



Auditor's Annual Report

Erewash Borough Council– year ended 31 March 2024

February 2025

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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 Erewash Borough Council (‘the Council’) for the year ended 31 March 2024. 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 on 26th February 2025. Our audit report included a disclaimer of opinion. This means our audit report did not express an opinion on the financial statements and no assurance was provided. It was necessary to issue a disclaimer of opinion as amendments to the Account and Audit Regulations introduced a statutory deadline for publication of the Council’s financial statements. We were unable to complete the audit procedures necessary to obtain sufficient appropriate audit evidence on which to base our opinion before the date the Council published its audited financial statements.



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.



Wider reporting responsibilities

At the date of reporting our work on the Council’s Whole of Government Accounts return remains incomplete whilst we wait for final instructions from the National Audit Office

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. Amendments to the Accounts and Audit Regulations introduced a deadline for publication of local authorities' audited 2023-24 financial statements. Prior to issuing our audit report, the ISAs require us to determine whether we have obtained sufficient appropriate audit evidence based on the audit procedures completed at that date. We concluded we had not obtained sufficient appropriate audit evidence to enable us to express an opinion on whether the financial statements present a true and fair view and have been prepared, in all material respects, in line with the Code of Practice on Local Authority Accounting. Consequently, as required by the ISAs, we modified our audit report and issued a disclaimer of opinion. This means, in our audit report issued on 26th February 2025, we have not expressed an opinion on the Council's financial statements.

Significant matters discussed with management

During our audit we discussed the following significant matters with management:

- Implications of the backstop arrangements
- The Council's financial position, including development of the medium-term financial plan: During the year, we have met with officers to discuss the Council's financial position and budget setting process and pressures to enable us to reflect on the Council's financial resilience and sustainability.

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Council's compliance with laws and regulations. We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error .

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

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.

We have not identified any risks of significant weaknesses.

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	12	No	No	Yes – see commentary on page 15
 Governance	17	No	No	Yes – see commentary on page 17
 Improving economy, efficiency and effectiveness	21	No	No	No

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

Significant weaknesses identified in 2023/24	Nil.
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Overall responsibilities for financial governance

We have reviewed the Council’s overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2023/24. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Council’s service users.

The Council’s financial planning and monitoring arrangements

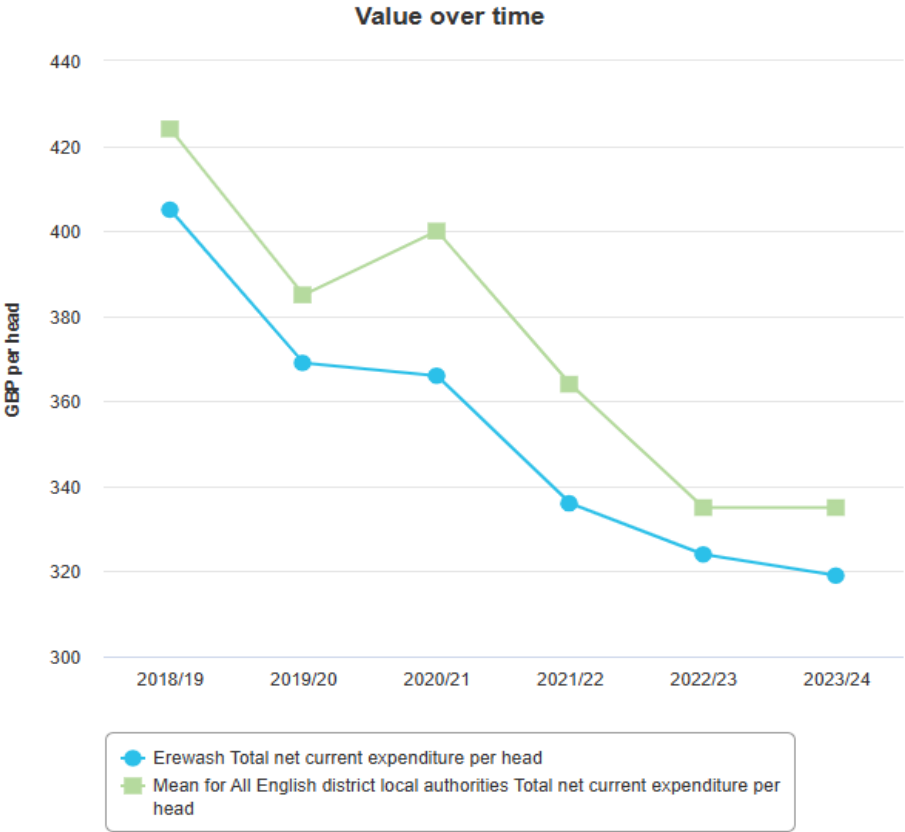
Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Council’s arrangements for budget monitoring are appropriate, including reporting to Members.

