financial statements were signed on 16 April 2024 and the audit of the 2023/24 financial statements was completed ahead of the proposed backstop date of 28 February 2025.

### New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has also laid a new Code before Parliament. One of the objectives in the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Auditor's Annual Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

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## National context – level of borrowing

---

All councils continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on council budgets, there are concerns as councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. Oadby & Wigston Borough Council had borrowings of £36.6m as at 31 March 2024, comprising almost exclusively of Public Works Loans Board (PWL) loans. From our planning work on value for money, we have not identified any indicators of issues with the level of borrowing at the Council, its ability to repay the borrowing, or the uses for the borrowing.

---



## 2. Financial statements

### Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

### Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

### Conclusion

We have now completed our audit of your financial statements and we anticipate issuing an unqualified audit opinion, as detailed in Appendix G.

#### Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

# 2. Financial statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan in April 2024.

We set out in this table our determination of materiality for Oadby & Wigston Borough Council.

~ Page 78 ~

Amount (£) Qualitative factors considered	
Materiality for the financial statements	481k As communicated in our audit plan, we determined materiality at the planning stage to be £481k based on prior year gross operating costs. We reconsidered planning materiality on receipt of the draft financial statements, but did not consider it necessary to update our materiality threshold based on current year gross operating costs.
Performance materiality	288k Performance materiality has been set at 60% of financial statements materiality. This reflects our risk assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. It is the amount we set at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial matters	24k Taken as a proportion of the materiality threshold, we consider that any matters below this threshold would be clearly inconsequential, taken individually or in aggregate. We will report to you all misstatements identified in excess of £24k.
Materiality for the senior officers’ remuneration disclosure	8.7k Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set.

# 2. Financial statements – Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<b>Fraudulent revenue recognition (rebutted)</b> ISA (UK) 240	<p>Under ISA (UK) 240 there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.</p> <p>It was reported in our Audit Plan that we had rebutted the presumed significant risk of material misstatement arising from improper revenue recognition of the Council’s income streams. Our work has not identified any issues that would change our assessment.</p>
<b>Fraudulent expenditure recognition</b> PAF Practice Note 10	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). As most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>It was reported in our Audit Plan that we had determined there was no significant risk of material misstatement arising from improper expenditure recognition of the Council’s expenditure streams. Our work has not identified any issues that would change our assessment.</p>

## 2. Financial statements – Significant risks

Risks identified in our Audit Plan	Commentary
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of controls, and in particular journals, management estimates, and transactions outside the normal course of business as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated the design and implementation of management controls over journals;</li> <li>• analysed the journals listing and determined the criteria for selecting high risk unusual journals;</li> <li>• identified unusual journals made during the year and the accounts production stage;</li> <li>• tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;</li> <li>• gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence (specifically the material estimates of property valuations and the net pension liability); and</li> <li>• evaluated the rationale for any changes in accounting policies, estimate or significant unusual transactions.</li> </ul> <p>Our work did not identify any issues in respect of management override of controls or any changes to accounting policies or estimation processes used by management.</p>

## 2. Financial statements – Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of council dwellings

The Council contracts an expert to provide annual valuations of council dwellings based on guidance issued by the Ministry of Housing, Communities, and Local Government (MHCLG). They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor. Dwellings are divided into asset groups (a collection of properties with common characteristics) and further divided into archetype groups based on uniting characteristics material to their valuation, such as number of bedrooms. A sample property, the “beacon”, is selected which is considered to be representative of the archetype group and a detailed inspection carried out. The valuation of this asset is then applied to all assets within its archetype.

The key inputs into the valuation are the social housing factor, consideration of market movements, and the determination of the beacons.

We therefore have identified that the accuracy of the key inputs driving the valuation of council dwellings as a significant risk.

We have:

- evaluated management's processes and assumptions for the calculation of the estimates, the instructions issued to the valuation expert, and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the Code are met;
- assessed the instructions issued by the Council to the valuer, the scope of the Council's valuer's work, the Council's valuer's reports and the assumptions that underpin the valuations;
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; and
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register.

Our work did not identify any issues.

## 2. Financial statements – Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of land and buildings

The Council revalues its land and buildings on a rolling basis.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£23.4m in the Council's Balance Sheet at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions.

Management will need to ensure that the carrying value in the Council's financial statements is not materially different from the current value at the financial statements date.

We therefore identified valuation of land and buildings as a significant risk of material misstatement.

We have:

- evaluated management's processes and assumptions for the calculation of the estimates, the instructions issued to the valuation expert, and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the Code are met;
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding;
- assessed the instructions issued by the Council to the valuer, the scope of the Council's valuer's work, the Council's valuer's reports and the assumptions that underpin the valuations; and
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register.

During the course of our work we identified an aggregated difference of £1.3m between the fixed asset register and the valuation report relating to two assets, resulting in an understatement of asset values in the draft financial statements – see Appendix D. The final financial statements have been updated to correct for this issue. We have not identified any other issues.

## 2. Financial statements – Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of the net pension fund liability

The Council's pension fund net liability, as reflected in its balance sheet within 'other long term liabilities', represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£8.6m in the Council's Balance Sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of Practice for Local Government Accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the net pension liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (the actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuary;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liabilities;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report;
- reviewed management's assessment under IFRIC 14 to determine whether any additional onerous liability was appropriately recognised; and
- obtained assurances from the auditor of the Leicestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund; and the fund assets valuation in the pension fund's financial statements.

We have reported our detailed review of the estimation process in the key judgements and estimates section on page 16.

From our work we identified that following the requirements of IFRIC 14 there was an unrecognised additional onerous liability of £5.4m as at 31 March 2024, a portion of which (£2.1m) should have been recognised at 31 March 2023. Management has processed a prior period adjustment to amend the closing prior period balance for the net pension liability and has reflected an in-year adjustment to ensure that the full additional onerous liability is recognised at 31 March 2024. See Appendix D.

Separately, we noted that the pensionable pay data provided by the Council to the actuary only includes pensionable pay for active employees but should also include pensionable pay for leavers during the year. Whilst we are satisfied that this would not have a material impact on the overall pension liability, we have raised a control recommendation – see Appendix B.

The assurances from the pension fund auditor identified a misstatement in gross pension asset values. This has led to an unadjusted misstatement in the Council's accounts – see Appendix D.

We did not identify any other issues.

# 2. Financial statements – Key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber} We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Significant judgement or estimate	Summary of management’s approach	Audit comments	Assessment
Land and building valuations £23.4m	<p>Other land and buildings comprises specialised assets such as leisure centres and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council engaged an external valuer to complete the valuation of properties as at 31 March 2024. All land and building assets were revalued during 2023/24.</p> <p>The total year end valuation of land and buildings was £23.4m, a net decrease of £1.2m from 2022/23 (£24.6m).</p>	<p>We have:</p> <ul style="list-style-type: none"><li>• deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of the estimate;</li><li>• not identified any issues with the completeness and accuracy of the underlying information used to determine the estimate;</li><li>• not identified any concerns over the competence, capabilities and objectivity of the valuation expert used by the Council;</li><li>• considered the movements in the valuations of individual assets and confirmed their consistency with national indices; and</li><li>• not identified any indicators of management bias in determining the estimate or evidence that might contradict management’s assessment.</li></ul> <p>As noted on page 12, we identified an aggregated difference of £1.3m between the fixed asset register and the valuation report relating to two assets, resulting in an understatement of asset values in the financial statements – see Appendix D. This has been corrected in the final version of the financial statements. We have not identified any other issues.</p>	Green - We consider management’s process is appropriate and key assumptions are neither optimistic or cautious



## 2. Financial statements – Key judgements and estimates









Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Council dwellings valuations £78.4m	The Council owns 1,182 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged Innes England to complete the valuation of these properties. The year end valuation of council dwellings was £78.4m, a net increase of £0.1m from 2022/23 (£78.3m).	<p>We have:</p> <ul style="list-style-type: none"> <li>deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of the estimate;</li> <li>not identified any issues with the completeness and accuracy of the underlying information used to determine the estimate;</li> <li>no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council;</li> <li>considered the movements in the valuations of individual assets and their consistency with national indices;</li> <li>not identified any material errors within the disclosures in the financial statements; and</li> <li>considered management bias in determining the estimate and evaluated evidence that might contradict management's assessment.</li> </ul> <p>We have not identified any issues from our work.</p>	Green - We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial statements – Key judgements and estimates





Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment																								
Net pension liability £3.1m	<p>The Council's net pension liability at 31 March 2024 is £8.6m (PY £8.5m) comprising the Leicestershire Pension Fund funded and unfunded defined benefit pension scheme obligations. The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation of the Leicestershire Pension Fund was completed for 31 March 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>assessed management's expert;</li> <li>used PwC as auditor's expert to assess the actuary and the assumptions made by the actuary – see table below for the comparison made;</li> <li>confirmed that the Council's share of LGPS pension assets is in line with expectations;</li> <li>confirmed that the increase in the estimate is reasonable;</li> <li>assessed the approach taken by the actuary;</li> <li>reviewed management's assessment under IFRIC 14 to determine whether any additional onerous liability was appropriately recognised;</li> <li>performed procedures around the completeness and accuracy of the underlying information used to determine the estimate; and</li> <li>reviewed the adequacy of the disclosure of the estimate in the financial statements.</li> </ul> <table> <tr> <th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>4.80%</td><td>4.80% - 4.85%</td><td>● Appropriate</td></tr> <tr> <td>Pension increase rate</td><td>2.80%</td><td>2.80% - 2.85%</td><td>● Appropriate</td></tr> <tr> <td>Salary growth</td><td>3.30%</td><td>3.25% - 5.25%</td><td>● Appropriate</td></tr> <tr> <td>Life expectancy Males currently aged 45 / 65</td><td>45: 21.5 years 65: 21.2 years</td><td>N/A</td><td>● Appropriate</td></tr> <tr> <td>Life expectancy Females currently aged 45 / 65</td><td>45: 25.5 years 65: 24.1 years</td><td>N/A</td><td>● Appropriate</td></tr> </table> <p>Note that PwC has not provided ranges for the mortality assumptions of Hymans Robertson as the actuary uses individual employer-level life expectancies. PwC has confirmed that the methodology used is reasonable.</p> <p>As noted on page 13, we identified that following the requirements of IFRIC 14 there was an unrecognised additional onerous liability of £5.4m as at 31 March 2024, a portion of which (£2.1m) should have been recognised at 31 March 2023. See Appendix D. We also noted an issue with the data supplied to the actuary– see Appendix B – and the value of gross pension assets at the pension fund, of which the Council has a share of the error – see Appendix D. No other issues were identified.</p>	Assumption	Actuary value	PwC range	Assessment	Discount rate	4.80%	4.80% - 4.85%	● Appropriate	Pension increase rate	2.80%	2.80% - 2.85%	● Appropriate	Salary growth	3.30%	3.25% - 5.25%	● Appropriate	Life expectancy Males currently aged 45 / 65	45: 21.5 years 65: 21.2 years	N/A	● Appropriate	Life expectancy Females currently aged 45 / 65	45: 25.5 years 65: 24.1 years	N/A	● Appropriate	Green - We consider management's process is appropriate and key assumptions are neither optimistic or cautious
Assumption	Actuary value	PwC range	Assessment																								
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# 2. Financial statements – Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating				Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks	
Integra	ITGC assessment (design effectiveness only)	 (PY  )	 (PY  )	 (PY  )	 (PY  )	Management override of controls	<p>We identified that there is no review of activities, performed by individuals with superuser access (Admins) to Integra2. There is a risk that superusers could be making unauthorised changes to the system without management being aware.</p> <p>Enhanced procedures incorporated into our journals testing to address the deficiencies identified. More detail on the deficiencies identified is included within Appendix C.</p>

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

## 2. Financial statements – Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is set out at Appendix F.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and treasury partners. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements, though we did note that there was no disclosure for the accounting policy relating to allowance for impaired debt or expected credit loss allowances – this is included in Appendix D.</p> <p>A number of disclosure changes were made to the draft financial statements to improve overall compliance with the CIPFA code and accounting standards. Please refer to Appendix D for all disclosures changes made.</p>
Audit evidence and explanations	All information and explanations requested from management were provided.

