



Auditor's Annual Report
Chesterfield Borough Council – year ended 31 March 2025

February 2026

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Our reports are prepared in the context of the ‘PSAA Statement of Responsibilities of Auditors and of Audited Bodies’ and the ‘Appointing Person Terms of Appointment’ issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Chesterfield Borough Council. It has been prepared for the sole use of the Standards and Audit Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

01

Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for ('the Council') for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report for the year ended 31 March 2025 on 26th February 2026. Our audit report included a disclaimer of opinion.



Reporting to the group auditor

In line with group audit instructions issued by the NAO, we have undertaken work on the Council's Whole of Government Accounts (WGA) return in line with their instructions. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.



Value for Money arrangements

We did not identify any significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Council's arrangements.

02

Audit of the financial statements

Audit of the financial statements

Background

The statutory backstop established a date in legislation by which local authorities were required to publish their financial statements irrespective of whether their external auditor had obtained sufficient appropriate audit evidence to issue a non-disclaimed audit opinion. The introduction of the backstop led to many local authority audits being disclaimed.

Audit suppliers have worked with the National Audit Office (NAO) and the Financial Reporting Council (FRC) to develop guidance to support local audit suppliers to rebuild assurance after previous audits have been disclaimed. In June 2025, the NAO issued its guidance to auditors (called LARRIG) on the special considerations for rebuilding assurance: www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/

LARRIG 06 makes clear the work required to rebuild assurance following a disclaimer of opinion may be significant and will vary between authorities.

Under normal circumstances and following a financial year where the auditor has given an unmodified opinion on the financial statements, auditors would usually rely on assurance obtained in the prior period to be satisfied that the opening balances in the current year are free from material error. Following the completion of audit procedures on in-year transactions, the auditor would usually be able to form an opinion on the current year's financial statements.

When a disclaimer of opinion has been issued in the prior periods, no such assurance can be taken and the auditor must design alternative audit procedures to be able to form a position on the current year's financial statements.

2024/25 audit of the financial statements

Our audit will be conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2025 and of its financial performance for the year then ended.

In September 2025, we provided the Standards & Audit Committee with an aspirational outline plan for rebuilding assurance over the next three years. We issued our audit report for the year ended 31 March 2025 on 26th February 2026. Our audit report included a disclaimer of opinion.

Annual Governance Statement

Based on the work performed, we have not identified matters where, in our opinion, the governance statement does not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

03

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance - How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	Yes – page 12
 Governance	15	No	No	Yes – see page 17
 Improving economy, efficiency and effectiveness	18	No	No	Yes – see page 20

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Position brought forward from the prior year

We did not identify significant weaknesses in arrangements for achieving financial sustainability in the prior year. While we did acknowledge that the Council was facing challenges to its forecast medium term financial position, we had noted that the approval of a Budget Strategy in July 2023 evidenced that arrangements were in place to address the anticipated budget gaps. Our commentary on the updated 2024/25 position is set out below.

Arrangements to plan finances, identify significant short-term and medium-term financial pressures and bridge funding gaps

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2024/25. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve balanced budgets and monitor financial performance to best meet the needs of the Council's service users.

The Council sets the Budget and Policy framework within which the Cabinet must operate as part of its Constitution. The budgetary framework includes the use of capital resources as well as protocol for setting the revenue budget and council tax. The policy framework is made up of a wide range of plans and strategies, such as the Housing Strategy, the Development Framework and the Corporate Plan.

Through our review of Council and committee reports, meetings with Officers and relevant work performed we are satisfied that the Council's arrangements for budget monitoring remain appropriate and have confirmed that the Cabinet received regular budget monitoring reports throughout 2024/25 (for example on 15th October 2024 for period 5, being to the end of 31st August 2024). The monitoring reports included a Medium-Term Financial Plan (MTFP) update and revised forecast outturn position for 2024/25. The final General Fund, Housing Revenue Account (HRA) and Capital outturn for 2024/25 was presented to Cabinet and Full Council in July 2025.