We also used VFM spending profiles produced by LG Inform (vfm.lginform.local.gov.uk) to provide context on the Council’s spending, which show the Council (blue line) is below average in its spending overall when compared to all District Councils (green line). There is an overall downward trend in net current expenditure per head. The Council’s spending follows a similar pattern as the average, and it does not present a risk of significant weakness in arrangements for the financial year ended 31 March 2024.

2023/24 Statement of Financial Position

The budget for 2023/24 and updated medium term financial plan (MTFP) to 2025/26 went to the Council Executive in February 2023. The MTFP sets out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council’s vision and strategic priorities. The MTFP integrates revenue allocations, and capital investment and provides the budget for the next financial year and provides indicative budgets and future council tax levels for the period covered by the strategy. We read the report to the March 2023 full council meeting as evidence of adequate arrangements in place for budget setting and management in reflection of changes.

We were satisfied that the Budget Report for 2023/24 adequately explains revenue and capital budgets, with a sufficient link to specific business units, as well as an explanation on the impact to the general fund balance.



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability continued

For the 2023/24 General Fund budget, the Council set a balanced budget which relied on efficiency savings/ income generation totalling £1.155m, and a £0.606m transfer from general fund reserves.

The Council reported its financial outturn position in the 2023/24 Statement of Accounts and in the financial outturn report presented to Council Executive in July 2024, which highlighted an overall revenue efficiency position of £853k, and an underspend on the capital programme of £9.961m. £718k of the £853k was transferred to Earmarked Reserves, including £568k into the Capital reserve, and the remaining £135k was transferred into the General Fund. The capital underspend is largely being carried forward for the completion of existing projects.

There is no indication that the Council's Medium Term Financial Plan and budget setting process is not aligned to supporting plans given the Council has a track record of delivering against budget.

In 2023/24, the Council spent £1.8m on capital additions per Note 11 of the financial statements. Our testing of these balances did not identify any concerns. Furthermore, there is no indication of excessive use of capital flexibilities to support revenue expenditure.

We have found that the Council adequately summarises the financial position of the Council, including performance against its budget through the narrative report. Our review of the financial statements does not highlight a risk of significant weakness in arrangements for financial sustainability.

2024/25 Budget Setting and the Medium-Term Financial Strategy

We reviewed the Medium-Term Financial Plan (MTFP) set from 2024/25 to 2028/29 and confirmed it supports the Council's priorities communicated in its Corporate Strategy. The budget for 2024/25 and updated medium term financial strategy to 2028/29 was approved at Full Council in March 2024. The MTFP adequately identifies the financial implications from 2024 to 2029 noting that the key assumptions underpinning expenditure budgets through the MTFP included inflation, pay increases of 2-5% annually, pension contribution rates, interest rates, increases to the Council Tax base, and a 2.99% increase to the council tax rate.

Useable Reserves

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.

We carried out a high-level analysis of the financial statements subject to our audit, including the Movement in Reserves Statement and our work to date has not highlighted any risks of significant weakness in arrangements or indicators of a risk to the Council's financial sustainability:

	31-Mar-22	31-Mar-23	31-Mar-24
	£000	£000	£000
General Fund Balance	5,177	4,784	2,598
Earmarked Reserves	3,325	1,984	2,104
Total Revenue Reserves	8,502	6,768	4,702
Capital Reserves	6,756	6,731	9,867
Total Usable Reserves	15,258	13,499	14,569

