



Meeting: **Corporate Governance Committee**

Date/Time: **Monday, 24 November 2025 at 10.00 am**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Miss. G. Duckworth (tel: 0116 305 2583)**

Email: **gemma.duckworth@leics.gov.uk**

Membership

Mr. S. L. Bray CC (Chairman)

Mr. J. Boam CC	Mrs. K. Knight CC
Mr. M. Bools CC	Mr. J. McDonald CC
Mrs. N. Bottomley CC	Mr. J. Miah CC
Mr. S. Bradshaw CC	Mr. J. T. Orson CC
Mr. G. Cooke CC	Mr. D. Page CC
Mrs. L. Danks CC	Mr. J. Pilgrim (Independent member)
Mr. G. Grimes (Independent Member)	Mr. B. Piper CC

AGENDA

<u>Item</u>	<u>Report by</u>
1. Minutes of the meeting held on 19 September 2025.	(Pages 3 - 6)
2. Question Time.	
3. Questions asked by members under Standing Order 7(3) and 7(5).	
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
5. Declarations of interest in respect of items on the agenda.	
6. Presentation of Petitions under Standing Order	



35.

- | | | | |
|-----|--|--|-------------------|
| 7. | External Auditor's Annual Report and External Audit of the 2024/25 Statement of Accounts, Annual Governance Statement and Pension Fund Accounts. | Director of Corporate Resources | (Pages 7 - 8) |
| 8. | Quarterly Treasury Management Report. | Director of Corporate Resources | (Pages 9 - 22) |
| 9. | Local Government and Social Care Ombudsman Performance Annual Report 2024/25. | Chief Executive and Director of Corporate Resources | (Pages 23 - 52) |
| 10. | Policy for Disclosure and Barring Service (DBS) Checks for Elected Members. | Director of Law and Governance | (Pages 53 - 58) |
| 11. | Annual Report on the Operation of the Members Code of Conduct 2024/25. | Director of Law and Governance | (Pages 59 - 64) |
| 12. | Risk Management Update. | Director of Corporate Resources | (Pages 65 - 88) |
| 13. | Internal Audit Service - Progress Against 2025-26 Internal Audit Plan and High Importance Recommendations. | Director of Corporate Resources | (Pages 89 - 122) |
| 14. | Draft Internal Audit Charter. | Director of Corporate Resources and Director of Law and Governance | (Pages 123 - 144) |
15. Date of next meeting.
- The next meeting of the Committee will be held on Friday 23 January 2026 at 10am.
16. Any other items which the Chairman has decided to take as urgent.



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 19 September 2025.

PRESENT

Mr. S. L. Bray CC (in the Chair)

Mr. J. Boam CC
Mr. M. Bools CC
Mrs. N. Bottomley CC
Mr. S. Bradshaw CC
Mr. G. Cooke CC
Mrs. L. Danks CC

Mr. G. Grimes
Mrs. K. Knight CC
Mr. J. Miah CC
Mr. J. T. Orson CC
Mr. D. Page CC
Mr. J. Pilgrim

In Attendance

Mr. J. McDonald CC – via Microsoft Teams

21. Minutes.

The minutes of the meeting held on 23 June 2025 were taken as read, confirmed and signed.

22. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

23. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

24. Urgent Items.

There were no urgent items for consideration.

25. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

26. Presentation of Petitions under Standing Order 35.

There were no petitions.

27. External Audit of the 2024/25 Statement of Accounts - Audit Progress Report.

The Committee considered a report of the Director of Corporate Resources which presented the external auditor's progress report on the audit of the County Council and the Pension Fund 2024/25 financial statements. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

The Chairman welcomed Ms Mary Wren from Grant Thornton LLP, the Council's external auditors, to the meeting to present the report.

A member raised a query around the likelihood of the County Council receiving additional money as a result of the Government's Fair Funding proposals. In response, the Director of Corporate Resources stated that the Government had yet to release the impact of planned changes for individual authorities, but there were initial indications that Leicestershire County Council would benefit marginally. It was noted that there could be change as a result of significant lobbying of the Government and the final outcome was expected in late November.

RESOLVED:

That the progress of the external audit of the financial statements be noted.