We confirmed that the General Fund Revenue Account budget for 2024/25 was approved by Full Council in February 2024 and for 2025/26 in February 2025. We did not note any significant inconsistencies between budgetary information and the financial position as reflected in the financial statements.

The 2024/25 General Fund Revenue Budget was originally balanced using £0.214m from the Budget Risk Reserve. The final outturn for 2024/25 showed a favourable variance of £1.867m, meaning the Council ended the year with a surplus. As a result, the £0.214m drawdown from the Budget Risk Reserve was not required.

2025/26 General Fund Revenue Budget has been balanced with a £1m transfer from the Business Rates Risk Reserve to partly compensate for the expected reduction in Business Rates in 2026/27 and 2027/28.

Arrangements to ensure financial plans are consistent with other strategies

Alongside the revenue and capital budget setting process, the Council also produces Treasury Management, Capital and Investment Strategies before the start of each financial year. We have noted the reports for 2024/25 and 2025/26 approved by full Council in February 2024 and 2025 respectively.

Budget Setting and Medium-Term Financial Plan (MTFP)

In considering arrangements, we examined the budget gap reported as part of the Medium-Term Financial Strategy. The Budget Strategy approved in July 2023 identified the need to deliver at least £2.5 million in savings for 2024/25 to reduce reliance on reserves and stabilise the Council's financial position. Our review of the 2024/25 and 2025/26 MTFP reports confirmed that they highlight continued pressures from inflation, the cost-of-living, and uncertainty over future funding reforms.

The 2024/25 MTFP assumed the delivery of £3.079m new savings which were approved as part of the 2024/25 budget setting process. The 2024/25 outturn surplus demonstrates that planned savings were achievable. The 2025/26 budget is balanced, but significant gaps remain in 2026/27 and 2027/28, even after applying reserves and savings. While reserves are being used to bridge short-term gaps and fund strategic initiatives, the Council is not planning to use them as a long-term solution for balancing budgets. Instead, it is focusing on efficiency savings, income generation, and transformation to address medium-term challenges.

Our review of the Council's 2025/26 MTFP shows that the Council plans to explore new delivery models and income streams, including digital transformation, energy generation and investment in sports centres and cultural venues. These initiatives are expected to yield long-term savings but require upfront investment. The Council will apply £200k in 2025/26 under the Flexible Use of Capital Receipts Strategy to fund transformation projects. A 2.99% Council Tax increase has been agreed for 2025/26 and the Council continues to maximise income through revised fees and charges and increased participation in paid services (e.g. garden waste).

Additionally, we reviewed the latest 2025/26 budget monitoring reports and MTFP updates to gain an understanding of the emerging medium-term position, given the gaps identified from 2026/27 onwards. As of October 2025, there is a forecast £131k favourable outturn, £903k savings are on track and Garden Waste is performing strongly. However future gaps remain significant, with certain additional pressures identified, such as the 3.2% pay award (originally assumed to be 2%). While the outlook has improved and the Council has delivered on savings, medium-term challenges remain significant, requiring continued focus on sustainable savings and income generation.

Other Recommendation

The current MTFP highlights emerging gaps from the 2026/27 financial year onwards. The Council intend to mitigate this gap by maximising income and identifying efficiency savings. The Council must continue to identify sustainable mitigations to be able to balance future budgets over the MTFP period.

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability - continued

Arrangements to identify and manage risks to financial resilience

The purpose of the Council's general fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Whereas earmarked reserves, are set aside for specific purposes. Through a review of the financial statements, we have considered the Council's revenue reserves over time. The chart to the right shows that the Council's usable reserves position has remained relatively stable over the last five years, although it should be noted that the figures for the last three years were subject to a disclaimer of opinion.