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability continued

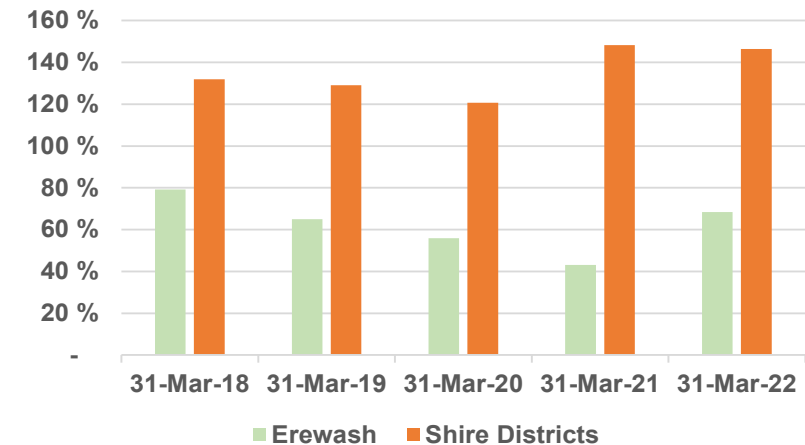
Financial sustainability and revenue reserves

We have also performed a more detailed review of the Council's revenue reserves:

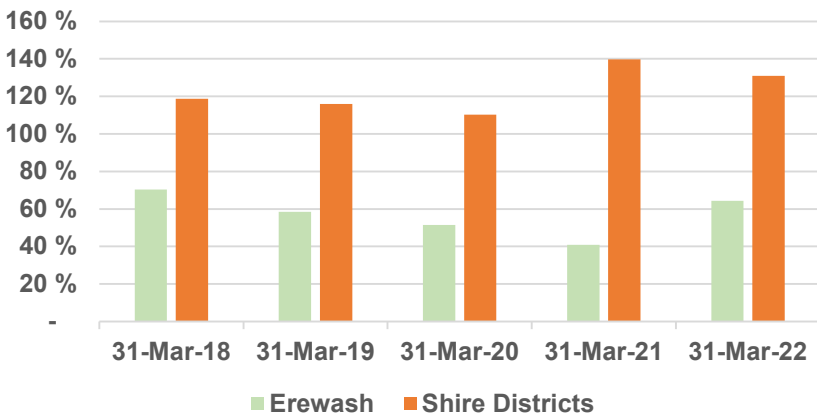
1. We reviewed data published in May 2023 by the Department for Levelling Up, Housing and Communities on Local authority general fund earmarked and unallocated reserve levels, 2017-18 to 2021-22. The Council's reserves have generally been below the median compared to District Council's since 2018 (top two charts right).
2. Through a review of the financial statements, we have considered the Council's revenue reserves over time where the Council's General Fund Balance at 31 March 2024 has decreased by approximately 50% since 2020 (£2.6m vs £5.2m), and overall revenue reserves are down (£4.7m vs £6.6m), showing a downwards trend (bottom two charts).

The Council's Reserves position does not give us cause for immediate concern in relation to a risk of significant weakness in arrangements to secure financial sustainability for the year ended 31 March 2024. Whilst reserves have decreased, we note the Council plans to maintain a minimum level of £2m on the general fund. The Council also has a policy to set a balanced budget without the use of reserves. The Council instead plans to close budget gaps using savings plans. We are therefore satisfied that the Council knows reserves are finite and they should not be relied on to fund budget gaps long-term.

Un-ringfenced reserves as % of Net Revenue
Expenditure - median



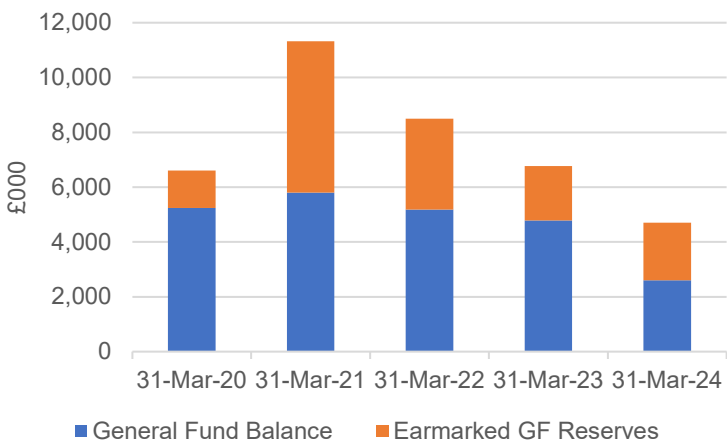
Un-ringfenced reserves as % of service expenditure
adjusted for ring-fenced grants - median