28. Quarterly Treasury Management Report.

The Committee considered a report of the Director of Corporate Resources which provided an update on the actions taken in respect of treasury management for the quarter ending 30 June 2025 (Quarter 1). A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

RESOLVED:

That the report be noted.

29. Risk Management Update

The Committee considered a report of the Director of Corporate Resources the purpose of which was to present the Corporate Risk Register for approval along with an update on the Worker Protection Act and Local Government Reorganisation as emerging risks. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

As part of this item, the Committee also received a presentation from the Head of Procurement and Supply Chain Management regarding 'if there is an actual or perceived breach of procurement guidelines'. A copy of the presentation is filed with these minutes.

Arising from the discussion, the following points were made:

Presentation

- (i) In response to a query around whether probity was inherent in the procurement process, assurance was given that specific approval levels and escalation points were woven through. However, it was acknowledged that these could be demonstrated further.
- (ii) There were gateways at every stage of the procurement process to ensure that there was an audit trail. It was possible to have up to ten gateways throughout

a process; these could be mapped out and circulated to members. It was stated that Internal Audit would be involved in larger procurement processes to ensure there was a level of probity by the team.

- (iii) A question was raised around the number of times there had been a challenge relating to a procurement process. There were different levels of challenge, but within a year, it was typical to receive a handful from providers who had been unsuccessful with their bid to provide a service. In terms of formal challenges, there had only been one in the last seven years.

RESOLVED:

- a) That the status of the corporate and strategic risks facing the County Council be approved;
- b) That recommendations be made on any areas which might benefit from further examination;
- c) That the emerging risk on the Worker Protection Act, and an update on the emerging risk on local government reorganisation, be noted.

30. Insurance Service - Annual Report 2024/25.

The Committee considered a report of the Director of Corporate Resources which presented the annual report on work conducted by the Insurance Service during the period September 2024 to August 2025. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

In preparation for the annual renewal on 1 October, the Service had gathered the insurers' required data from all services, disclosed any proposed significant changes to policies and service provision and provided information on the claims position. This would be checked by the Council's broker in time for any negotiations in policy increases and further decisions on deductibles.

RESOLVED:

That the Insurance Service Annual report for 2024-25 be noted.

31. East Midlands Shared Service - Internal Audit Work undertaken by Nottingham City Council.

The Committee considered a report of the Director of Corporate Resources which presented the Interim Team Leader, Nottingham City Council Internal Audit annual report and opinion for internal audit work undertaken at East Midlands Shared Service for the year 2024-25. The report also provided details of the planned internal audit work at East Midlands Shared Service for the year 2025-26 and progress to date. A copy of the report, marked 'Agenda Item 11', is filed with these minutes.

The Chairman welcomed Mr Richard Green, Interim Team Leader of Nottingham City Council Internal Audit, to the meeting to present the report.

Arising from the discussion, the following points were made:

- (i) It was noted that, for the three areas that had been audited, a moderate opinion had been given which was considered to be a good conclusion. In terms of the Payroll audit, concern had been raised around the overpayment of salaries, and confirmation was given that this would be considered a separate piece of work in addition to the planned audits for 2025-26.
- (ii) Assurance was given that the issue of overpayment was not the fault of East Midlands Shared Service; the fault lay with managers not declaring that staff had left their employment in a timely manner which had ultimately led to an overpayment. Individually, the amount of overpayments was small, but collectively this was a much larger amount. Consideration was being given to developing a system whereby there was an automatic notification from HR to the Payroll team when a member of staff left the organisation.

RESOLVED:

That the report be noted.

32. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on Monday 24 November 2025 at 10.00am.

10.00 - 10.53 am
19 September 2025

CHAIRMAN



CORPORATE GOVERNANCE COMMITTEE – 24 NOVEMBER 2025

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

EXTERNAL AUDITORS ANNUAL REPORT, AND EXTERNAL AUDIT OF THE 2024/25 STATEMENT OF ACCOUNTS, ANNUAL GOVERNANCE STATEMENT AND PENSION FUND ACCOUNTS

Purpose of the Report

1. The purpose of this report is to:
 - Present the Auditor's Annual Report (Value for Money review) for 2024/25 for consideration,
 - Present the 2024/25 financial statements and letters of representation for approval,
 - Inform the Committee of the main areas of the financial statements, and
 - Report the key findings from the external audit of the accounts.
2. A supplementary report setting out the details above is currently being finalised to include the latest available audit updates. This will be circulated to members and published on the County Council's website as soon as it is available.