## 2. Financial statements – Other communication requirements



### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA [UK] 570)

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities.</li> <li>for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of the Council and the environment in which it operates</li> <li>the Council’s financial reporting framework</li> <li>the Council’s system of internal control for identifying events or conditions relevant to going concern</li> <li>management’s going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified</li> <li>management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

## 2. Financial statements – Other responsibilities under the Code

Issue	Commentary
<b>Other information</b>	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix G.</p>
<b>Matters on which we report by exception</b>	<p>We are required to report on a number of matters by exception in the following areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness.</li> </ul> <p>We reported a significant weakness in Value for Money arrangements in January 2024 – see page 23. Whilst we are satisfied that our Key Recommendation has been addressed and that there was not a significant weakness in arrangements in this areas as at 31 March 2024, we are required to report that a significant weakness was identified in year in our audit report.</p> <p>We have nothing else to report on these matters.</p>



## 2. Financial statements – Other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. We are satisfied that this work would not have a material effect on the financial statements for the year ended 31 March 2024.</p>
Certification of the closure of the audit	<p>We cannot yet certify the closure of the 2023/24 audit of Oadby &amp; Wigston Borough Council due to changes in the NAO instructions issued to us as part of WGA procedures.</p>



# 3. Value for Money arrangements (VFM)

## Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

~ Page 92 ~



### Improving economy, efficiency and effectiveness

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



### Financial Sustainability

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

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.



### 3. VFM – Our procedures and conclusions

We have now completed our VFM work. Our detailed commentary is set out in the Auditor's Annual Report, which is presented to the Audit Committee as a separate item.

Our planning work identified one significant weakness in arrangements. This was in the area of financial sustainability and was identified whilst following up progress against the improvement recommendations raised in our Auditor's Annual Report for 2021/22. On 16 January 2024 we reported a significant weakness in relation to the Council's latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings. We raised the following key recommendation:

Key recommendation	The Council needs to take urgent action to implement savings plans identified to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26.
Management response	The Council (12 December 2023) considered the emerging budget position for 2024/25. Council approved the sustainability plan (appendix 4 to the report) in the main, including moving to alternative weekly refuse and recycling collections. Some small changes to proposals were made requiring a small increase in savings to be found through service transformation, however all the suggestions put forward to meet the £1.267m gap have been approved including an ongoing commitment that the Council should not use reserves to balance the revenue budget.

As part of our detailed work, we assessed the Council's progress against this key recommendation and considered whether there were any further significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

**Financial sustainability:** We have closed the key recommendation in regard to urgently developing savings plans. However, we have raised an improvement recommendation that the Council should continue to address the financial challenges that it faces. The one prior year improvement recommendation in relation to better demonstrating how the annual budget supports achievement of the Council's priorities has not been addressed and is carried forward.

**Governance:** Our work did not identify any areas where we considered that key or improvement recommendations were required. The one prior year improvement recommendation regarding budget setting is carried forward as it is too early in the financial year to be able to conclude on this.

**Improving economy, efficiency and effectiveness:** Our work did not identify any areas where we considered that key or improvement recommendations were required. However, we have assessed commissioning and procurement arrangements as "Amber" owing to the Internal Audit findings – we have not duplicated their recommendations.

We are satisfied that there were no significant weaknesses in the Council's arrangements as at 31 March 2024.

# 4. Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, and managers). There are no such matters to disclose to you.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council’s Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are in Appendix E.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or investments in the Council held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council’s members, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# 4. Independence and ethics

## Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified as having been charged from the beginning of the financial year to September 2024, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £ 2022-23	Fees £ 2023-24	Threats identified	Safeguards
Audit related				
Certification of Housing Benefits Subsidy Claim	18,800	35,640	Self-interest (because this is a recurring fee)	The level of these recurring fees taken on their own is not considered a significant threat to independence as the fees for these pieces of work in comparison to the total fee for the audit of £138,539 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, they are fixed fees and there is no contingent element to them. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Pooling of Housing Capital Receipts Claim	10,000	10,000	Self-review (because GT provides audit services) Management (because providing information to external bodies is the responsibility of management)	

These services are consistent with the Council’s policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee. None of the services provided are subject to contingent fees.

# Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of financial statements
- C. Follow up of prior year recommendations
- D. Audit adjustments
- E. Fees and non-audit services
- F. Management Letter of Representation
- G. Audit opinion

# A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

## B. Action plan – Audit of financial statements

We have identified 4 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p><b><u>Unsupported disposals and scrapped assets</u></b></p> <p>Our testing of asset disposals identified some assets where management were unable to provide sufficient evidence to show appropriate disposal and derecognition. There is a risk that disposals could have occurred in a previous or future financial year, or not at all.</p>	<p>We recommend that management consider retaining clearer records on assets sales and disposals in order to satisfy audit requirements.</p> <p><b>Management response</b></p> <p>From January 2025 an annual review of assets will be carried out to ensure that any assets disposed of or scrapped are identified and removed from the asset register.</p>
Medium	<p><b><u>Coding of Collection Fund income and precepts and levies</u></b></p> <p>Collection fund income and precepts and levies expenditure were charged directly to reserves instead of the relevant CIES account codes. This was due to coding errors and so while the net of the two accounts appear correct, we could only verify the split between the collection fund income and precepts and levies expenditure by using the work carried out in Council working papers.</p>	<p>We recommend that management should consider implementing a timely reconciliation of expenditure and income categories to detect any errors in advance of the final accounts audit.</p> <p><b>Management response</b></p> <p>In-year reconciliations and checks will be carried out to ensure that all income and expenditure is coded correctly and in the appropriate accounting code.</p>

### Controls

- High – Significant effect on financial statements
- Medium – Limited effect on financial statements
- Low – Best practice

## B. Action plan – Audit of financial statements

Assessment	Issue and risk	Recommendations
Medium	<p><u>Data provided to external experts</u></p> <p>The pensionable pay data provided to the actuary only included pensionable pay for active employees, but should also have included pensionable pay for leavers during the year. There is a risk that estimates included within the financial statements are based on incorrect source data, leading to a misstatement.</p>	<p>Whilst we are satisfied that this would not have a material impact on the financial statements, we recommend that management implement controls to ensure that all relevant source data is provided to external experts.</p> <p><b>Management response</b></p> <p>Checks will be made to ensure that all pay data provided includes pensionable pay from both current staff and leavers.</p>
Medium	<p><u>Obtaining declarations of interests</u></p> <p>There was one instance of a declarations form not being completed by a sitting Councillor. In 2023/24 we have undertaken alternative procedures to confirm the related party transaction disclosure in the accounts is complete. However, there is a risk that transactions with a related party could be omitted from the disclosure in the accounts, where declarations are not returned.</p>	<p>We recommend that the Council obtains and holds declarations for all Councillors and all senior officers, and that they are updated on a regular basis.</p> <p><b>Management response</b></p> <p>Declarations are sent out annually and we will continue to chase for completion as necessary.</p>

### Controls

- High – Significant effect on financial statements
- Medium – Limited effect on financial statements
- Low – Best practice

# C. Follow up of prior year recommendations

We identified the following issues in the audit of Oadby & Wigston Borough Council's 2022/23 financial statements, which resulted in 6 recommendations being reported in our 2022/23 Audit Findings Report. We are pleased to report that management has implemented 4 of our recommendations but note that 2 are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b><u>Minimum Revenue Provision</u></b></p> <p>From our review of the Council's Minimum Revenue Provision (MRP) we identified that the Council's published MRP Policy states that they are using Option 2 for supported debt. Using this option MRP is calculated using the CFR (Capital Financing Requirement, as defined in the Prudential Code) method. The statutory guidance states this should be 4% of the non-housing CFR for the preceding financial year. However, the Council's policy states that 2% should be used. The guidance does allow the Council to amend the percentage rate, however the MRP Policy does not explain that they are doing this or the basis for the amendment.</p> <p>The Council should review its MRP policy to ensure that it documents compliance with statutory guidance and that it explains the basis for the calculation.</p>	<p>Management has confirmed that the MRP policy was reviewed in year and a new methodology has now been implemented, though we note that the previous policy was in place for the financial year being audited.</p>
✓	<p><b><u>Useful Economic Lives</u></b></p> <p>Our review of the Useful Economic Lives Vehicle, Plant &amp; Equipment Assets that a number of assets totalling £4.45m were fully depreciated. In some cases the assets were no longer in use by the Council.</p> <p>IAS 16 - Property, Plant &amp; Equipment (paragraph 51) requires that the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate. For the remaining balance we recommend that the Council reviews their useful economic lives to ensure that they remain appropriate.</p>	<p>Management has confirmed that a review was undertaken in year of assets with a nil net book value. This exercise identified assets with a gross book value of approximately £2m that were no longer in use, and these have been written out in year. A review of useful lives was also undertaken during the year.</p> <p>However we note that there are still assets within the financial statements with a gross book value of approximately £2.5m held at nil net book value. Our testing support there not being a risk of material misstatement in relation to this balance. Going forward, management has confirmed that assets with nil net book value will be assessed annually.</p>

## Assessment

✓ Action completed

X Not yet addressed

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# C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>Expected Credit Losses</u></p> <p>The Council does not allow credit for customers, such that all of the debtor's balance is past its due date for payment. The Council sets aside a provision for non-payment of these debtors based on the age of debt and the historic experience of default on these balances.</p> <p>For 2022/23 the Council reviewed the % used to calculate these provisions and amended the % set aside for sundry and Housing Benefit debtors, however the reasons for these changes were not documented.</p> <p>For any future changes in % rate the reasons for this change should be documented and approved by senior member of the finance team.</p>	<p>There were no changes to how this balance was calculated for 2023/24 however management has confirmed that the process for any changes in the future has been updated to include a referral to the CFO.</p>
X	<p><u>IT controls – General Ledger</u></p> <p>We identified that there is no review of activities, performed by individuals with superuser access (Admins) to Integra2. There is a risk that superusers could be making unauthorised changes to the system without management being aware.</p> <p>Management should consider whether a central review of all superuser activity could be undertaken to mitigate the risk of undetected unauthorised activity.</p>	<p>We have confirmed that there is no central review of superuser activity. Management has confirmed that although the superusers identified work within the transactional processing process of the finance department, they do not work within the management accounting part of the team. Management consider there to be limited risk when supplier details are changed, with only bank detail changes being considered risky. All bank detail changes are now checked by making a call to the supplier using publicly available contact information to validate bank details. Evidence of this check is reviewed by a finance manager to approve the change.</p>
✓	<p><u>IT controls – New User Access</u></p> <p>The process for an account set up does not include creation and authorisation, before the account goes live. There also does not seem to exist a proper access authorisation process with access areas appointed by a Senior manager or an account log in report.</p> <p>Management should consider the controls in place to make sure that accounts are set up correctly and relevant access is provided to employees and there is transparency of their activity on the system.</p>	<p>Management has confirmed that ledger access and authorisation levels for new users now requires manager approval, and we have verified this from our observations of controls around the finance system.</p>