Useable Revenue Reserves: Erewash Borough Council



Useable Revenue Reserves: Erewash Borough Council



Details on the definitions and data quality arrangements are available here: <https://www.gov.uk/government/publications/local-authority-general-fund-earmarked-and-unallocated-reserve-levels-2017-18-to-2021-22>

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability continued

Arrangements for the identification, management and monitoring of funding gaps and savings

For the 2023/24 General Fund budget, the Council set a balanced budget which relied on a savings target aimed at delivering efficiency savings and cuts against services totalling £1.155m.

We reviewed the Revenue And Capital Outturn Position for 2023/24 provided to the Council Executive in July 2024. The report confirms a £853k favourable variance against budget resulting in appropriation to reserves.

The Council set a balanced budget for 2024/25 which relies on £1.522m savings. The Council included in its budget report the details of the schemes planned to deliver these savings. Whilst the report details the savings identified for 2024/25, it doesn't provide details of the required savings for future years. The 2024/25 MTFP shows that for 2025/26 onwards that there would be a budget gap, and at this stage assumes the whole gap would be bridged by use of the general fund. This isn't sustainable, and by 2026/27, there are not sufficient general fund balances to fund the gap.

From our discussions with officers, we are aware that the MTFP is developed to show the impact on the general fund prior to any savings. The future savings pipeline is regularly discussed by senior managers who propose potential areas for savings or income generation. We have reviewed the savings plan and there is no evidence of one-off measures or capital flexibilities to balance the budget. For the MTFP, the Council only builds in the savings to close that years gap, and any impacts on future years they already know about. Members are then required to reflect on the Corporate Plan and the impact of this on the budget to provide political direction of travel.

The Council has set a budget strategy which requires the Council to set a balanced budget without using reserves (unless those reserves are intended to smooth-out timing differences in funding or used for invest to save initiatives), and to put in place a "savings" programme (to be included in the budget) to bridge the gap.

We are therefore satisfied that that there are arrangements in place through the ongoing monitoring of the savings pipelines to ensure that savings are identified, and budget gaps are closed. However, the proposed development of savings plans could be made more transparent in the MTFP, as opposed to reporting that the full budget gap is expected to be funded from the general fund.

Other recommendation: We recommend that the MTFP clearly includes the required savings over the life of medium-term plan. It currently shows the full budget gap being bridged by the use of general fund reserves, even though this is against the Council's policy, and for some years the projected general fund balance is not

sufficient to fund the gap. This results in a projected negative general fund balance, despite this not being the Council's planned position, as they would aim to eradicate the gap by delivering the savings plan as required and as per the budget strategy. Currently, the Council publish their annual savings plan alongside the MTFP, but this only includes the savings identified for the coming year. The MTFP should include required savings for each year to be more transparent on how they plan to close the budget gap, showing how much, if any, has been identified so far, and how much remains unidentified.

The level of general fund reserves and ongoing budgetary control arrangements has led us to believe satisfactory arrangements are in place. We do, however, see it as an area to be challenged by officers and members to ensure appropriate action is taken to maintain service levels under increasing cost pressures beyond 2023/24.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability for the year ended 31 March 2024.

VFM arrangements

Governance

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



VFM arrangements – Governance

Overall commentary on Governance

Significant weaknesses identified in 2023/24	Nil.
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The Authority’s governance structure

The Council has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of effectiveness, economy and efficiency. In doing this it is responsible for putting in place proper arrangements for the governance of its affairs, effective exercise of its functions and arrangements for the management of risk.

Based on our work, we are satisfied that the Council has established governance arrangements in place. These are detailed in the Statement of Accounts and Annual Governance Statement. We have considered both documents against our understanding of the Council as part of our audit.