Background

3. Grant Thornton UK LLP, the County Council's external auditor, is required to communicate the results of the audit to those charged with governance prior to certifying the financial statements.
4. The financial statements comprise the accounts for the County Council, the Annual Governance Statement and the accounts for the Pension Fund. The draft 2024/25 accounts were published at the end of June 2025 and were then subject to external audit. The draft 2024/25 financial statements can be viewed on the Council's website via the following link:

<https://www.leicestershire.gov.uk/about-the-council/council-spending/payments-and-accounts/statement-of-accounts>
5. The Committee received copies of the 2024/25 external audit plans at its meetings in March 2025 (for Leicestershire County Council) and in June 2025 (for the Pension Fund).

6. Representatives from Grant Thornton UK LLP will attend the Committee meeting to communicate any significant findings and answer any questions.

Recommendation

7. The Committee is asked to note the contents of the report.

Background Papers

External Audit Plan 2024/25 (LCC), Corporate Governance Committee – 31 March 2025
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7960&Ver=4>

External Audit Plan 2024/25 (Pension Fund), Corporate Governance Committee – 23 June 2025. <https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7961&Ver=4>

Circulation Under the Local Issues Alert Procedure

None.

Equal Opportunities Implications

None.

Officers to Contact

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CORPORATE GOVERNANCE COMMITTEE – 24 NOVEMBER 2025

QUARTERLY TREASURY MANAGEMENT REPORT

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of report

1. The purpose of this report is to update the Committee on the actions taken in respect of treasury management for the quarter ending 30 September 2025 (Quarter 2).

Policy Framework and Previous Decisions

2. Within the County Council's Constitution, Part 3 – Responsibility for Functions, the functions delegated to the Corporate Governance Committee include 'that the Council's Treasury Management arrangements are appropriate and regularly monitored'.
3. The Annual Treasury Management Strategy and Annual Investment Strategy (AIS) for 2025-29 form part of the Council's Medium Term Financial Strategy (MTFS). These were considered and supported by the Corporate Governance Committee in January 2025 and approved by the County Council in February 2025.
4. The Treasury Management Strategy requires quarterly reports to be presented to the Corporate Governance Committee, to provide an update on any significant events in treasury management. The aim of these reporting arrangements is to ensure that those with responsibility for the treasury management function appreciate the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting. This is in line with the CIPFA Treasury Management Code.

Background

5. Treasury Management is defined as "The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
6. Temporary cashflow balances are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. The second main function of the treasury management service is the funding of the Council's capital plans. These provide a guide to the borrowing need of the Council, essentially the longer-term

cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. Treasury risk management at the Council is conducted within the framework of CIPFA's Treasury Management Code of Practice.

7. Capital investments in services, including those within the Investing in Leicestershire Programme, are part of the Capital Strategy (and the capital programme), rather than the Treasury Management Strategy. The capital programme is monitored and reported regularly to the Scrutiny Commission and the Cabinet.

Economic Background

8. The Council's treasury management adviser, MUFG Pension & Market Services (formerly Link Asset Services), provides a periodic update outlining the global economic outlook and monetary policy positions. An extract from that report is attached as Appendix A to this report. The key points are summarised in the following paragraphs.
9. CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.
10. There was a 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth. With the 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July.
11. The Bank of England cut interest rates from 4.5% to 4.25% in May, and then to 4% in August.

Notable events subsequent to MUFG Quarter 2 Update

12. Over the summer, Internal Audit undertook a review of the Treasury Management function and issued a substantial assurance opinion, with some minor improvements required with medium risk issues to be addressed.
13. Following the 6 November Monetary Policy Committee meeting, the Bank of England held interest rates at 4.00% with rates now predicting to fall in quarter 4 2025/26.

Action Taken During Quarter 2 to September 2025

Private Debt and Bank Risk Sharing Funds

14. The table below provides an overview of the Council's investments in private debt and bank risk sharing funds. As well as showing the current capital levels within each fund the table also shows the Net Asset Value (NAV), and Internal Rate of Return (IRR) for each fund.