## Assessment

✓ Action completed

X Not yet addressed

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# C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b><u>Grants Received in Advance</u></b></p> <p>Grants should only be recognised as a Grant Received in Advance when there are conditions attached to the grants that have not been satisfied.</p> <p>Our testing of testing of Grants Received in Advance identified 3 grants where there were no unsatisfied conditions and should therefore not have been recognised as a Grant Received in Advance.</p> <p>Management should review all grants classified as received in advance to ensure that they still meet the criteria for this recognition and still have unsatisfied grant conditions.</p>	<p>Management has confirmed that this review took place for the 2023/24 financial year. We have not identified any errors in our sample testing of the grants received in advance balance.</p>
✓	<p><b><u>Collection Fund Audit Trails</u></b></p> <p>We have identified a number of issues in obtaining audit trails and transaction listings in relation to the Collection Fund. Due to the nature of the Council Tax and NNDR system certain reports (e.g. NNDR / CTAX arrears, accounts in receipt of discounts / reliefs) cannot be run retrospectively and must be run on the day.</p> <p>Officers have been able to produce acceptable audit trails by pulling together information from various system reports but this has involved a significant amount of work for both officers and auditors.</p> <p>Management should ensure that the all the required system reports from the Council Tax and NNDR system are run on a timely basis.</p>	<p>Management has confirmed that a consultant was brought in to assist with running the reports. These reports are now run on a schedule and any ad hoc reports will be run as required and added to a schedule if needed.</p>

## Assessment

✓ Action completed

X Not yet addressed

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# D. Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
<b>Impact of IFRIC 14 on the net pension liability</b>				
During the course of the audit, a national issue emerged in relation to IFRIC 14, which identified that an additional onerous pension liability existed and had not been recognised in either the prior year or current year financial statements. Management has appropriately processed a prior period adjustment in respect of IFRIC 14. This has changed the opening balance of the net pension liability, therefore the adjustment in the 2023/24 accounts is the movement required to reach the appropriate closing balance which recognises the total additional liability of £5,415k at 31 March 2024.				
The effect on the current year financial statements is:				
DR pension reserve (through OCI)	3,279		3,279	Nil
CR pension liability		(3,279)		
<b>Valuation of assets held for sale</b>				
We noted an aggregated difference of £1,253k between the fixed asset register and the valuation report relating to the Council office and Walter Charles buildings, resulting in an understatement in accounts.				
DR assets held for sale		1,253		
CR revaluation reserve (through OCI)	(1,253)		(1,253)	Nil

# D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
<b><u>Assets under construction</u></b>				
The amount relating to Oadby Pool of £370k is incorrect and should have been transferred to assets held for sale. We have assumed here that AHFS remains in long term assets as per the draft accounts.				
DR assets held for sale		370		
CR PPE	Nil	(370)	Nil	Nil
<b><u>Incorrect classification of grant income</u></b>				
We identified that grant income includes an amount of £97,856 that relates to Council Tax Court Costs that was incorrectly charged to grant income and should have been coded against fees and charges.				
	Nil	Nil	Nil	Nil
<b>Overall impact</b>	<b>£2,026</b>	<b>(£2,026)</b>	<b>£2,026</b>	<b>£Nil</b>

# D. Audit adjustments

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. Note that all note references are in relation to the draft financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Balance Sheet and Note 19 Cash and cash equivalents	There should not be a separate bank overdraft line on the Balance Sheet or within the cash and cash equivalents note.	✓
Note 3 Assumptions made about the future and other major sources of estimation uncertainty	To meet the requirements of IAS 1, this disclosure should include the carrying value of the assets at 31 March 2024 that the uncertainty applies to; the nature of the uncertainty and what the key input or assumption is that might change between the current and next Balance Sheet dates that would change the carrying value of the assets; and a sensitivity analysis demonstrating what the Council reasonably expects the key input or assumption to change by in that period and the impact that would have on the carrying value. These disclosures are only required if the estimation uncertainty is expected to be material. We would also expect an entry for the valuation of council dwellings.	✓
Note 5 Adjustments between accounting and funding basis under regulation	The Major Repairs Reserve is not separately disclosed. The current entries in Note 5 for 'reversal of major repairs allowance credited to the HRA' of £1,518k and 'use of the major repairs reserve to finance new capital expenditure' of £1,598k are incorrectly disclosed under 'earmarked reserves'.	✓
Note 6 Transfers to/from earmarked reserves	The movements in earmarked grants have been corrected, with a £374k transfer to other reserves now showing as a transfer out of the fund, and a £50k duplicate transfer out of fund being reversed.	✓
Note 9 Financing and investment income and expenditure	Interest income was understated by £45k in the disclosure and should be disclosed as £168k.	✓
Note 10 Taxation and non-specific grant income and expenditure	Incorrect signage used for general government grants, so general government grants should go from £62k to (£62k) and as a result non-domestic rates income will go from (£6,325k) to (£6,201k) - difference of £124k.	✓
Note 20 Short term creditors	The purchase ledger balance of £307k was not included in the disclosure for "current creditors" resulting in an understatement in the creditors disclosure.	✓
Note 21 Short term provisions	Short-term provisions doesn't agree to balance sheet as provision for exit packages of £164k was omitted from the note.  The line descriptors are against the wrong numbers. It should read 54 used during the year and (16) arising during the year. The same issue applies to the prior year comparatives table.	✓
Note 22 Capital grants and contributions – receipts in advance	An error of £244k overstatement was noted for the section 106 open space line. The Balance Sheet is unaffected.	✓

# D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 23 Movements in reserves	We noted that Note 23 disclosed the Collection Fund Adjustment for the year as £-168k. The amount disclosed was incorrect and should be £394k.	✓
Note 26 Pensions fund reserve	The opening balance as at 1 April 2022 has been restated by an immaterial amount. The adjustment to this figure should have been processed as an in-year 2022/23 movement instead. This finding also relates to the same figure in note 23 movements on reserves.	X
Note 31 Note to the expenditure and funding analysis	We noted immaterial differences between the outturn report submitted to Cabinet and the column "Net Expenditure chargeable to the General Fund and HRA balances" of the Expenditure Funding Analysis (EFA). Narrative explanation should be included to explain how the EFA reconciles to the outturn report submitted to Cabinet.	✓
	We noted that an immaterial prior period adjustment was made in relation to the comparatives for 2022/23. In keeping with the requirements of IAS 8 which only requires material prior period errors to be accounted for as prior period adjustments, we recommend that immaterial prior period adjustments are corrected within the current year instead.	✓
Note 32 Expenditure and income analysed by nature	We noted that REFCUS items totalling £829k are included in Depreciation and amortisation in the CIES, instead of being shown as a separate item such as Other service expenditure in the expenditure by nature note. REFCUS should be either included in other expenditure or split out in expenditure by nature note instead of being included in depreciation and amortisation.	✓
Note 34 Audit costs	Audit fees disclosure is incorrect. The prior year comparatives have been inappropriately changed when compared to the prior year signed accounts. The narrative underneath the table should make it clear that Grant Thornton UK LLP has not been involved in setting the scale fee for the audit. The figures disclosed are incorrect by a non-trivial amount.	✓
Note 36 Remuneration of senior staff	The bandings note includes salaries for senior officers, as a result of which narrative needs to be included in the accounts to indicate that the senior officers are also included in the bandings note.	✓
Note 38 Defined benefit pension schemes	Restatement of the prior period net liability balance as a result of the adjustment relating to IFRIC 14. Additional narrative has been included to refer to the ongoing legal case of 'Virgin Media vs NTL Pension Trustees II Limited'.	✓
Note 40 Capital expenditure	<p>We noted that the REFCUS, as per note 40, consists of both flexible use of capital receipts and REFCUS, with respective amounts of £256k and £688k. Given the distinct nature of flexible use of capital receipts from the REFCUS, we concluded that it should be disclosed separately from the note and classified separately, as it represents a different type of funding.</p> <p>Disclosures in Note 40 should be revised to state the prior year comparator for the increase in underlying need for unsupported borrowing to £2,706k rather than £2,405k, with the 'restated' at the top of the prior year column being removed.</p>	✓

# D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 46 Fair value of assets and liabilities carried at amortised cost	We noted that the Note 46 disclosure for financial liabilities held at amortised cost - Public Works Loans also includes the balance for short term creditors. The note needs to be amended to split the amounts between borrowings and creditors.	✓
	The Note 46 disclosure for fair value of financial liabilities held at amortised cost - Public Works Loans - needs to be amended to reflect the amendment of £307k that was made to include the purchase ledger balances in the disclosure for "current creditors".	✓
Note 47 Nature and extent of risks arising from financial instruments	The maturity analysis in Note 47 currently shows the current value of financial liabilities held at amortised cost - Public Works Loans as £38,674k. This needs to be amended to reflect the adjustment of £307k made to the current value of financial liabilities held at amortised cost - Public Works Loans and should read £38,981k.	✓
Note 50 Prior period adjustments	Prior period adjustment to be disclosed in relation to the net pension liability.	✓
HRA income and expenditure statement	We identified a variance of £30k between dwelling rent per HRA Note 1 of £5,466k and transactions in the fees, charges, and income population relating to dwelling rent of £5,496k. This variance of £30k is related to the housing revenue write-off, which is included in HRA Note 1, income, and dwelling rent. Dwelling rent has been amended from £5,466k to £5,496k, and the write-off of £30k has been added in the Total Expenditure section.	✓
HRA Note 2	The narrative at Note 2 to the HRA needs updating to correctly state the Balance Sheet value of council dwellings.	✓
HRA Notes 10 and 11	Two additional disclosures were required, to meet the disclosure requirements of the CIPFA Code. These were the amount of capital expenditure funded by the HRA (additional Note 10 now included) and the amount of transfer to the general fund (additional Note 11 now included).	✓
Collection Fund account	Transitional protection payments (TPP) had been netted out. TPP in respect of NDR of £102k were netted down against the TPP receivable of £306k (into a line for the net amount of £204k). There is no overall change to the movement in the fund for the year, or the reported deficit for NDR but amounts are above trivial, and the current disclosure is non-compliant with the Code requirements.	✓
Collection Fund Note 3	Note 3 should include additional narrative and/or headings in the table to appropriately distinguish between the impairment for bad debt provision and the separate provision that relates to the business rates appeals.  The amount disclosed in Note 3 to the Collection Fund for the provision for bad debts is stated at £59k and differs by £21k from the provision amount of £80k included in short term debtors.	✓

# D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Collection Fund Note 4	The precept for Leicestershire Police Authority is incorrectly shown against the Central Government line.	✓
Accounting policies	We noted that a "Going Concern" note was missing from the accounts. In keeping with section 3.8.2.24 of the Code, local authorities are required to prepare their accounts on the going concern basis. However, the accounts should include management's assessment of the local authority's going concern assessment, and also that the functions of the local authority will continue in operational existence for the foreseeable future, as it can only be discontinued as a result of statutory prescription.	✓
Accounting policies	No accounting policy has been disclosed for allowances for impaired debt or expected credit loss allowances.	✓
Annual Governance Statement	The AGS has been updated to reference the significant weakness in arrangements on financial sustainability identified in January 2024 as part of our Value for Money work.	✓
We identified a number of minor typographical and disclosure issues throughout the draft financial statements that have been amended by management.		✓



