

	Issue	Grant Thornton consideration	151 commentary
1	The financial trajectory of the sector	Councils at risk defined as those with useable reserves less than 5% of revenue expenditure.	The Council maintains a General Fund (Unallocated) Reserves at a minimum of 20% of net expenditure for the entire 5-year MTFS period. (See para 4.5.3)
2	Addressing the delay in local audit	Nationally there has been a significant delay in the completion of audit work. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November 2022.	In respect of: <ul style="list-style-type: none"> i. 2021/22 accounts, the Council published its accounts by the end of May 2022 and Audit & Standards Committee received the audit opinion in July 2023. ii. 2022/23 accounts, again the Council published its accounts by the end of May 2023 and, at the time of drafting this report, Audit & Standards Committee is expected to receive the audit opinion for this meeting.
		The DHLUC, and the NAO have agreed a process called the “backstop” for the publication of audited accounts for all years up to 2022/23.	As noted in (ii) above, this should not be applicable to the Council.
3	Preventing failure in local government	The external auditor has issued a report that prescribes remedies to support better health across local government. An Audit Committee is listed as one of the key internal bodies with:	
		a) a role to play in preventing failure, along with the Executive [<i>Cabinet</i>], Overview & Scrutiny Committee, and the golden	The Council has a Cabinet, and two Overview & Scrutiny Committees, along with the stated golden triangle of the three statutory posts.

	Issue	Grant Thornton consideration	151 commentary
		triangle of Chief Executive, Finance Director, and Monitoring Officer	
		b) opportunities to make a difference surround:	
		<ul style="list-style-type: none"> focusing on risk management alone (not having multiple roles). 	<p>The Councils Audit & Standards Committee does have a twin role in respect of independent assurance of the risk management framework as well as leading on the review of the standards sub-committee.</p> <p>The s151 Officer is mindful however, that the role of Cabinet is to own the Councils corporate risks and provide appropriate mitigations; whereas the role of the Audit & Standards Committee is to reflect on risk management.</p>
		<ul style="list-style-type: none"> independence (having an independent chair and at least one independent member). 	The Audit & Standards Committee is independent and is those “charged with governance”. At this time, no consideration is given to either an independent chair or an independent member.
		<ul style="list-style-type: none"> specialist training and support for members of the committee. 	Training is offered periodically throughout the municipal calendar; especially for all new members of the committee
		<ul style="list-style-type: none"> direction over Internal Audit (setting the standard for strategic risk focus and timeliness); and 	The committee does set direction for Internal Audit, it agrees the Audit Plan and Charter, as seen elsewhere on this agenda.
		<ul style="list-style-type: none"> curiosity and asking the right questions. 	The membership of the committee is politically balanced and is duly curious and challenging.
4	Mitigating financial distress	In January 2024 DHLUC issues a report that highlighted a number of issues relating those authorities including:	When Full Council considered the 2024/25 budget and agreed the MTFS in February 2024, this included the s.25 report of the s.151 Officer.

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	in Local Authorities	<ul style="list-style-type: none"> • Those councils who had issued s.114 notices, • issues relating to income (Council Tax and Business Rates) and expenditure (social services related expenditure and homelessness), and that • of the councils who had not issued s.114 notices, 1 in 5 Leaders and Chief Executives do assess themselves as being at a “tipping point” due to a lack of funding. 	<p>This report concluded that the Council is in a good financial position, but there were risks over the horizon that it has recognised and is cognisant of:</p> <p>2024/25 Budget</p> <p>3.33 Considering all the factors noted within the “Robustness” statement in respect of 2024/25, the CFO considers that the combination of the:</p> <ul style="list-style-type: none"> • Councils’ commitment to continue to find service efficiencies, • the direction of travel in relation to governance, • it’s clear intention to invest in services, and • it’s prudent position relating to income recognition (including raising Council Tax), the budget proposed for 2024/25 should not give Councillors any significant concerns over the Council’s financial position. <p>Medium Term Financial Strategy (2025/26 to 2028/29)</p> <p>3.34 Regarding the period covered by the MTFs; at this point in time the Council does face some significant future funding risks:</p> <ul style="list-style-type: none"> • an expected reduction in NHB;

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			<ul style="list-style-type: none"> • the implications of Fair Funding and • the ongoing issues pertaining to the localisation of Business Rates as well as a Business Rates reset, and if, • current levels of service are maintained, the Council is likely to continue to face a challenging financial future. <p>3.35 The Council has taken proactive action to address its budgetary concerns by undertaking two significant budget review processes as well as several other transformational and cost control initiatives. However, the current programme of change must continue and for the Council to achieve full financial sustainability and resilience and be able to continue to invest in its local community, the Council will have to ensure that “continuous improvement” remains at the centre of its future service delivery model</p>
		<p>Whilst most of the recommendations in the report were aimed at Government [as in central government], there were some “key takeaways for local authorities while they wait for any change that may come:</p>	
		<ul style="list-style-type: none"> • Have we set Council Tax at the highest level possible without a referendum? Future changes could see referendum 	<p>For 2024/25 the Council chose to “freeze” Council Tax; this is the second year that Council Tax has not increased (or in other words the third</p>