Summary Private Debt and CRC:

Summary Private Debt and CRC:						During Qtr	
	Total Commitment (£m)	Capital invested (£m)	NAV (£m)	IRR (Since Incep'n)	Total Income Rec'd	Capital Repaid (£m)	Income (£m)
Private Debt							
2017 Mac IV	20.0	0.2	0.3	4.44%	- 3.9	- 0.2	0.0
MAC VI	20.0	10.1	11.7	7.25%	-3.0	-1.6	-0.2
MAC VII	10.0	8.5	7.8	6.05%	0.0	-0.7	0.0
Bank Risk Share							
CRC CFR 5	15.0	11.7	11.1	12.16%	-6.2	-0.4	-1.2

15. The Council received its 41st distribution from the Partners MAC IV (2017) fund during the quarter in the form of £249,000 of invested capital (shown as a negative figure in the table above). Only £0.2m capital now remains invested in this fund.
16. The Council received its 24th, 25th and 26th distributions from the MAC VI fund during the quarter totalling £1.7m; this represented a return on invested capital of £1.6m, with £200,000 being income.
17. The Council received its second distribution of £0.7m from the Partners MAC VII fund in quarter 2, a return on invested capital.
18. The Council received its 16th to 18th distributions from the Christofferson Robb and Company's (CRC) Capital Relief Fund 5 (CRF 5). The total receipt of £1.6m represented a return on invested capital of £400,00, with £1.2m being income.

Short Term Investments

19. A summary of movements and key performance indicators (KPIs) in the Council's investment loan portfolio can be viewed in the table below which details the Annual Percentage Rate (APR) of the portfolio, the average APR of loans matured, and new loans placed. The table also shows the Weighted Average Maturity (WAM) of the portfolio.

KPIs Loans only:

	Total Loans	APR (Loans Only)	WAM (Days) ¹	Maturities (£m)	APR Maturities	New Loans (£m)	APR New Loans
Current Qtr	395.8	4.30%	165	144.7	4.56%	145.8	4.13%
Prior Qtr	394.7	4.43%	149	232.2	4.82%	244.7	4.29%
Change	↑ 1.1	↓ 0.13%	↑ 16.0	↑ 87.5	↓ 0.26%	↑ 98.9	↓ 0.16%

¹WAM excludes MMFs as these are overnight maturity

20. The total balance available for short term investment increased by £1.1m during the quarter.
21. As a result of the falling base rate, the APR on new loans has reduced by 0.16% quarter on quarter.