# D. Audit adjustments

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
<b><u>Invoices raised after year-end</u></b>					
The testing of invoices raised after year-end identified an item of business rates income for £199k relating to 2022/23 that had been accounted for in 2024/25. As this would constitute an immaterial prior year error, the correct accounting treatment would be to recognise the income in 2023/24.	(199)	199	(199)	Nil	Immaterial
<b><u>Capital additions</u></b>					
Sample testing of additions identified 2 errors totalling £3,019. One of the samples was found to be invalid capital, while the other was overstated by £1,219.					
As this was a sample, we have extrapolated these errors to determine a projected error across the total additions population £26,124.	26	(26)	26	26	Immaterial
<b><u>Unsupported disposals and scrapped assets</u></b>					
Our testing identified some assets where management were unable to provide sufficient evidence to show appropriate disposal and derecognition. We extrapolated these issues across the total population which resulted in a projected error of £74,839.	(75)	75	(75)	Nil	Immaterial

# D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
<b>Errors identified at the Pension Fund</b>					
There was an understatement in the value of assets identified at the pension fund. Applying the Council's percentage share of assets at 0.73% results in an understatement of gross pension assets of £30,799, which would decrease the net liability.	(31)	31	(31)	Nil	Immaterial
<b>Error in valuation of an asset</b>					
We identified a £26,342 overstatement in the valuation of one asset due to the incorrect land area being used in the valuation calculation.	26	(26)	26	Nil	Immaterial
<b>Overall impact</b>	<b>(£253)</b>	<b>£253</b>	<b>(£253)</b>	<b>£26</b>	

# D. Audit adjustments

## Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
<b>Pension fund errors</b> The auditor of Leicestershire Pension Fund reported two issues in respect of the estimated rate of return on investments used by the actuary in the IAS19 report which differed from the actual rate of return achieved by the pension fund, and timing issues identified in the valuation of pension fund assets. The net impact of these for the Council was an overstatement of the net pension liability of £69k. The impact on the 2023/24 financial statements would be a £69k decrease in the 'actuarial gain on pension fund assets and liabilities' as shown on the CIES.	69	Nil	69	Nil	Immaterial
<b>Overall impact</b>	<b>£69</b>	<b>£Nil</b>	<b>£69</b>	<b>£Nil</b>	

# E. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services. The below are services identified as having been charged or where work has been undertaken from the beginning of the financial year to January 2025.

<b>Audit fees</b>	<b>Proposed fee £</b>	<b>Final fee £ (TBC)</b>
Scale fee set by Public Sector Audit Appointments Ltd (PSAA)	131,009	131,009
Increased audit requirements of revised ISA 315 (note 1)	7,530	9,410
<b>Total audit fees (excluding VAT)</b>	<b>138,539</b>	<b>140,419</b>

Additional fees in relation to ISA 315 is still subject to approval by PSAA . The additional work required by this auditing standard was not accounted for in the scale fee. The impact on our work was greater than estimated at planning.

<b>Non-audit fees for other services</b>	<b>Proposed fee £</b>	<b>Final fee £ (TBC)</b>
<b>Audit related services</b>		
Certification of Housing Benefits Subsidy Claim 22-23	18,800	18,800
Certification of Housing Benefits Subsidy Claim 23-24 (note 2)	35,640	35,640
Certification of Pooling of Housing Capital Receipts Claim 22-23	10,000	10,000
Certification of Pooling of Housing Capital Receipts Claim 23-24 (note 2)	10,000	10,000
<b>Total non-audit fees (excluding VAT)</b>	<b>74,440</b>	<b>74,440</b>

Note 2: Please note that the fees for these pieces of work have not yet been agreed with management. The proposed fee entered for 2023-24 is an indicative fee based on an expectation of the level of work.

The total value of non-audit services is £45,640 for 2023/24. This constitutes a significant proportion of the proposed audit fee (33%). Having due regard to the FRC Revised Ethical Standard 2019 para 4.18 in respect to provision of Non Audit Services, we have evaluated the perceived self-interest threat to independence. The Council does not meet the definition of a Public Interest Entity, and therefore the Non Audit Services fee cap is not applicable. As a result, and given the nature of the non-audit service, we have not identified a threat to our independence. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees

# E. Fees and non-audit services

## Total audit and non-audit fee

Audit fee £138,539

Non-audit fees £45,640 (TBC)

The fees reconcile to the financial statements, which show audit fees of £132k and non-audit fees of £73k, as follows:

Audit fee per note 31 of the financial statements £132k (rounded)

Add proposed additional fee for ISA 315 £7,530

Total audit fees £139k (rounded)

Audit fee per AFR £138,539

Additional fees, as reflected in final audit fee, are not reflected in the financial statements.

Non-audit fees per note 31 of the financial statements £73k (rounded) which comprises multiple years based on timing of invoices and recognition to expenditure

Less certification of housing benefits subsidy claim 2022-23 £18,800

Less certification of pooling of housing capital receipts claim 2022-23 £10,000

Total non-audit fees £44k (rounded)

Non-audit fees per AFR £45,640

None of the above services were provided on a contingent fee basis.

This covers all services provided by us and our network to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

# F. Management Letter of Representation

Grant Thornton UK LLP  
17<sup>th</sup> Floor  
103 Colmore Row  
Birmingham  
B3 3AG

[Date]

Dear Grant Thornton UK LLP

## **Oadby & Wigston Borough Council** **Financial Statements for the year ended 31 March 2024**

This representation letter is provided in connection with the audit of the financial statements of Oadby & Wigston Borough Council for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### **Financial Statements**

We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and building assets and council dwellings, and the net pension liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Except as disclosed in the financial statements:

- there are no unrecorded liabilities, actual or contingent;
- none of the assets of the Council has been assigned, pledged or mortgaged; and
- there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

We have considered the unadjusted misstatements schedule included in your Audit Findings Report and in the appendix. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

The prior period adjustment disclosed in Note xx to the financial statements is accurate and complete. There are no other prior period errors to bring to your attention.

We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
- the financial reporting framework permits the entity to prepare its financial statements on the basis of the presumption set out under a) above; and
- the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

# F. Management Letter of Representation

The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

**Information Provided**

We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Governance Statement**

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

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

**Approval**

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 22 January 2025.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed on behalf of the Council**

# G. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Council with an unmodified audit report.

~ Page 116 ~

**Independent auditor's report to the members of Oadby & Wigston Borough Council**

**Report on the audit of the financial statements**

**Opinion on financial statements**

We have audited the financial statements of Oadby & Wigston Borough Council (the 'Authority') for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, notes to the core financial statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and notes to the Housing Revenue Account, the Collection Fund Account and notes to the Collection Fund Account, and the Statement of Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 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 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the Chief Finance Officer (Section 151 Officer)'s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer (Section 151 Officer)'s conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer (Section 151 Officer) with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Financial Report other than the financial statements and our auditor's report thereon. The Chief Finance Officer (Section 151 Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) 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 in the United Kingdom 2023/24, 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.



# G. Audit opinion

## Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Financial Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## Responsibilities of the Authority and the Chief Finance Officer (Section 151 Officer)

As explained more fully in the Statement of Responsibilities [set out on page 26], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer (Section 151 Officer). The Chief Finance Officer (Section 151 Officer) is responsible for the preparation of the Financial Report, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer (Section 151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer (Section 151 Officer) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, the Local Government and Housing Act 1989, and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).

We enquired of management and the Audit Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and management bias within significant accounting estimates. We determined that the principal risks were in relation to high risk journal entries and the valuation of significant estimates. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on high value manual journals posted as part of the year-end closedown process, journals posted by senior finance officers, journal entries that altered the Authority's financial performance, and journals posted by individuals identified as having privileged access to the Authority's ledger system,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and building assets and council dwellings, and the net pension liability, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

# G. Audit opinion

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the presumed significant risk of fraudulent revenue and expenditure recognition. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

## **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter, except on 16 January 2024 we identified a significant weakness in how the Council plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Council's latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings. We recommended that the Council take urgent action to implement savings plans identified to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26.

## **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

### **Report on other legal and regulatory requirements – Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for Oadby & Wigston Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

## **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

Date



# Oadby and Wigston Borough Council

~ Page 120 ~

Interim Auditor's Annual Report for the  
year ended 31 March 2024

27 November 2024



# Contents

~ Page 121 ~



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Section	Page
Introduction	03
Executive summary	04
Opinion on the financial statements and use of auditor’s powers	08
Value for Money commentary on arrangements	11
The current local government landscape	12
Financial sustainability	13
Governance	18
Improving economy, efficiency and effectiveness	21
Recommendations raised in 2023/24	23
Appendices	
Appendix A – Responsibilities of the Audited Body	26
Appendix B – Value for Money Auditor responsibilities	27
Appendix C – Follow-up of previous recommendations	28

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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# Introduction



## Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Oadby and Wigston Borough Council (the Council) during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

## Responsibilities of the appointed auditor

### 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 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- 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.

### Value for money

We report our judgements on whether the Council has proper arrangements in place regarding arrangements under the three specified criteria:

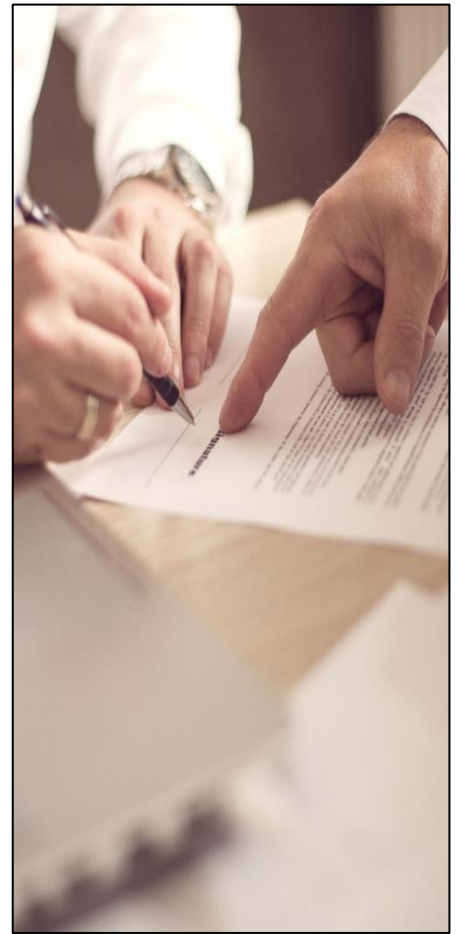
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

### Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 10. We have not made use of any of these powers during 2023/24.



# Executive summary

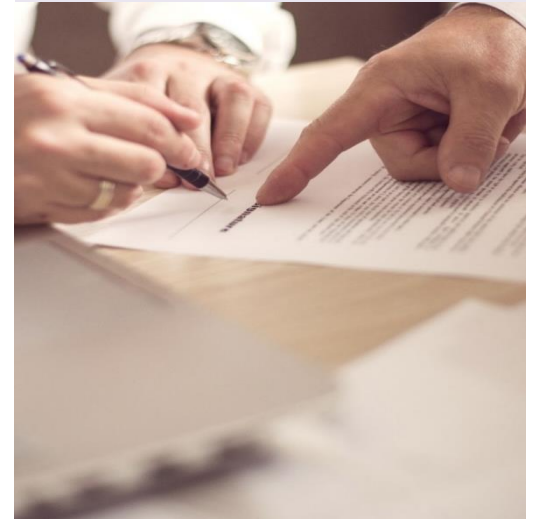


# Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. This new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible and are bringing forward our 2024 reporting in advance of the Code change. Our summary findings are set out below. Our recommendations and management responses are summarised in the section starting on page 23.