Our review of corporate governance arrangements confirms the Council has an agreed Constitution, setting out how it operates, how decisions are reached and what procedures are followed to ensure that these are transparent and accountable to local people.

Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, implications, and recommendations are clear. Minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made.

Risk management and internal control

The Council has an established Risk Management Strategy and systems in place which are built into the governance structure of the organisation. The framework includes guidance to assist Officers in recognising and managing risk and an escalation regime which includes reporting to members. The current strategy was approved in 2016, and the Council are currently in the process of drafting a revised strategy, which will reflect updates that have been made to the Council’s risk processes, such as the revised approach to the strategic risk register (SRR). The move to finalise the strategy needs to be a priority.

The SRR has been developed to enable the Council to identify and manage those risks it believes could impact on its ability to effectively deliver the Corporate Plan and medium-term financial plan. This is reviewed by the Council Executive quarterly, with a deeper dive every six months. Risks are discussed at monthly senior management meetings, which can result in identifying new risks to be added to the SRR.

The Audit Committee is responsible for maintaining an independent oversight of risk management issues and considering the effectiveness of the implementation of the risk management strategy. The SRR is presented to

the Audit Committee twice a year and provides challenge as part of the process. These arrangements are consistent with what we would expect at a local authority and are adequate for the Council’s purposes.

There are also some Operational Risk Registers but these are not maintained consistently and are not currently a formal requirement of the framework. This is something the Council are reviewing as part of the revised strategy to establish if these are required to be part of the framework, and if so, set out the requirements to ensure consistency is achieved. We are satisfied that the Council currently has sufficient risk management processes in place, and is continuing to review and make improvements, which will be formally documented in the revised strategy once finalised.

The Annual Governance Statement is a critical component of the Council’s governance arrangements. It is an evidenced self assessment by the Council on the Council’s governance, assurance and internal control frameworks for the financial year. The Audit Committee are responsible for review of the Council’s Annual Governance Statement. No significant weaknesses in internal control have been identified from our work to date and Internal Audit has not identified or raised any significant concerns.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Internal Audit

The Council's Internal Audit function is provided internally. During the year, there has been a changeover of Internal Audit staff. A new Internal Audit Manager joined the team on 25th September, with the existing Principal Auditor reducing hours and ultimately retiring in December. The Council had open Internal Audit vacancies during the year so outsourced some audits in year to an external provider. For 2024/25, the Council has confirmed that the decision has been made to out-source the resource requirement rather than recruit a replacement internal auditor.

The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by Audit Committee prior to final approval. The plan was developed from a review of systems and functions of the council, setting out those areas to be audited, ensuring that all areas of the council's operations are considered for review on a cyclical basis. Subsequently a schedule of the potential audits for the draft plan was circulated to members of the Corporate Management Team for their views on priorities for the work, in the light of both current and emerging risks, and the objectives laid down in corporate and service plans. We have reviewed the internal audit plan for 2023/24 which details the planned audit areas and expected number of days, but there is no further detail such as how the audit areas are decided, for example including an assessment of the risks the Council faces; the level of risk assigned to each of the audit areas; the audit type; how they link to the Council Plan and Strategic Risk Register.

Other recommendation: We recommend that the Council's Internal Audit Plan is developed and presented in more detail, to ensure that Members of the Audit Committee are fully sighted on the risk assessment that has taken place, understand why the specific audits are being proposed and their indicative scope, and to satisfy themselves that the plan is appropriate before approving.

Internal Audit progress reports are regularly presented to the Audit Committee including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. We have read the Annual Internal Audit Report for 2023/24, which provided an opinion on the organisation's governance, risk management and internal control environment. Overall, it concluded "Whilst recognising that there are areas for improvement to controls across the service areas that have been audited, the Internal Audit Manager is able to give a satisfactory level of assurance on the adequacy and effectiveness of the Council's framework of governance, risk and control operating during the 2023/24 year". We are satisfied the report does not highlight any unidentified significant weaknesses in arrangements. We also confirmed that the Internal Audit Manager's Opinion has been

adequately reflected in the Annual Governance Statement. No issues arose from this review to indicate there is a significant weakness in the Council's arrangements for governance.