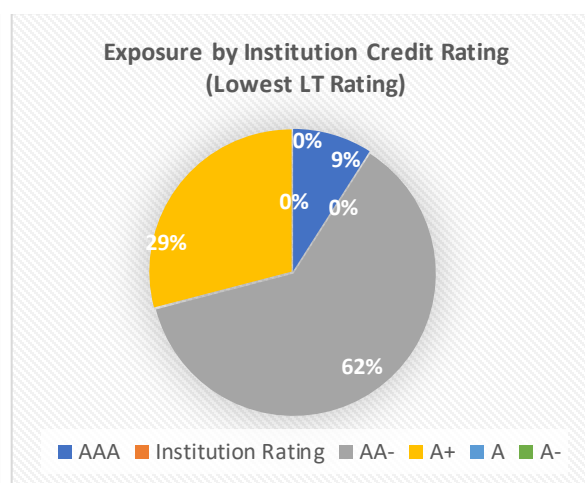
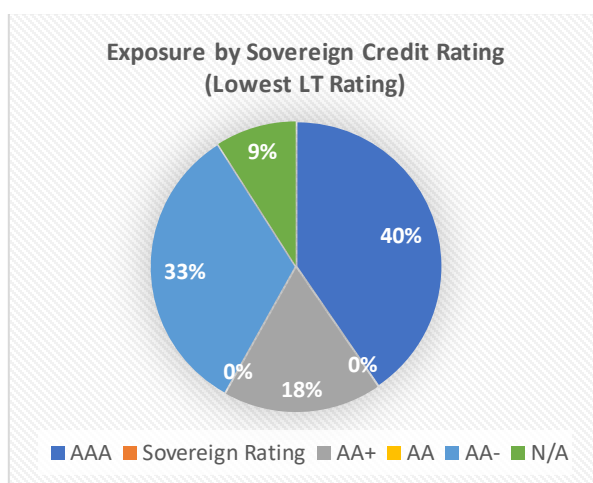
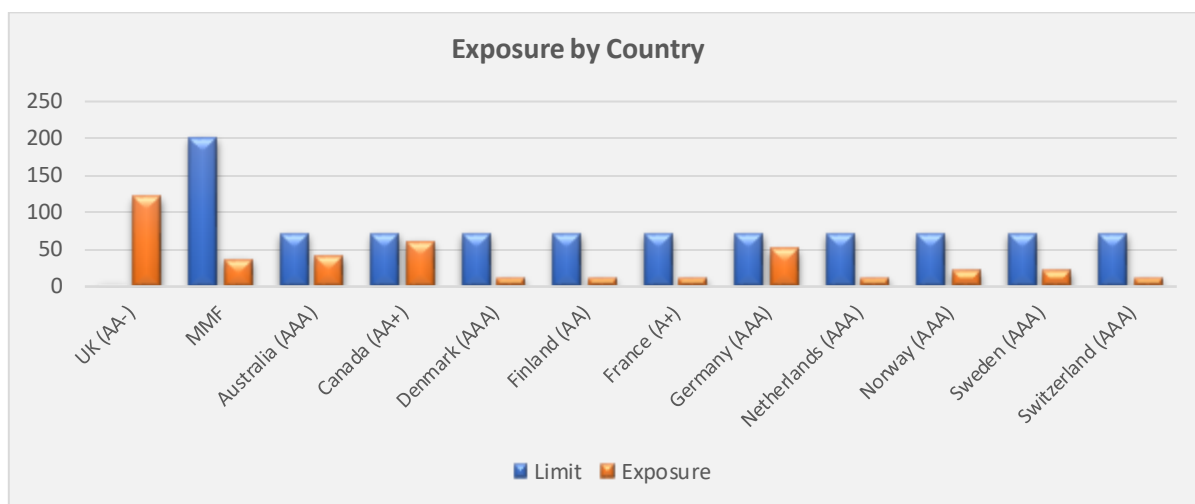
22. The loans WAM increased by 16 days and indicates that the portfolio will be more insulated against movements in interest rates (whether these are up or down). This was primarily driven by more cash being available to lend longer due to the value of maturities in the quarter.
23. The loan portfolio at the end of September was invested with the counterparties shown in the table below, listed by original investment date:

	<u>£m</u>	<u>Maturity Date</u>
Instant Access		
Money Market Funds	35.8	October 2025
6 Months		
Goldman Sachs	15.0	October 2025
National Westminster Bank Plc	25.0	October 2025
Goldman Sachs	10.0	December 2025
Credit Industriel vt Commercial	10.0	March 2026
Goldman Sachs	10.0	March 2026
12 Months		
Landesbank Hessen Wurtemberg	10.0	October 2025
Landesbank Hessen Thuringen	10.0	October 2025
Commonwealth Bank of Australia	10.0	October 2025
DNB Bank	10.0	October 2025
DNB Bank	10.0	October 2025
Rabo Bank	10.0	March 2026
Skandinaviska Enskilda Banken AB (SEB)	20.0	April 2026
Union Bank of Switzerland (UBS)	10.0	April 2026
Macquarie Bank	10.0	April 2026
Toronto Dominion Bank	20.0	May 2026
Bank of Montreal	20.0	May 2026
Nordea ABP	10.0	May 2026
Deutsche Zentral (DZ)	20.0	May 2026
Australia & New Zealand Bank	20.0	May 2026
National Westminster Bank Plc	10.0	July 2026
Lloyds Bank Plc	40.0	July 2026
Royal Bank of Canada	20.0	September 2026
National Westminster Bank Plc	10.0	September 2026
Landesbank Hessen Thuringen	10.0	September 2026
Beyond 12 Months but included in short term investments		
Danske Bank [#]	10.0	May 2027
Short term investments total	395.8	
Beyond 12 Months		
Partners Group (Private Debt) 2017	0.2	Estimated 2025
Partners Group (Private Debt) 2021	10.0	Estimated 2029

Partners Group (Private Debt) 2023	8.5	Estimated 2030
CRC CRF 5 (Bank Risk Sharing)	11.7	Estimated 2030
<u>TOTAL PORTFOLIO BALANCE:</u>	426.2	
<u>30 September 2025</u>		

#Danske Bank loan is included in short term investments for reporting in the tables above as the interest fixing is every six months.