Our audit of your financial statements is ongoing. We intend to issue an unqualified audit opinion following the Audit Committee meeting on 22 January 2025. Our findings are set out in further detail on page 9.



~ Page 124 ~



## Financial sustainability

In 2023/24 the Council incurred a General Fund overspend of £0.535m on a budget of £7.2m (over 7%) and a Housing Revenue Account (HRA) underspend of £0.382m. In December 2023 the Council was forecasting a budget deficit of £1.267m for 2024/25, with a cumulative Medium Term Financial Plan (MTFP) gap of £6.883m to 2027/28. In January 2024 we issued a Key Recommendation that the Council needed to take urgent action to address this. Members have fully embraced the difficult decisions required and in February 2024 the Council agreed a breakeven budget, without the need to use reserves, which also included a further £0.326m of growth and cost pressures identified since December 2023. The MTFP 2024/25 to 2028/29 now shows a forecast cumulative surplus. We reviewed and challenged the assumptions in the budget and MTFP and are satisfied that they are reasonable. This is supported by the 2024/25 financial position which, at Quarter Two, is a forecast overspend of £0.281m - driven by increasing demand in homelessness and garden waste collection income being £0.059m lower than planned as forecast demand was slightly optimistic. Our Key Recommendation has therefore been addressed. The Council has also made good progress in addressing the improvement recommendations we made. For 2024/25, the Council has agreed a "Sustainability Plan Programme" of £1.267m. This is currently on track to deliver as planned.

As part of its planning for setting the 2025/26 budget the Council is refreshing its MTFP to 2029/30. This work is ongoing and Officers are sensibly being cautious with the assumptions they are using. Indications are that the Council could face a cumulative shortfall of around £1.3m over this period. With reserves likely to diminish in order to address the overspend in 2024/25 and financial pressures likely to continue, it is important that Officers and Members retain focus on the financial position and make difficult decisions when necessary. We have raised an improvement recommendation.



# Executive summary



## Governance

The Council has sound arrangements for risk management, Internal Audit, counter fraud and whistleblowing. In 2023/24 the Audit Committee undertook a self assessment against good practice standards, producing an action plan to support further improvement. This is best practice.

The Council has strengthened its budget setting arrangements, which now include a “Star Chamber” approach (Heads of Service attend to present their budget to the Leader, Deputy Leader, Chair of Policy, Finance and Development Committee, Chief Executive, relevant Strategic Director and Head of Finance.) and enhanced trend analysis and benchmarking. However, it is too early in the 2024/25 financial year to be able to conclude that the budgets were realistic and achievable, so our improvement recommendation remains open.

Quarterly financial reports clearly show the overall position of the Council, with variances against budget over £0.03m explained. The Chief Finance Officer joined the Council in July 2024 and the Deputy in April 2024. The finance team now has appropriate capacity and is not reliant on interim staff. This is a sound position to be in and we have closed our prior year recommendation.

Decision-making is clear and transparent, with appropriate information provided to Members. The Committee system enables effective scrutiny and challenge, with the Audit Committee and Policy, Finance and Development Committee playing key roles.

The Council has robust arrangements in place to ensure compliance with legislative and regulatory standards, including when it is commissioning or procuring services



## Improving economy, efficiency and effectiveness

The Council makes effective use of financial and performance information, with quarterly reporting. The Council has enhanced reports to better link financial performance with service activity and makes good use of benchmarking. We have closed our improvement recommendations in these areas. The Council continues to progress the actions arising from its Local Government Association (LGA) peer review, and meets with the LGA to discuss progress.

Arrangements to engage with partners and stakeholders are sound. Internal Audit identified opportunities to develop procurement arrangements and we have not duplicated their recommendations.

# Executive summary (continued)



## Overall summary of our Value for Money assessment of the Council's arrangements

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. A summary of our judgements are set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	Direction of travel
Financial sustainability	A No significant weaknesses in arrangements identified, but seven improvement recommendations made and three prior year recommendations carried forward.	In January 2024 we issued a report which included a key recommendation in regard to urgently developing savings plan to enable a balanced budget to be set without the need to use reserves. Whilst the Council took action to address the immediate challenge, this remains a risk of significant weakness for 2023/24.	A No significant weaknesses in arrangements identified, but one prior year improvement recommendation in relation to better demonstrating how the annual budget supports achievement of the Council's priorities has not been addressed and is carried forward. We have closed the key recommendation in regard to urgently developing savings plans. However, we have raised an improvement recommendation that the Council should continue to address the financial challenges that it faces.	↑
Governance	A Our work did not identify any areas where we considered that key or improvement recommendations were required, but one prior year recommendation carried forward.	No risk of significant weakness identified.	A Our work did not identify any areas where we considered that key or improvement recommendations were required. One prior year recommendation regarding budget setting is carried forward as it is too early in the financial year to be able to conclude on this.	↔
Improving economy, efficiency and effectiveness	A Our work did not identify any areas where we considered that key or improvement recommendations were required, but one prior year recommendation carried forward.	No risk of significant weakness identified.	A Our work did not identify any areas where we considered that key or improvement recommendations were required. However, we have assessed commissioning and procurement arrangements as "Amber" owing to the Internal Audit findings – we have not duplicated their recommendations.	↔

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

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



# Opinion on the financial statements



## Audit opinion on the financial statements

Our Audit of the Council's financial statements is substantially complete, and we expect to issue an unqualified audit opinion, flowing the Council's Audit Committee on 22 January 2025.

The full opinion will be included in the Council's Statement of Accounts for 2023/24, 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 2024 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 2023/24; and
- 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 (2020) 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 on 6 June 2024, less than one week after the national deadline. Draft financial statements were of a reasonable standard and supported by detailed working papers. Our work did identify a number of disclosure changes, which have been made in the final version of the Council's financial statements. The Council's Pension Liability at 31 March 2023 was restated, to reflect an additional liability, in line with the requirements of IFRIC 14. A similar adjustment was made to the pension liability at 31 March 2024. Neither of these adjustments had an impact on the Council's usable reserves.

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Council's Audit Committee on 22 January 2025. Requests for this Audit Findings Report should be directed to the Council.

# Use of auditor's powers

We bring the following matters to your attention:

2023/24

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

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

We did not make an application for judicial review.

# **Value for Money Commentary on arrangements**



# The current local government landscape

It is within this context that we set out our commentary on the Council's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



## National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

For Housing Revenue Accounts, inflation in recent years led to cost increases often outstripping rent rises. In the coming years, new legal duties on landlords are expected to increase costs further, without there necessarily being any additional funding to cover the new costs. At the same time, high construction prices are making it harder for councils to invest in the new accommodation which might have helped make savings in the revenue account, for example on temporary accommodation and homelessness. Housing Revenue Accounts are under further pressure due to regulatory challenges in housing quality in the light of national issues in respect of cladding and damp/mould issues.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of a section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024/25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice.; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023/24 and 2024/25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils have subsequently been asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.

The general election that took place on 4 July 2024 led to a change in government, and changes to government policy and legislation relating to the sector are emerging at the time of producing this report.



## Local context

The Council is located to the south-east of the city of Leicester and shares boundaries with Harborough and Blaby district areas. There are just under 58,000 residents living in Oadby and Wigston within an area of around nine square miles which is predominantly urban. The Borough consists of three distinct communities, Oadby, Wigston and South Wigston. Each of the three areas have very different perceived levels of affluence. South Wigston has the highest level of social deprivation and is the least affluent with Oadby having the lowest level of social deprivation and is perceived as the most affluent area. The ethnic and cultural composition of the Borough is diverse. The overall Black and Minority Ethnic (BME) population is 36.6%.

The Council owns and manages its own housing stock of 1,182 homes. The Council is severely restricted by its size and existing housing density. The Borough therefore has a limited capacity to host additional housing compared to most other districts and boroughs. This means the Council has limited capacity to increase its funding by growing its Council Tax base and attracting New Homes Bonus and is also limited in attaining Business Rates growth.

There has been political continuity since 1991 when the Liberal Democrats achieved an overall majority for the first time. The latest full local election took place on the 4th of May 2023 and 19 Liberal Democrat Members and seven Conservative Members were elected. The Council operates a committee system of governance and all 26 members are involved in decision making.

# Financial sustainability – commentary on arrangements



We considered how the Council: **Commentary on arrangements**

**Assessment**

In 2023/24 the Council incurred a General Fund (GF) overspend of £0.535m on a budget of £7.2m (over 7%) and a Housing Revenue Account (HRA) underspend of £0.382m. There was significant overspending in Finance & Resources (£0.397m on a revised budget of £3.34m, primarily due to homelessness costs) and Community & Wellbeing (£0.9m on budget of £1.09m, primarily due to lower leisure management fee income.)

The Capital Programme GF expenditure was £2.91m, with slippage of £0.70m - largely due to new sports facilities schemes totalling £0.484m being moved into 2024/25. The HRA capital programme outturn was £1.725m with slippage of £3.56m. Of this £2.178m (61%) related to New Housing Initiatives and £0.761m (21%) to the decarbonisation scheme. Comments are included in reports, but they do not explain the cause of the delays. We have not made an improvement recommendation, but this is an area the Council may wish to consider.

In December 2023 the Council was forecasting a budget deficit of £1.267m for 2024/25, with a cumulative Medium Term Financial Plan (MTFP) gap of £6.883m to 2027/28. In January 2024 we issued a Key Recommendation that the Council needed to take urgent action to address this. Members have fully embraced the difficult decisions required and in February 2024 the Council agreed a breakeven budget, without the need to use reserves, which also included a further £0.326m of growth and cost pressures identified since December 2023. The MTFP 2024/25 to 2028/29 now shows a forecast cumulative surplus. We reviewed and challenged the assumptions in the budget and MTFP and are satisfied that they are reasonable. This is supported by the 2024/25 financial position which, at Quarter Two, is a forecast overspend of £0.281m - driven by increasing demand in homelessness and garden waste collection income being £0.059m lower than planned as forecast demand was slightly optimistic. Our Key Recommendation has therefore been addressed.

In our prior year Auditor's Annual Report we made an improvement recommendation that the Council should include more sensitivity and scenario analysis in its financial planning reports. The budget setting report agreed in February 2024 includes the impact of a 1% change in key budget assumptions, including New Homes Bonus, Business Rates, Council Tax, pay costs, cost of services and income. The report also includes three different MTFP scenario analyses, with the base version (as presented in the detailed report) the most likely. The recommendation has been addressed.

A

ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.