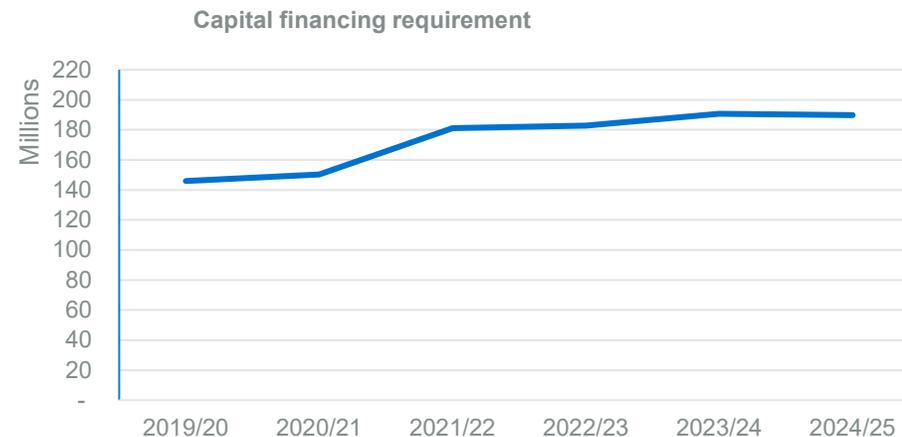
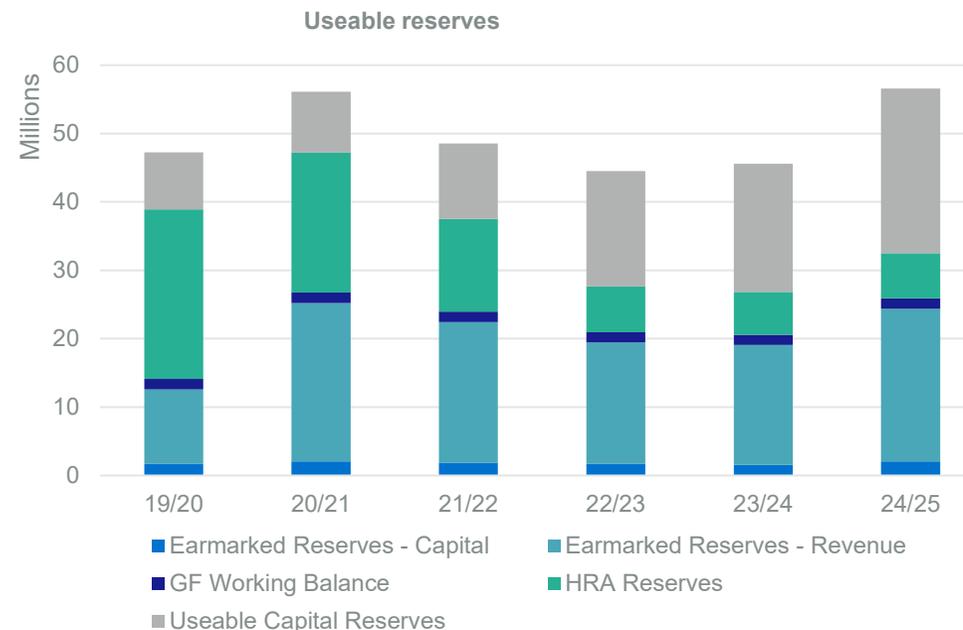
Through our work we have not identified evidence of unsustainable planned use of reserves to bridge funding gaps.

The Council's capital expenditure and financing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. We considered the Council's overall CFR (HRA and General Fund) as set out in the financial statements, which has increased from £146m in 2019/20 to £190m in 2024/25. The overall upward trend represents increased need to borrow to finance capital expenditure. However, the CFR has seen a fall of £0.935m (0.5%) between 2023/24 and 2024/25.

From our review of committee reports we have established that the Council approved a Flexible Use of Capital Receipts policy as part of its Capital Strategy. The Council has made use of the flexible use of capital receipts for investments which are transformational in nature, i.e. generating future cost savings. In 2024/25, the outturn report confirmed that £0.471m actual flexible receipts were used, against an original approved budget of £0.700m. We have not identified evidence of the Council seeking to make significant use of its capital resources to relieve short-term revenue pressures.

Whilst we acknowledge that the Council has had to implement additional medium-term savings plans, we do not consider this to be an indication of significant weaknesses in arrangements.