24. The graphs below show the exposure of the short-term investments by country, sovereign rating and institution rating:

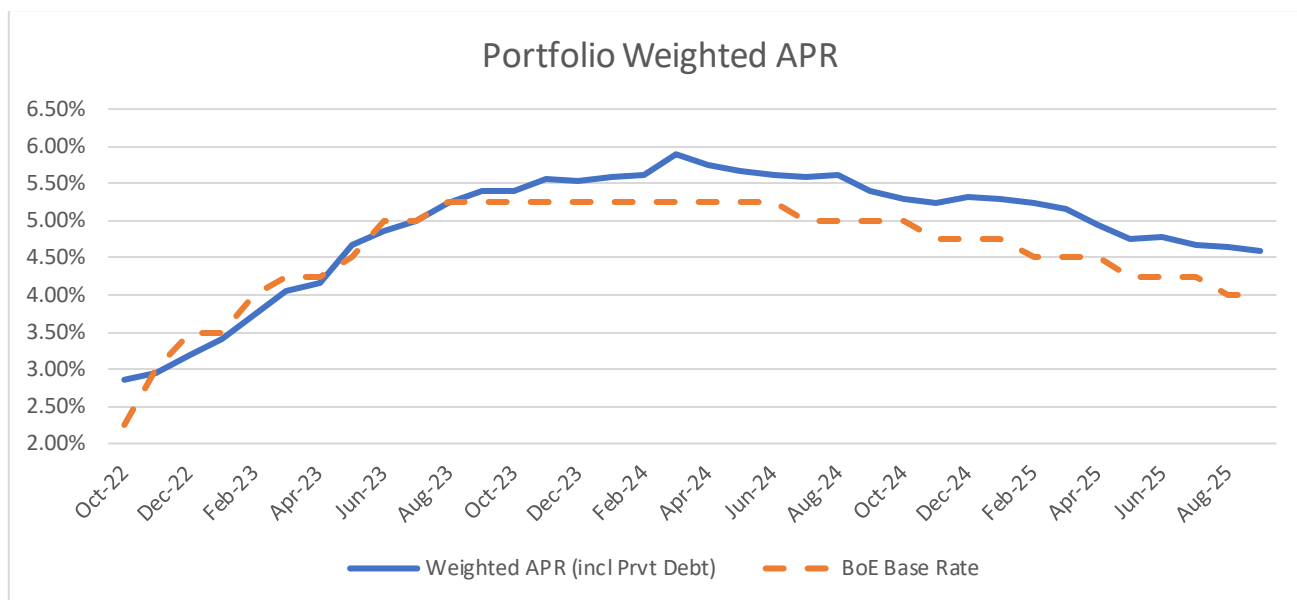


25. These graphs provide an indication of the Council's exposure to credit risk but it should be noted that long term credit rating is just one of the components used to determine the list of acceptable counterparties; short-term ratings, ratings outlook, rating watches, credit default swap movements (the cost of insuring against a default) and general economic conditions are also factored in before the counterparty list is drawn up.

Total Portfolio

26. The total portfolio weighted APR decreased from 4.43% in Quarter 1 2025-2026 to 4.30% in Quarter 2. This is due to reductions in the rates available in the market, in anticipation of upcoming reductions to the Bank of England (BoE) base rate. The

chart below shows the weighted APR achieved by the treasury portfolio compared to the BoE base rate. This highlights that whilst base rates have stabilised since August 2023, the weighted APR of the portfolio has achieved a higher return in the months that followed. Most investments within the portfolio are on a fixed interest basis so changes in base rate do not immediately have a material impact on the APR achieved. One indicator for how big this lag is the WAM. This shows the average length of time remaining until the Council's short-term investments mature. It can be seen from the table in paragraph 19 that the average days to maturity of loans is 165 days – an increase of 16 from the last quarter.