Audit Committee

The Council has an established Audit Committee. We have confirmed the Committee meets regularly and reviews its programme of work to maintain focus on key aspects of governance and internal control.

We have attended Audit Committee meetings and reviewed supporting documents and are satisfied that the programme of work is appropriate for the Council's requirements. Our attendance at Audit Committee has confirmed there continues to be an appropriate level of effective challenge. Proposals from the Redmond Review recommended independent members on Audit Committees to ensure membership included an adequate level of skill and experience to be able to challenge the complexities of local government finance and governance. The Council do have an independent member on their Audit Committee, whose current term expires on 31st March 2025. The Council are advertising the position of Independent Member of the Audit Committee for the four-year period from 1st April 2025.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Arrangements for budget setting and budgetary control

The Council has an established set of arrangements in place for budget setting and control. The process is set out and approved through the Constitution, which encompasses the budget setting rules and financial procedures. We have reviewed the Council's budget setting and medium-term financial planning, and our review is supported by discussions with officers during the year. The Council has an established set of arrangements in place for budget setting and control, and no matters have been identified indicating a significant weakness in arrangements.

We have read committee reports covering budget setting for 2023/24, including the Medium-Term Financial Strategy (MTFP). There is no indication that the Council's MTFP and budget setting process is not aligned to supporting plans.

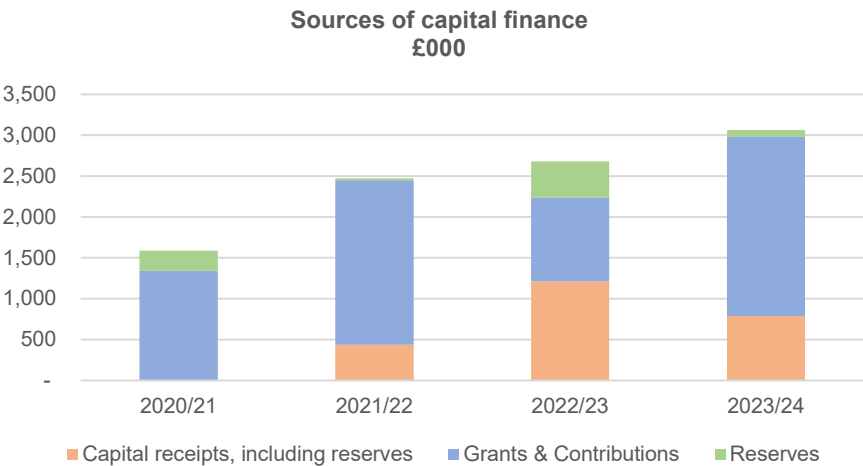
We read the report to Council Executive in February 2024 where a balanced budget was set. We are satisfied that the reports contain an adequate amount of detail regarding assumptions, including pay and inflation, and that these assumptions are not unreasonable.

Following approval of the budget, budget monitoring commences to monitor progress against targets. Budget monitoring responsibilities of budget holders are documented and they are supported in this role by the finance team. Budget monitoring reports are produced and there are regular meetings held, including finance team members, to discuss the financial performance and forecasts. There are rules in place regarding the reporting of budget variances and budget changes. There are similar processes and controls in place for development and control of the capital programme alongside the revenue budget setting. The Treasury Strategy reports are approved at the same time as the revenue budgets and monitored and reported on throughout the year.

We have reviewed minutes of meetings and the year end financial outturn reports presented to the Council Executive during the year as well as the narrative statement to the financial statements. In addition, we have reviewed capital expenditure as presented in the financial statements with no issues arising from our testing of additions.

We also reviewed the capital programme as included within the Council's 2024/25 approved MTFP, noting that the consolidated Capital Programme for the next three years from 2023/24 to 2026/27 is funded entirely from grant income and capital receipts, with no requirement to borrow. The Council have no Capital Financing Requirement and have no Minimum Revenue Provision (MRP) charges. We have held regular discussions with officers regarding arrangements for the management and funding of capital programme and noted no issues.

	2024/25	2025/26	2026/27
Total capital programme (£'000)	17,898	14,087	2,695
Financed by:			
Capital Receipts	3,787	1,368	1,633
External Grant Income	14,111	12,719	1,062
Total funding	17,898	14,087	2,695



Overall, we have not identified any indicators of a significant weakness in the Council's arrangements relating to the Governance criteria for the year ended 31 March 2024.