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

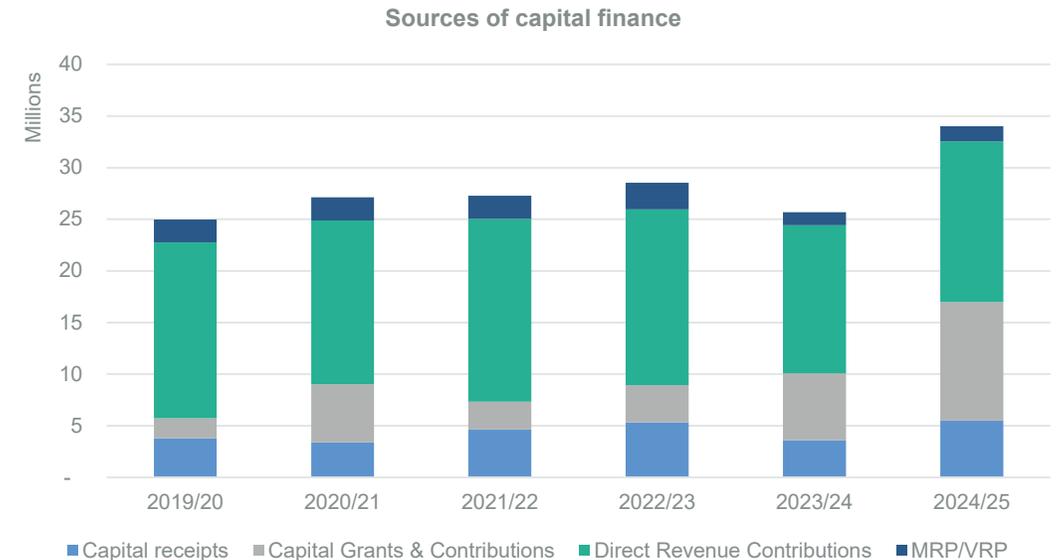
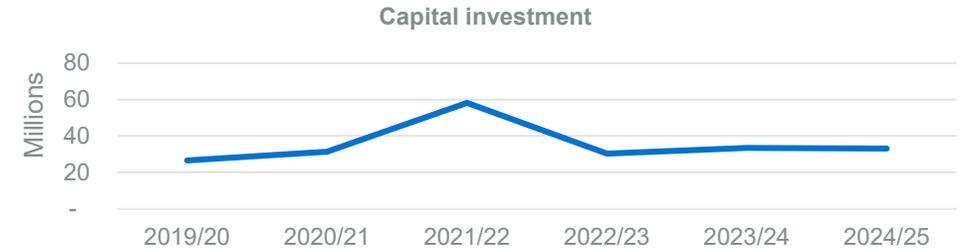
We also considered the sources of capital finance in the capital programme (see charts right) which shows over the past five years overall capital spend has been mainly financed through capital grants and contributions (£13.9m in 2024/25) with the other portion derived from capital receipts, borrowing and reserves.

Minimum Revenue Provision (MRP)

We have not identified any evidence of significant matters in the calculation of the Council's Minimum Revenue Provision (MRP), noting that in line with requirements the Council's MRP Statement for 2024/25 was approved by full Council on 28th February 2024.

MRP is a charge that the Council makes in its financial statements for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt i.e. the Capital Financing Requirement). The Housing Revenue Account (HRA) is not subject to a statutory requirement to make a MRP payment. For 2024/25, the MRP charge was 2.5% of non-HRA Capital Financing Requirement, which is generally considered a reasonable ratio based on averages of similar councils and guidance recommendations.

Based on the above considerations we have not identified evidence of a significant weakness in the Council's arrangements in relation to Financial Sustainability for the year ended 31 March 2025.



VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Overall commentary on Governance

Position brought forward from the prior year

We did not identify any significant weaknesses in the Council's arrangements in the prior year 2023/24.

Arrangements for decision making, compliance with legislative/regulatory requirements and effective challenge from those charged with governance

The Constitution details the Council's operational procedures, decision-making processes and the mechanisms in place to support its commitment to transparency and accountability. Our review of committee reports and governance arrangements has confirmed that the Council's Constitution is kept under review. Updates were reviewed by the Standards and Audit Committee and subsequently approved by full Council in April 2024 and April 2025 as part of the Council's annual business meeting.