# Financial sustainability – commentary on arrangements (continued)



We considered how the Council: Commentary on arrangements

Assessment

ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (continued);	The Quarter One 2024/25 financial report forecast a GF underspend of £0.075m on a budget of £7.7m. Savings and income generation projects were delivering as planned. Whilst the Quarter Two position is now showing a modest overspend, this is driven by increasing demand for homelessness services which is a national challenge. This does not undermine the reasonableness of the budget.
	The Council has not set minimum balances for the GF and HRA. However, the S.151 Officer Statement on reserves states that the previous MTFP considered reserves of 12% of net revenue expenditure to be too low. Around 20% is considered more reasonable. This would be £1.53m for 2024/25, so the Council is at the appropriate level. There is no mention of HRA, but a £1m balance is, in our experience, reasonable.
	As part of its 2025/26 budget setting arrangements the Council is reviewing the Medium Term Financial Plan (MTFP) which now runs to 2029/30. The assumptions within it are cautious and it is still being finalised. However, it indicates a £0.225m deficit in 2026/27 and between £0.335m and £0.393m each year to 2029/30. The total deficit is £1.332m. Whilst the Council has sufficient time to address these deficits we have raised an improvement recommendation to support the Council in this. See page 17

A

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.

# Financial sustainability – commentary on arrangements (continued)



We considered how the Council:	Commentary on arrangements	Assessment
plans to bridge its funding gaps and identifies achievable savings	<p>For 2023/24 the Council had a "Sustainability Programme" totalling £0.065m, comprised of £0.05m "Service Reviews" and £0.015m "Income Generation". This was achieved in full. For 2024/25, the Council has agreed a "Sustainability Plan Programme" of £1.267m. This is currently on track to deliver as planned. Some of these savings and income generation schemes involved difficult decisions for Members. To support them Officers provided two briefings, a "Star Chambers" process and three iterations of the budget. Members were therefore well sighted on the income generation and savings proposals. The Council has addressed our prior year recommendation that savings and income generation plans should only be included when fully worked and agreed by Members.</p> <p>Officers are updating the MTFP to support the 2025/26 budget, which should be balanced without the need to use reserves. In the longer term the Council is developing further options to reduce its cost base, recognising that increasing income is difficult.</p> <p>Quarter One 2024/25 financial reporting includes more detail than previously on the progress and risk assessment of each scheme, noting that it is too early to assess the full year impact of increased car parking charged (forecast to generate £0.834m). Our prior year recommendation on enhancing reporting of savings or income generation has been addressed.</p>	G
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The 2024/25 budget setting and MTFP report explains how capital schemes are evaluated and prioritised. Criteria includes whether there is statutory and legislative support and compliance with the Council's corporate objectives. However, the report does not show how the individual schemes support delivery of the objectives. In our prior year report we made an improvement recommendation - "The Council should enhance public budget setting reporting to clearly demonstrate how major investments – capital or revenue – will contribute to achieving the Council's priorities." This has still to be addressed. The improvement recommendation is therefore carried forward. Please see page 28.</p> <p>The Council uses LG Futures and LG Improve for benchmarking, together with membership of appropriate groups and networks.</p>	A

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Financial sustainability – commentary on arrangements (continued)



We considered how the Council:	Commentary on arrangements	Assessment
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 People Strategy 2023-26 is aligned to the Council's five strategic objectives and four vision areas. The Council has an ambition of achieving net zero emissions by 2023 and has calculated this is likely to cost £13.3m. Given its financial challenges the Council intends to access available funding to support this, and has already been successful in a number of areas.</p> <p>As we have reported elsewhere, the Council continues to experience slippage in its capital programme and also needs to better link capital projects to its objectives.</p>	G
identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>Key financial risks facing the Council are clearly set out in the budget setting report, quarterly finance reports and the risk register. The Quarter Two 2023/24 finance report to Policy, Finance and Development Committee states that the Council's budget is not sustainable and that urgent action is needed. Actions being taken are explained, including a vacancy freeze on non-essential posts; a freeze on non-essential, non-contractual, non-invest to save expenditure and improving communication and engagement with budget holders and senior officers. As noted earlier in this report, action was taken to ensure that the 2024/25 budget could be balanced without the need to use reserves In preparing the annual budget the Council uses sensitivity analysis and scenario modelling, and this is included in reports.</p>	G

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

# Financial sustainability (continued)



## Areas for improvement

### Medium Term Financial Plan

The Council has responded positively to the Key Recommendation we made in January 2024. Finances are now stronger than they were at that time. However, financial pressures and challenges continue to emerge. The updated Medium Term Financial Plan, whilst cautious, indicates that the Council could face a total deficit of around £1.3m up to 2029/30. It is important that the Council continues its efforts to address this and that Members continue to make difficult decisions when necessary.

**Improvement recommendation 1:** In order to ensure that it remains financially sustainable in the medium term and is able to balance its annual budget without the need to use reserves, the Council needs to develop further income generation or savings schemes in order to address the forecast gap in its Medium Term Financial Plan. Members will need to continue to take difficult decisions when necessary.



# Governance – commentary on arrangements



## We considered how the Council:

## Commentary on arrangements

## Assessment

<p>monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud</p>	<p>The Council has well-established arrangements to monitor and assess risks, supported by a comprehensive risk management framework and regular reviews. The Strategic Risk Register and Strategic Risk Update ensure that key risks are identified, mapped to corporate objectives, and monitored appropriately. Internal Audit is delivered by 360 Assurance and provides assurance on both strategic and operational risks, ensuring audits are aligned with key risks and confirming that governance and controls are effective.</p> <p>Fraud prevention is integrated into the Council's risk framework, with policies such as the Anti-Fraud and Corruption Policy and Whistleblowing mechanisms ensuring a zero-tolerance approach. Regular assessments and reviews by the Audit Committee help detect and manage fraud risks. Furthermore, internal control breaches, especially workforce-related, are tracked through corporate complaints and whistleblowing procedures, ensuring prompt detection and resolution.</p> <p>The Audit Committee undertakes an annual assessment against good practice, producing an action plan to support further improvement. This is best practice.</p>	<p><b>G</b></p>
<p>approaches and carries out its annual budget setting process</p>	<p>In our prior year report we made an improvement recommendation that the Council should ensure that revenue and capital budgets are realistic and achievable. The Council accepted this and has strengthened arrangements for 2024/25 budget setting, including the introduction of a "Star Chamber" which is a process where Heads of Service attend to present their budget to the Leader, Deputy Leader, Chair of Policy, Finance and Development Committee, Chief Executive, relevant Strategic Director and Head of Finance. The Council also uses trend analysis and benchmarking, as well as public consultation which resulted in 395 responses. However, it is too early to be able to conclude on the effectiveness of the enhanced arrangements. The 2023/24 outturn report shows an overspend of £0.535m on a budget of £7.2m (over 7%), after increasing the budget by £0.123m. The improvement recommendation therefore remains valid and is carried forward. See page 29.</p>	<p><b>A</b></p>

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

# Governance – commentary on arrangements



## We considered how the Council:

## Commentary on arrangements

## Assessment

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 and the annual financial statements provide clear explanations of the overall position on the General Fund and Housing Revenue Account for both revenue and capital. Variances over £0.03m are highlighted with explanations. Where budgets change in year, this is also set out.

In our PY report (VFM1) we made an improvement recommendation - "*The Council needs to continue with its efforts to ensure that it has an appropriately resourced and skilled finance team.*" The Chief Finance Officer and Deputy are now both permanent members of staff and the finance team includes only one interim staff member, with plans to recruit to this position on a permanent basis by the end of 2024. Our recommendation can be closed.

G

~ Page 138 ~



G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

# Governance – commentary on arrangements (continued)



## We considered how the Council:

## Commentary on arrangements

## Assessment

<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>The Council has established comprehensive arrangements to support informed and transparent decision-making. Key oversight is provided by the Policy, Finance, and Development (PFD) Committee, which scrutinises decisions with thorough reporting, and the Audit Committee, which provides independent assurance.</p> <p>Scrutiny is integrated into the committee system, embedding challenge across financial and operational decisions. Senior Leadership Team involvement, particularly the S.151 Officer's active role in financial oversight, and the Monitoring Officer's governance oversight reinforces a constructive "Tone from the Top," fostering inclusiveness and transparency. The adherence to high standards is reflected in reports that confirm alignment with the Nolan Principles.</p> <p>In previous years we have raised an improvement recommendation that the Audit Committee reviews its effectiveness against CIPFA's best practice guidance. This has been undertaken and was reported in January 2024. An action plan has been developed, which also includes a training plan for Members.</p>	<p>G</p>
<p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.</p>	<p>The Council has robust arrangements in place to ensure compliance with legislative and regulatory standards, supported by the roles of the statutory Officers. These officers oversee governance and ensure adherence to legal requirements, supported by the Constitution, Codes of Conduct, and regular training on ethical behaviour, including managing conflicts of interest, gifts, and hospitality. The Standards Committee and regular reports such as the Standards and Ethical Indicators ensure compliance is monitored and enforced.</p> <p>The Council's Procurement Policy 2023-2026 outlines procedures to ensure compliance with current legislation. The Contracts Register further supports transparency and accountability in procurement activities, while the Fraud and Corruption Policy helps safeguard ethical standards.</p>	<p>G</p>

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.



# Improving economy, efficiency and effectiveness – commentary on arrangements



## We considered how the Council:

## Commentary on arrangements

## Assessment

<p>uses financial and performance information to assess performance to identify areas for improvement</p>	<p>The Council uses financial and performance information to monitor service delivery, workforce, and operational performance through quarterly Integrated Performance Reports and Budget Monitoring Reports. We have previously made an improvement recommendation "Incorporate relevant service activity and workforce information in the quarterly budget monitoring reports." The arrangements in place are appropriate for a council of this size and capacity. We have therefore closed the recommendation.</p> <p>In previous years we have raised an improvement recommendation "Periodically benchmark cost and performance indicators with other similar authorities (for example Nearest Neighbour Group) and investigate reasons for any areas where other authorities appear to be achieving better results." The Council uses benchmarking and external support on areas such as climate change and budget setting. The Annual Governance Statement explains that the Council undertakes benchmarking across a number of services. Examples given are customer services, benefits, and planning. We have closed our recommendation.</p>	<p><b>G</b></p>
<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>The Council has appropriate arrangements in place to evaluate its services, focusing on financial, social, environmental, and health-related value. The Council uses benchmarking to help identify cost-saving opportunities while maintaining service quality. Additionally, the Climate Change Strategy highlights the Council's commitment to broader social and environmental outcomes.</p> <p>Progress on the Local Government Association (LGA) Corporate Peer Review Action Plan has been closely monitored, with the majority of actions completed and no significant issues reported, although the last publicly reported update was in June 2023. The Council continues to progress the remaining recommendations and meet with the LGA to discuss progress.</p>	<p><b>G</b></p>

**G**

No significant weaknesses in arrangements identified or improvement recommendation made.

**A**

No significant weaknesses in arrangements identified, but improvement recommendations made.

**R**

Significant weaknesses in arrangements identified and key recommendations made.