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

Significant weaknesses identified in 2023/24	Nil.
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Performance Monitoring

The Council has a Corporate Strategy which sets the Council's vision and priorities, and details objectives and specific actions to be implemented over the life of the plan. The Council monitors and manages its performance using a number of local indicators which have been developed to ensure effective monitoring against the single data set specified by central government. Key tasks and key performance indicators are reported regularly in Performance and Budget Monitoring reports to the Council Executive. The Council's overall financial objectives and strategy are documented in the Council's budget and Medium-Term Financial Plan which is reviewed and updated annually.

Our review of minutes and reports confirms Members receive regular reporting on performance measures. We reviewed the minutes of the Council Executive on 9th July 2024 and reviewed the performance report for 2023/24 as evidence of the Council's approach to evaluating performance. In our view, reports contain sufficient narrative, including the appendices, to demonstrate that there are adequate arrangements to assess performance and identify areas for action. The Council reports on progress against Key Performance Indicators (KPIs) and use a Red – Amber - Green rating to clearly identify the indicators where further action is required.

In line with the new Corporate Strategy 2024 – 2028, and following the Corporate Peer Challenge, the Council has introduced a new performance framework for 2024/25. The framework includes significantly more KPIs than the current quarterly report. Some of these KPIs are linked to the Corporate Strategy priorities, while others report on such themes as 'Corporate Health' and 'Customer Satisfaction'. The framework also distinguishes between those KPIs that the Council controls and those that the Council contributes to. All are reported locally (to the Corporate and Senior Management Teams), to allow management to monitor performance across the council, while a suite of relevant indicators are reported to Council Executive on a quarterly basis. Reporting also includes progress of the actions identified against the Corporate Strategy priorities

On an annual basis, the Council's overall performance is summarised in the Narrative Report as part of the Statement of Accounts. This outlines the Council's progress against its ambitions, highlighting key actions that have been made in response to their progress. This provides the public with an overall assessment of the Council activities for the financial year.

Procurement

The Council has a set of Contract Procedure Rules which outlines how the procurement of goods, works and services is achieved. Our work on the financial statements has not identified any significant internal control deficiencies.

Through our work on the financial statements, our testing of expenditure, and consideration of key financial controls, we have not identified any issues relating to procurement.

Partnerships

The Council has entered into a long-term contract for the provision of leisure services with Parkwood Leisure Limited. There has been a transfer of Council leisure services employees to Legacy Leisure Limited who are the subcontractors for Parkwood on the contract.

Erewash jointly operates Bramcote Crematorium with Broxtowe Borough Council. A joint committee arrangement exists between the two councils. The Council has Members on the Joint Committee alongside Broxtowe members. The Joint committee regularly receive the performance management reports, cremation numbers, marketing strategy reports and the annual report. The minutes of these meetings are then also received by Erewash's Scrutiny Committee on a regular basis.

The joint agreement states that "Broxtowe will carry out an annual audit of the accounts and the joint committee will provide a copy of the report thereof to each of the authorities". However, we found that the Bramcote Crematorium financial statements for 2023/24 have not been audited. We have raised an internal control recommendation in relation to this in our Audit Completion Report. Despite this, we have concluded that overall there are sufficient additional governance arrangements in place to allow Erewash to exercise oversight over Bramcote.

Overall, we have not identified any indicators of a significant weakness in the Council's arrangements relating to the Improving Economy, Efficiency and Effectiveness criteria for the year ended 31 March 2024.

Other reporting responsibilities

Other 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 NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. As at the date of writing, instructions regarding sampled components and regard to the backstop have not yet been received.

Audit fees and other services

Audit fees and other services

Fees for our work as the Council’s auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Indicative Audit Strategy presented to the Audit Committee in September 2024.

We are awaiting guidance on the affect of the backstop on audit fees for disclaimed opinions, so we cannot yet confirm the actual fee.

Area of work	2023/24 Proposed Fee
Code Audit Work – scale fee	£158,087
Actual Fee	TBC

Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.

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