We have confirmed that the Council publishes a Senior Pay Policy Statement for each financial year, and the statement for 2024-25 was approved in February 2024. Members' allowances are periodically reviewed by an Independent Remuneration Panel. The most recent panel review took place in November 2023, with changes taking effect from 1 April 2024.

There are established protocols for the Scrutiny Committees to be informed of 'Key Decisions' made, or planned, by the Cabinet, along with a definition of what constitutes a Key Decision. The Constitution stipulates the protocol and procedure for decisions to be 'called in' by Committees. A review of Council and Committee papers confirms the use of a template covering report for all reports, ensuring the purpose and recommendations are clear. Minutes are published and reviewed by Committees to evidence the matters discussed and challenge as well as decisions made.

The Annual Governance Statement (AGS) is a critical component of the Council's governance arrangements. It is a self-assessment by the Council on its governance, assurance and internal control frameworks for the financial year. While some governance issues have been identified, measures have been implemented to mitigate or minimise the risks associated. Our review of the AGS has not highlighted any risks of significant weakness and we have confirmed that disclosures are in line with the internal audit consortium annual report 2024-25.

Standards and Audit Committee

The Standards and Audit Committee, as set out in the Council's constitution, is responsible for evaluating the effectiveness of the Council's risk management systems, control environment and anti-fraud and anti-corruption measures. The committee liaises with internal and external audit as well as other external inspection agencies. Our attendance at the Standards and Audit Committee at all meetings throughout 2024/25 has confirmed that there is an appropriate level of effective challenge.

The Chartered Institute of Public Finance and Accountancy (CIPFA), in their note "Audit Committees - Practical Guidance for Local Authorities", recommends that an Audit Committee should produce an annual report on their activity. We have confirmed through our review of agendas and papers that this report was produced and presented to full Council for 2024/25 on 22nd October 2025. We have reviewed the report and identified no matters indicating a significant weakness in arrangements.

Arrangements for budget setting and control and for reporting of financial information

The Council's Constitution provides the framework for managing its financial affairs. Each year, the Service Director – Finance submits to Council a capital programme and revenue estimates covering at least four years. Full Council approves the General Fund, Council Tax and housing rents for the year, while budget decisions rest with Cabinet and full Council.

Directors and Service Managers are required to notify the CFO of potential future liabilities. We confirmed that the Cabinet received regular budget monitoring reports throughout the year, including the 2024/25 outturn in July 2025. The CFO also prepares an annual Capital Strategy, reviewed alongside the Capital Programme, which sets out principles for capital planning and funding. Members received regular capital monitoring reports during the year.

The Standards and Audit Committee also reviews treasury management arrangements before recommending them to Council. We confirmed that the Committee approved the Treasury Management Outturn report on 8th October 2025, which confirmed compliance with the Council's key indicators.

We reviewed the assumptions underpinning the Medium-Term Financial Plan (MTFP) and found them to include adequate detail on cost pressures and risks, supported by clear narrative for informed decision-making. Our review of the 2024/25 outturn and the Annual Governance Statement did not identify any evidence to indicate weaknesses in the Council's budget-setting or governance arrangements.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Arrangements for risk management and internal control – continued

Internal Audit is provided on a consortium basis for Bolsover District Council, North East Derbyshire District Council and Chesterfield Borough Council. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit Consortium that has been established to provide the internal audit service to the three councils. We have confirmed that a review of the Internal Audit Charter was presented to the Standards and Audit Committee in year. The Internal Audit plan for 2024/25 was also reviewed and approved by members of the Committee on 17th April 2024. Approval of the 2025/26 Plan followed a similar timetable.