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		<p>thresholds increased or removed. Are Councils doing all they can now to maximise this source of income.</p>	<p>year it has been maintained at £177.97). This has been a political decision to enable the Council to share the fortuitous prosperity due to significant increases in both business rates and the collection fund surplus.</p>
		<ul style="list-style-type: none"> • Are we collaborating as effectively as we can with other local authorities to influence market prices for the services we buy in? 	<p>The Council has a number of collaborative arrangements in place including:</p> <ul style="list-style-type: none"> • Revenues & Benefits (2 Leicestershire District) • Building Control (various Leicestershire Districts) • Business Continuity Planning (all Leicestershire Districts) • Emergency Planning (all Leicestershire Districts) • Strategic Growth (all Leicestershire Districts) • Internal Audit (delegation with North Northants Council) • Lightbulb (Disabled Facilities Grants) (various Leicestershire Districts) • Car Parking (various Leicestershire Districts) • Welland Procurement (various Leicestershire Districts)

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5	Learning from the Office for Local Government	<p>In February 2024, the Secretary of State for the DHLUC set out the strategic remit of the Oflog. Oflog includes are new local authority data explorer tool that can compare a number of council services with comparator authorities.</p> <p>The external auditor has raised the questions for Audit Committees on how they could ask:</p> <ul style="list-style-type: none"> • Are the metrics consistent with our own benchmarking? • Are we showing earlier warning signs? 	<p>No work has been done on this as yet. Where possible this will be incorporated into budget setting for 2025/26 onwards to determine service risk.</p> <p>As noted above in respect of s.25 commentary, the Council is not showing early warning signs of financial stress. In fact, the Council has now included significant service risks and financing risks into its MTFS, and the Council has maintained a balanced MTFS over the medium-term.</p> <p>Included in the s.25 commentary, as shown at paragraph 8 (and the following Briefing Note) in Appendix 1 to the Budget report to Council in February, there is extensive commentary of how the Council compares to its CIPFA family group in respect of the CIPFA Resilience Index. The Council is in a positive position.</p>

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		<ul style="list-style-type: none"> • What arrangements will we be making to make best use of the learning that will be on offer? 	This is to be reviewed in the following months.
6	New workbook to support councillors in their work on community leadership.	In February 2024, the LGA published a new workbook for Councillors, primarily covering community leadership.	This is to be reviewed and if/where necessary respective member training will undertaken.
7	Making the most of levelling-up funds to local government.	<p>In November 2023, the NAO published a report in respect of levelling up funding and its likelihood to deliver value for money. Since the notification of funding a number of factors have impacted delivery by local authorities; including rising costs, skills shortages, and supply issues – many of which are outside the control of local authorities.</p> <p>However, the external auditor has proposed some questions that Audit Committees can ask, including:</p> <ul style="list-style-type: none"> • Do we know which of our projects are on track and which are at risk? 	
			<p>UKSPF/REPF (*) is designated a “major” project, the consequence of which is that there is strong governance including:</p> <ul style="list-style-type: none"> • Nominated project sponsor for programme. • Pentana is used to monitor risk/key performance indicators. • Monthly project boards. • Highly regulated to Central Government.

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		<ul style="list-style-type: none"> Have all projects got their main contractor in place? 	<p>Each project within the UKSPF/REPF programme has an allocated lead officer. Some projects for 2024/25 are currently in the process of finalising procurement etc but is on schedule.</p>
		<ul style="list-style-type: none"> Has full advantage been taken of the ability to move money between sub-projects within individual bids? 	<p>The team has taken full advantage of the ability to move small pots of money into a different sub project, if there was an underspend or overestimated quote for a project.</p> <p>The Project Manager has formal deputised decision-making authority in place for all UKSPF and REPF grants/contracts of up to £20,000 which supports agile decision making on sub-projects.</p>
		<ul style="list-style-type: none"> Is advantage being taken of the ability to make changes to the scope and scale of projects without seeking approval if the changes are not exceeding a 30% threshold. 	<p>Advantage is being taken of the ability to make changes to the scope and scale of projects.</p> <p>A recent example was taking the opportunity to reprofile £66,000 from one project to another. This enabled us to support important improvement works proposed at a key tourism destination in the district.</p>
		<ul style="list-style-type: none"> Are projects being prioritised? So that these than can complete to time, do complete to time. 	<p>There is a robust governance structure which utilises Smartsheet, an effective project management/planning tool.</p>

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			<p>Projects that have the longest lead time and that have the largest sum of money allocated to them are being prioritised with more internal and external resource. This includes taking on board any necessary expertise from external consultants.</p> <p>At this time, there is every confidence that all UKSPF/REPF funded activity will be delivered within the timeline set by DLUHC.</p>
<p>NB. Key to Acronyms CFO: Chief Financial Officer DHLUC: Department for Levelling-Up, Housing and Communities NAO: National Audit Office NHB: New Homes Bonus LGA: Local Government Association UKSPF/REPF: UK Shared Prosperity Fund / Rural England Prosperity Fund</p>			