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



~ Page 141 ~

We considered how the Council:

Commentary on arrangements

Assessment

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 established sound arrangements to engage with key stakeholders and partners to develop and review its strategic priorities, ensuring alignment with objectives. Budget Monitoring, Corporate Performance and Operational Updates provide assurance to Members that partnerships are delivering value, with no significant financial or service failures reported. This includes the Leicestershire Resources and Waste Strategy and key services, such as leisure services. Internal Audit have highlighted that there is scope to improve the content of performance data provided to the Council in respect of the Lightbulb partnership which supports residents to remain safe in their homes through collaboration with multiple agencies.</p>	G
commissions or procures services, assessing whether it is realising the expected benefits	<p>The risk register includes partner failure as a key risk with comprehensive actions taken and arrangements in place to mitigate risks clearly set out. The net risk is reduced to 4 (low).</p> <p>Internal Audit rated contract management as "Moderate Assurance," indicating that while controls are adequate, there is room for improvement in monitoring processes. Internal Audit reported the <i>"audit has identified a number of areas where improvements can be made to the arrangements in place to manage the performance of SLM, including the introduction of regular site visit 'audits' to the leisure centres, receipt of relevant documentation in support of dashboard reporting provided by SLM, more timely provision of dashboard reports and improved detail on complaints management."</i></p> <p>Internal Audit also undertook a "Procurement" review as part of their 2023/24 work, providing "Significant" assurance. They summarised <i>"Expert procurement advice is obtained through a contract with Welland Procurement (hosted by Melton Borough Council). This is a 3-year contract running from March 2021 until March 2024. This contract was not renewed, and specialist procurement advice will be sought on a case by case basis. Our review of the Council's published payment and order listings highlighted a large number of individual payments to one contractor where no formal contract was in place."</i> There is therefore scope for the Council to further develop arrangements in this area. We have not duplicated the Internal Audit recommendations, however we have rated this criterion as "Amber".</p> <p>The Council has appropriate arrangements in place to monitor, control and report on large capital projects. For example, the office relocation to Brocks Hill.</p>	A

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

# **Value for Money Recommendations raised in 2023/24**



# Recommendations raised in 2023/24

~ Page 143 ~

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR1 In order to ensure that it remains financially sustainable in the medium term and is able to balance its annual budget without the need to use reserves, the Council needs to develop further income generation or savings schemes in order to address the forecast gap in its Medium Term Financial Plan. Members will need to continue to take difficult decisions when necessary.	Improvement	Financial Sustainability	Review of the Quarter Two 2024/25 financial report and draft Medium Term Financial Plan to 2029/30.	The Council has made significant progress in ensuring its financial sustainability. However, challenges remain and it is important that Officers continue to identify opportunities to address the forecast deficit and that Members take difficult decisions when necessary.	<p>The financial sustainability of the Council is at the forefront of all of the Senior Leadership Team's decisions. All financial decisions require a full business case and work is underway with the Members to increase fees and charges, increase income generation and to rationalise assets to ensure that we are able to balance the Medium Term Financial Plan in the future.</p> <p>Work with Members is ongoing to ensure that they are fully aware of the financial position of the Council to ensure that the message of savings and sustainability continues.</p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# 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.

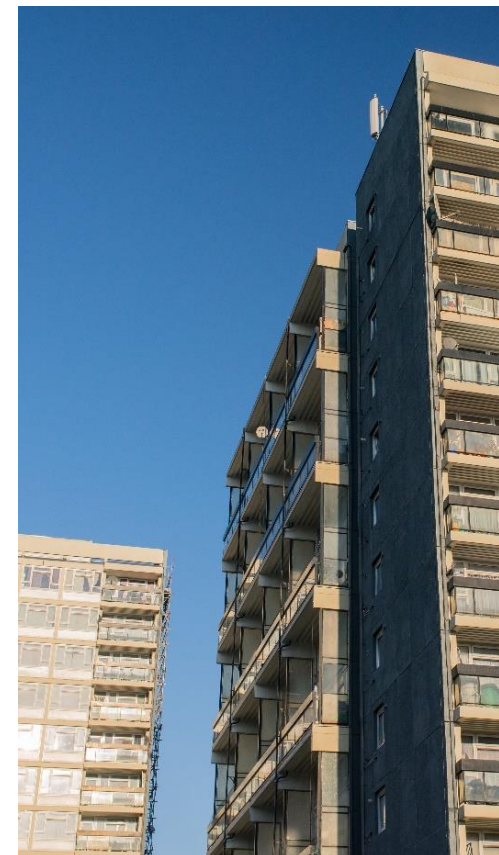
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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 Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) 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



### Value for Money arrangements work

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. The audited body's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 we are required to satisfy ourselves that 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 management, risk management, and ensuring the Council makes 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.

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

### 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

### Information which informs our risk assessment

Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

### 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** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Council and a public response.
- **Key recommendations** – actions which should be taken by the Council where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Council's arrangements.

# Appendix C:

## Follow-up of previous recommendations

~ Page 147 ~

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
KR1 The Council needs to take urgent action to implement savings plans identified in order to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26.	Key	January 2024	The 2024/25 budget setting and Medium Term Financial Plan (MTFP) report to February 2024 Council states that the General Fund revenue budget is balanced, with no use of reserves and that the MTFP 2024/25 to 2028/29 shows a forecast cumulative surplus. The report shows the movements from the budget gap in December of £1.267m (when we issued our KR) to the breakeven position. This actually includes a further £0.326m of growth and pressures, so is a balanced presentation. Members have taken the difficult decisions required.	Yes	We have raised an improvement recommendation on page 17.
IMP1 The Council should enhance its public reporting of financial planning by including more detail on the work that has taken place to develop key assumptions and any sensitivity analysis, especially around increased charges for services it provides.	Improvement	January 2024	The Chief Financial Officer's S.25 Statement in the Budget Reporting includes the impact of a 1% change in key budget assumptions, including New Homes Bonus, Business Rates, Council Tax, pay costs, cost of services and income. The report also shows MTFP scenario analysis, with three different scenarios, with the base version (as presented in the detailed report) the most likely.	Yes	No
IMP2 The Council should only include savings or income generation schemes in financial plans when they are fully worked up and, ideally, have been approved by Members.	Improvement	January 2024	Members received two briefings, Star Chambers and three iterations of the budget. Members were therefore well sighted on the income generation and savings proposals.	Yes	No

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C: Follow-up of previous recommendations

~ Page 148 ~

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
IMP3 Officers and Members need to work together, taking difficult decisions where required, to ensure that the Council is put on a more financially stable longer term footing.	Improvement	January 2024	This was superseded by our subsequent key recommendation.	Yes	No
IMP4 The Council needs to enhance reporting against all savings and income generation plans to provide both Members and the public with assurance that progress is being made and to identify areas where corrective action is required.	Improvement	January 2024	Public reporting at Quarter One 2024/25 clearly shows each income generation or savings project, the forecast and an update on progress or explanation for any variances. The recommendation has been addressed.	Yes	No
IMP5 The Council should enhance public budget setting reporting to clearly demonstrate how major investments – capital or revenue – will contribute to achieving the Council's priorities.	Improvement	January 2024	The 2024/25 budget setting and MTFP report to February 2024 Council explains how capital schemes are evaluated and prioritised, with criteria including whether there is statutory and legislative support, and compliance with the Council's corporate objectives. However, the report does not show how the individual schemes support delivery of the objectives.	No	Yes – carried forward.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.



# Appendix C:

# Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
IMP6 The Council needs to ensure that both revenue and capital budgets are realistic and achievable to avoid significant revenue overspends or capital underspends.	Improvement	January 2024	The Council made enhancements as part of the 2024/25 budget setting process, but we cannot conclude on the effectiveness of these at this stage. The 2023/24 outturn saw significant overspending, partly as a result of errors in budget setting	No	Yes – carried forward.
IMP7 The Council needs to continue with its efforts to ensure that it has an appropriately resourced and skilled finance team.	Improvement	January 2024	The Chief Finance Officer and Deputy are now both permanent members of staff and the finance team includes only one interim staff member, with plans to recruit to this position on a permanent basis by the end of 2024. Our recommendation can be closed.	Yes	No
PY1 Ensure that financial plans are developed and implemented to close the funding gap that are not dependent on the use of reserves	Improvement	January 2023	Superseded by the subsequent Key Recommendation.	Yes	No

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C:

## Follow-up of previous recommendations

	Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
~ Page 150 ~	PY7 Incorporate relevant service activity and workforce information in the quarterly budget monitoring reports.	Improvement	January 2023	The Council has made progress in this area, particularly with regard to service activity where this impacts finances. Whilst there is scope for further development, the arrangements are appropriate for a council of this size and workforce capacity.	Yes	No
	PY9 The Audit Committee reviews its effectiveness against CIPFA's best practice guidance (see CIPFA's Audit Committees: Practical Guidance For Local Authorities And Police (2022 edition)).	Improvement	January 2023	The Audit Committee Self-Assessment shows that this has been undertaken and was reported in January 2024. There is also an action plan, which also includes a training plan for Members.	Yes	No
	PY10 Periodically benchmark cost and performance indicators with other similar authorities (for example Nearest Neighbour Group) and investigate reasons for any areas where other authorities appear to be achieving better results.	Improvement	January 2023	The Annual Governance Statement explains that the Council undertakes benchmarking across a number of services. Examples given are customer services, benefits, and planning.	Yes	No

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.



# Agenda Item 14



**Full Council**

**Thursday, 20  
February 2025**

**Matter for  
Information and  
Decision**

**Report Title:**

**Pay Policy Statement (2025/2026)**

**Report Author(s):**

**Anne Court (Chief Executive / Head of Paid Service)**

<b>Purpose of Report:</b>	The Localism Act 2011 ("the 2011 Act") requires every local authority to produce and publish a Pay Policy Statement ("the Statement") for each financial year from 2012/13. This report sets out the Council's proposed Pay Policy Statement for the coming financial year 2025/2026.
<b>Report Summary:</b>	<p>Section 38 of the 2011 Act requires local authorities in England and Wales to produce and publish a Pay Policy Statement for each financial year, which must be approved by Full Council.</p> <p>This statement sets out the Council's policies in relation to:</p> <ul style="list-style-type: none"> <li><b>(a)</b> The remuneration of its Chief Officers;</li> <li><b>(b)</b> The remuneration of its lowest-paid employees; and</li> <li><b>(c)</b> The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.</li> </ul> <p>For the purposes of this statement, remuneration includes basic salary, bonuses and allowances or entitlements related to employment.</p>
<b>Recommendation(s):</b>	<p><b>A. That the contents of the report and appendices be noted;</b>  <b>B. That Council approves the Pay Policy Statement for 2025/2026 (as set out at Appendix 1); and</b>  <b>C. That Council approves the continued commitment to paying the Real Living Wage for 2025/2026.</b></p>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Anne Court (Chief Executive / Head of Paid Service)  (0116) 257 2602  <a href="mailto:anne.court1@oadby-wigston.gov.uk">anne.court1@oadby-wigston.gov.uk</a></p> <p>Trish Hatton (Head of Customer Services &amp; Transformation)  (0116) 257 2700  <a href="mailto:trish.hatton@oadby-wigston.gov.uk">trish.hatton@oadby-wigston.gov.uk</a></p> <p>Sarah Driscoll (HR Manager)  (0116) 257 2790  <a href="mailto:Sarah.driscoll@oadby-wigston.gov.uk">Sarah.driscoll@oadby-wigston.gov.uk</a></p>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"Our Borough - The Place To Be" (Vision)
<b>Report Implications:-</b>	

Legal:	There are no implications arising from this report.
Financial:	The implications are set out in Paragraph 2 of this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Deputy Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>• <a href="#">Equality Act 2010</a></li> <li>• <a href="#">Localism Act 2011</a></li> <li>• <a href="#">Accounts and Audits (England) Regulations 2011</a></li> <li>• <a href="#">Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act' Guidance</a></li> </ul>
<b>Appendices:</b>	<ol style="list-style-type: none"> <li>1. Pay Policy Statement (2025/2026)</li> <li>2. Senior Leadership Team (SLT) Organisation Chart</li> </ol>

## 1. Background

- 1.1 The Council is required to publish a Pay Policy Statement for 2024/2025 by 31<sup>st</sup> March 2024. The Statement for 2025/2026 is attached at **Appendix 1**.