We have reviewed the Head of Internal Audit's report presented to the 23rd July 2025 Standards and Audit Committee and noted that 'reasonable assurance' opinion was provided on the overall adequacy and effectiveness of the Council's framework for governance, risk management and control for the year ended 31 March 2025. While we did note 6 limited reports (24%), the Internal Report notes that these do not change the overall opinion and that managers are in the process of implementing the audit recommendations made. A report detailing internal audit recommendations and updates on progress made in respect of them is presented to the Standards and Audit Committee every six months which we have confirmed by our attendance at each committee meeting.

Arrangements for risk management and internal control

The current Risk Management Strategy (for 2023-2027) was reviewed by the Standards and Audit Committee in February 2023 prior to its consideration by the Council in May 2023. The report includes the overall strategy and aims, the Risk Management Group terms of reference, details of the overall risk management process and the roles and responsibilities within the Council's management group structure. The annual Risk Management Monitoring Report for 2024/25 was presented to the Standards and Audit Committee in September 2025. Our review of this report confirmed that the Corporate Risk Management Group met on a quarterly basis, and that following these meetings the Council's Corporate Leadership Team and portfolio holders were provided with regular updates.

The Council also maintains a strategic risk register, which tracks the strategic, high-level Council risks related specifically to the achievement of the Council's vision, priorities and purpose. In line with the previously outlined risk management strategy, we have confirmed that the register was approved by full Council alongside the annual report in October 2025.

Other Recommendation

The Council published its draft Statement of Accounts for the year ended 31st March 2025 on 22nd August, which is an improved position from the prior year publishing date of 11th September. The unaudited accounts of local authorities were to be approved and published by 31st May. However, the Council took the decision to delay publication until resources were available to produce accounts of the required quality.

We recommend that the Council continue to review its accounts production timetable to be able to meet the deadline for 2025/26.

Additionally, the Council was able to provide a full suite of supporting working papers, which showed continued quality improvement from previous years. However, while improvements have been made, readability issues with the supporting trial balance reconciliations and transaction listings were noted.

We recommend that the Council continues to review its working papers to both support the timely production of the statement of accounts and facilitate the audit process.

Based on the above considerations we have not identified evidence of a significant weakness in the Council's arrangements in relation to Governance for the year ended 31 March 2025.

We have, however, made two 'Other' recommendations around the Council's financial reporting as noted above.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Position brought forward from the prior year

We did not identify evidence of a significant weakness in the Council's arrangements in the prior year.

Arrangements for performance monitoring and for identifying areas for improvement

The Council Plan 2023-27 sets out the Council's aims and priorities over the four-year period and was agreed by full Council in February 2023. Performance against the annual delivery plan is monitored via regular reporting to Members. We confirmed that the Council Plan Delivery Plan 2024/25 Annual Report was reviewed by Cabinet on 15th July 2025. The 2024/25 Report tracked progress on 42 milestones (71% delivered, 29% postponed) and 53 measures (92% achieved).

In April 2024 Cabinet approved the establishment of a new Housing Advisory Board comprising Members, tenants and senior officers. The Council has also recently launched a new three-year Housing Strategy. We have reviewed the board's minutes and reports which are publicly available on the Council's website. We also confirmed that in January 2025 the Cabinet member for Housing presented a report on the outcome of the recent inspection of Chesterfield Borough Council's housing services by the Regulator of Social Housing (RHS), where a C2 grade was given. Following from this, the Cabinet report also recommended the endorsement of the Regulator of Social Housing and Tenant Satisfaction Action Plan.

In our view, the reports contain sufficient narrative, including the appendices, to demonstrate that there are adequate arrangements for scrutiny in assessing performance and identifying areas for improvement. Reports were designed to enable Members to understand areas of improvement or deterioration against the metrics set. This allowed for monitoring and, where necessary remedial actions to be identified.

External regulators

The Council's annual complaints report was presented to the Standards and Audit Committee on 8th October 2025. It covers complaints under the Local Government and Social Care Ombudsman (LGSCO) and the Housing Ombudsman, offering insights into complaint volumes, response times, outcomes, and service improvements. A total of 364 complaints were received, marking a 9.5% reduction from the previous year. The most frequent complaint areas included bins and recycling, housing allocations, council tax, street scene, and environmental services. Only one complaint was upheld by the LGSCO, which is below the average for similar councils. The Housing Ombudsman's standards were also met, with oversight provided by the Housing Advisory Board. Our attendance at this meeting confirmed members actively reviewed and discussed the findings of the report.