## 2. Current Applicable Pay Award

- 2.1 The National Joint Council (NJC) final offer on the pay award for 2024/2025 was agreed as follows:
- With effect from 1 April 2024, an increase of £1290 was awarded to all NJC graded employees (SCP 1 to SCP 43)
  - With effect from 1 April 2024, an increase of 2.5% was awarded to JNC Chief Officers.
- 2.2 For Oadby & Wigston Borough Council this means that the locally agreed pay spines have been reviewed and amended accordingly with the same award.
- 2.3 The pay offer for 2025/2026 has yet to be agreed and subject to its agreement the Pay Policy statement for 2025/2026 will be updated and presented to Council for approval.

- 2.4 The Real Living Wage (RLW) which the Council is committed to paying increased in October 2024 to £12.60 per hour and has already been implemented.
- 2.5 The Local Government Transparency Code 2015 requires publications of posts with salaries over £50,000. The Accounts and Audits (England) Regulations 2011 require posts with salaries over £50,000 to be published in the annual accounts.
- 2.8 If approved by Council, the Statement will take immediate effect, superseding the 2024/2025 Statement, and will be published on the Council's website.
- 2.6 The Senior Leadership Organisation Chart **Appendix 2** is included for noting.

**Appendix 1****OADBY AND WIGSTON BOROUGH COUNCIL  
PAY POLICY STATEMENT (2025/2026)****1. Introduction**

- 1.1 Oadby and Wigston Borough Council recognise that remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public. However, in the context of managing scarce public resources with ever decreasing funds and further spending cuts to be made, such remuneration needs to avoid being unnecessarily generous or otherwise excessive.
- 1.2 It is important that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market.
- 1.3 In particular, it is recognised that senior management roles in local government are complex and diverse functions in a highly politicised environment where often national and local pressures conflict. The Council's ability to continue to attract and retain high calibre leaders capable of delivering this complex agenda, particularly during times of financial challenge is crucial to the Council's performance.

**2. Legislation**

- 2.1 Section 38 of the Localism Act 2011 requires local authorities to produce and publish a Pay Policy Statement for each financial year thereafter, by the 31 March.
- 2.2 In determining the pay and remuneration of all employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010, The Fixed Term Employment (Prevention of Less Favourable Treatment) Regulations 2002, and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 2.3 With regard to the equal pay requirements contained within the Equality Act 2010, the Council ensures there is no pay discrimination in its pay structures and that all pay differentials are objectively justified through the use of an equality-proofed job evaluation mechanism, which directly relates salaries to the requirements, demands and responsibilities of the role.
- 2.4 The Localism Act 2011 and supporting statutory guidance provides details of matters that must be included in this statutory pay policy but also emphasises that each local authority has the autonomy to take its own decisions on pay and pay policies.
- 2.5 The format of this policy statement was approved by Full Council in April 2012 and is subject to review in accordance with the relevant legislation prevailing at that time, currently annually.

### **3. Scope**

#### **3.1. This Pay Policy Statement includes a policy on:-**

The level and elements of remuneration for each Chief Officer;

- (a) The remuneration of the lowest paid employees;
- (b) The relationship between the remuneration of Chief Officers and other officers;
- (c) Other specific aspects of Chief Officer remuneration, fees and charges and other discretionary payments.

#### **3.2. Remuneration in this context is defined widely to include not just pay but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements and termination payments.**

### **4. Senior Pay**

#### **4.1 In this policy the senior pay group covers posts in the top three tiers of the Council. These include the Chief Executive, the Strategic Director, the Chief Finance Officer and Heads of Service.**

#### **4.2 The numbers in the above posts are as follows:-**

- Chief Executive (1)
- Strategic Director (1)
- Chief Finance Officer (S151 Officer) (1)
- Heads of Service (3)

#### **4.3 The policy for each group is as follows:-**

#### **4.4 Chief Executive**

- (a) In line with nationally agreed terms the salary of the Chief Executive is locally agreed and the Pay Grade is currently in the following range:- C1 - 3 £104,969 to £115,316.
- (b) No additional bonus, performance, honoraria or ex gratia payments have been made.
- (c) Salary is subject to annual cost of living increases agreed by Joint Negotiating Committee for Chief Officers (JNC) for Local Authority Chief Executives national conditions.

#### **4.5 Strategic Director & Chief Finance Officer**

- (a) The Strategic Director post is also locally agreed and the pay grade for this posts is currently D4-6 £90,071 to £95,245.
- (b) The Chief Finance Officer post is also locally agreed and the postholder is paid a market rate salary of £92,250.
- (c) No additional bonus, performance, honoraria or ex gratia payments have been made.
- (d) Salaries are subject to annual cost of living increases agreed by the Joint Negotiating Committee for Chief Officers (JNC) for Local Authority



Services.

#### **4.6 Heads of Service**

- (a) The Heads of Service posts are also agreed and are currently within the following range:- Heads of Service Management Levels 1 – 4 £57,869 to £80,238.
- (b) Salaries are subject to annual cost of living increases agreed by the Joint Negotiating Committee for Chief Officers (JNC) for Local Authority Services.

#### **4.7 Electoral fees**

Fees are paid for Returning Officer duties with regards to fulfilling Election duties. This does not form part of the post holder's substantive role and these fees are payable as required and can be made to any senior officer appointed to fulfil the statutory duties of this role. The Returning Officer is an Officer of the Borough Council who is appointed under the Representation of the People Act 1983. The role of the Returning Officer involves and incurs personal responsibility and accountability and is statutorily separate from duties as an employee of the Borough Council, hence the additional remuneration which is paid. As Returning Officer, the employee is paid a separate allowance for each election for which they are responsible.

### **5. Lowest paid employees**

- 5.1. The National Living Wage to be paid from 1st April 2025 is £12.21 (2024 - £11.44) per hour and the age threshold sits at 21 years. Below age 21 years, The National Minimum Wage applies on a sliding age band scale. The rates to be paid from April 2025 are:-
  - 18-20 yrs - £10.00 (2024- £8.60)
  - Under 18 - £7.55 (2024- 6.40)
- 5.2 For employees classed as apprentices, the rates that apply are set out at paragraph 5.5 below . It is compulsory that employers pay at least the National Living Wage and national Minimum Wage rates where applicable to employees.
- 5.3 However on 15 March 2013, Councillors resolved to implement the Real Living Wage. The Real Living Wage is distinct from the National Living Wage and National Minimum Wage and is calculated by the Centre for Research in Social Policy which is an independent third party. The Centre for Research in Social Policy focuses on the wage rate that is necessary to provide workers and their families with a basic but acceptable standard of living. The minimum standard of living is socially defined and is often intrinsically linked to other social goals such as the fulfilment of care responsibilities. The Real Living Wage rate for 2024-2025 was announced on 23 October 2024. This was set at £12.60 per hour.
- 5.4 The lowest pay band within the council is Band 1 Scale Points 3. The pay scale points 1 & 2 were deleted as they did not reach the Real Living Wage threshold. Agreement between the national employers and trade unions on the 2024/2025 annual pay award was reached in November 2024. The relevant pay scale points have been amended to reflect this.
- 5.5 The Council also operates an apprenticeship programme that is designed to give

people the opportunity to gain a relevant qualification through study and on-the-job training. The training opportunities afforded to individuals through the apprenticeship programme are not directly comparable to other positions filled by employees within the Council.

Apprentices will be paid at least the minimum wage rate for their age, as set out in paragraph 5.1 above.

## **6. Pay Structure**

- 6.1. The pay structure for all employees except the Chief Executive, Strategic Director, Chief Finance Officer and Heads of Service is established using NJC for Local Authorities Services National Pay Spine.
- 6.2. All posts bar those of the Chief Executive, Strategic Director, Chief Finance Officer and Heads of Service posts are evaluated using the Greater London Provincial Council Job Evaluation Scheme, which is recognised by employers and trades unions nationally. This Scheme allows for robust measurement against set criteria resulting in fair and objective evaluations and satisfies equal pay requirements. In some instances from time to time, the ability to recruit to certain posts is dictated by market forces.
- 6.3. Progression within the band for all staff is subject to satisfactory performance on 1<sup>st</sup> April each year, provided that the employee has completed a minimum of 6 months service when an increment is awarded up to the maximum of the band.

New starters who have not completed 6 months service in April, will receive an increment after 6 months with the Council subject to satisfactory performance.

Employees who move jobs within the Council will also receive an increment 6 months after they start a new role.

## **7. Multipliers**

- 7.1 The current establishment has 167.92 FTE posts. Publishing the pay ratio of the organisation's top earner to that of its lowest paid earner and median earner has been recommended to support the principles of Fair Pay (Will Hutton, 2011) and transparency.
- 7.2 The Chief Executive's post is the highest paid post at the Council and is paid at £115,316 (1 FTE) per annum and is currently at the top of the pay scale. This is 3.5 times the average earnings in the Council which is £32,938.48 The Chief Executive's pay is 4.72 times the lowest pay which is £24,441.

## **8. Payments/Charges and Contributions**

- 8.1 The Council operates the Local Government Pension Scheme (LGPS) and makes pension contributions as required to all employees who participate in the scheme. The current rate is 22.4% of the whole time salary. All employees will be contractually enrolled into the scheme where they meet the following criteria: earn over £10,000 a year (2024/2025 figure) and are aged between 22 and state pension age.
- 8.2 Employee contributions will depend on the actual salary received, rather than a full time equivalent, with contributions ranging from 5.5% to 12.5%.

8.3 The Council has a determined policy on discretions available under the LGPS.

## **9. Discretionary Payments**

The Council also recognises that it is important to motivate their employees by other non-salaried means. All employees receive a generous leave entitlement and are able to utilise the flexi-time scheme as well as access a range of employee discounts and our employee assistance programme via our employee benefits platform. In addition we have a Cycle to Work scheme, a car loan scheme, a relocation package, access to free eye tests and free off-peak membership at local leisure centres.

## **10. Decision Making**

10.1 Decisions on remuneration are made as follows:-

- Chief Officers' local pay level approved by Full Council;
- Pay structure for all other posts approved by Full Council.
- Market Supplements, which may be required to meet market forces from time to time, are approved by the Senior Leadership Team.

## **11. Disclosure**

11.1 The Local Government Transparency Code 2015 requires publications of posts with salaries over £50,000 (FTE). The Accounts and Audits (England) Regulations 2011 require posts with salaries over £50,000 to be published in the annual accounts. The Pay Policy Statement will be published on the Council's website.

11.2 The posts are as follows:-

- Chief Executive
- Strategic Director
- Chief Finance Officer (S151 Officer)
- Head of Law and Democracy (Monitoring Officer)
- Head of the Built Environment
- Head of Customer Service and Transformation
- Finance Manager
- Corporate Projects & IT Manager
- Housing Manager
- Planning Policy & Development Manager
- Depot Manager
- Marketing & Communications Manager
- HR Manager
- Strategic Manager

## **12. Performance related pay**

12.1 There are no performance related pay schemes in place.

## **13. Equality and Diversity**

13.1 This Pay Policy Statement will assist the Council in monitoring remuneration across the Council and provide a fair system which avoids discrimination.

**For further information please contact:-**

Anne Court, Chief Executive / Head of Paid Service

Telephone: (0116) 257 2702: E-mail: [anne.court1@oadby-wigston.gov.uk](mailto:anne.court1@oadby-wigston.gov.uk)