Arrangements for delivering the Council's role in partnerships and for engaging with stakeholders

The Council works actively in a number of partnerships. Activities are progressed with local partners, across the public, private and community and voluntary sector. Regeneration projects currently underway include Chesterfield Waterside, Peak Resort, Northern Gateway, Staveley Corridor and Stephenson Memorial Hall refurbishment. KPIs related to these partnerships are tracked in the Council Plan Delivery Plan.

Arrangements for commissioning and procuring services in line with relevant policies and regulations

The Procurement Act 2023 came into force in 2024. The new legislation has a significant impact on public procurement, meaning that all contracting authorities will need to make changes to the way they procure goods, services and works and manage contracts to ensure compliance with the new Act. The Council has an in-house procurement team and contract standing orders are set out in the Council's Constitution.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Local Government Reorganisation (LGR)

In February 2025, the Government wrote to local authorities formally inviting them to submit proposals to create new structures of unitary authorities – which is a single tier of local government responsible for all local services in an area. Derbyshire's eight district and borough councils, and Derby City Council, have been working in partnership to draw up a joint proposal.

Local government reorganisation (LGR) is a complex undertaking that requires strategic foresight, collaborative leadership, and robust planning. It presents both opportunities and challenges for councils seeking to improve service delivery, financial sustainability, and democratic accountability. Effective planning is essential to ensure a smooth transition and long-term success. It is well recognised that councils continue to deliver their services and duties until reorganisation is complete, including ensuring they maintain standards and exhibit the appropriate standards of governance.

Crucially, the Council will need ensure it puts in place robust arrangements to oversee the agreement and implementation of an agreed plan. This includes effective governance and committed leadership, such that there are clear arrangements for decision-making and to manage relationships between partners, especially in joint or competing proposals.

We have held ongoing discussions with senior Council officers throughout the year as the situation has evolved. We do not consider LGR to represent in itself a significant risk of weakness in arrangements. From our review we have not identified any indication that the Council has not complied with its obligations to the LGR process. The Council worked with districts and boroughs in Derbyshire to prepare an interim plan which was approved by full Council in March 2025. The Chief Executive in consultation with the Leader of the Council was authorised to continue to participate in discussions with Derbyshire's seven other district and borough councils, Derby City Council and also potentially Derbyshire County Council, with a view to developing a full proposal for local government reorganisation in Derbyshire and Derby. The Full Council will be formally invited to consider the full proposal in the Autumn, prior to its submission to the Government by the required deadline of 28 November 2025.

During the transition period, each council will retain full sovereignty over its assets and liabilities. However, MHCLG expects local leaders to collaborate in establishing voluntary agreements that ensure prudent, coordinated, and value-for-money decisions on expenditure as proposals are developed.

There are a range of other factors to incorporate into future planning, including but not limited to:

- Robust financial planning, managing transition costs, but also addressing existing deficits and future funding uncertainties.
- Supporting the workforce, including engagement, morale and more detailed determination of employee contracts, redundancies and retention. This includes ensuring there are sufficient resources available to implement programme management on the delivery of the finally agreed case for change.
- Maintaining continuity in services, but identifying opportunities/threats on duplication, gaps and service delivery models. This would also include effective consultation and engagement with residents, service users and other stakeholders.
- Considering the impact of technology as a barrier and enabler, including data protection, cyber resilience and ability to integrate systems.

Other Recommendation

The Council needs to maintain effective and transparent governance arrangements in the progression of plans for local government reorganisation, including effective leadership and the Standards and Audit Committee should seek specific assurance, once plans are finalised, over the key controls in place to support the transition to a new organisation.

Based on the above considerations we have not identified evidence of a significant weakness in the Council's arrangements in relation to securing Economy, Efficiency or Effectiveness for the year ended 31 March 2025.

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the group auditor

Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

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