Loans to Counterparties that breached authorised lending list

27. During quarter 2 2025/26 there were no loans which breached the authorised lending list.

External Debt Repaid

28. During quarter 2, gilt yields, which underpin PWLB rates, rose to levels sufficient to consider further longer-term debt rescheduling opportunities.
29. After consultation with MUFG Corporate Markets a decision was taken to repay the following loans (based on the discount rate achievable on the repayment).

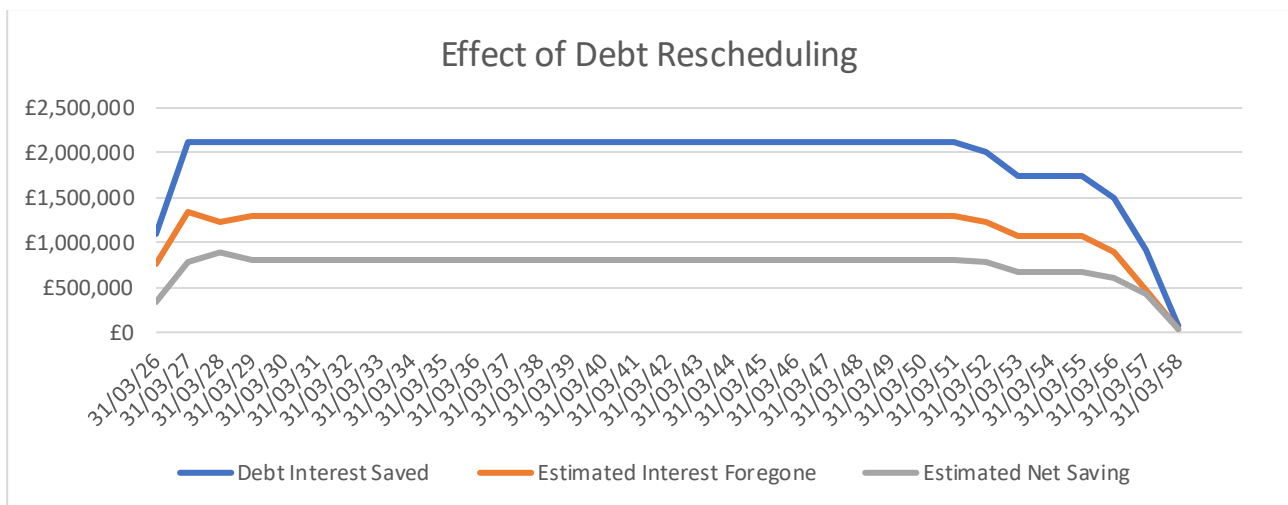
		Start Date	Maturity	Principle	Interest Rate	Interest PA	Premium/ (discount)	Premature repayment rate	Repayment Date
476843	PWLB	21/12/1995	13/12/2051	4,836,500	7.88	380,874	2,001,326.88	5.35%	23/09/25
479771	PWLB	07/08/1997	31/07/2055	4,836,500	6.88	332,509	1,141,796.15	5.37%	23/09/25
479770	PWLB	07/08/1997	31/07/2055	193,460	6.88	13,300	1,076,798.43	5.37%	23/09/25
479405	PWLB	21/05/1997	08/05/2056	4,352,850	7.13	310,141	2,569,528.90	5.37%	23/09/25
478211	PWLB	26/09/1996	25/09/2056	4,836,500	8.13	392,966	1,710,834.17	5.37%	23/09/25
479404	PWLB	21/05/1997	08/05/2057	9,673,000	7.13	689,201	43,071.94	5.37%	23/09/25
				28,728,810	7.38%	2,118,991	8,543,356.47		

30. Rescheduling the above loans resulted in a premium of £8,543,356 for the Council.
31. Despite the lack of discount to net off this premium of £8.5m there was still a projected net saving to the authority to repay these loans early. This is because the

effective rate of saving achieved (7.38%) significantly exceeds Link's forecast long-term earning rate (3.50%) per the table below.

Average earnings in each year	Now %	Previously %
2025/26 (residual)	3.90	4.10
2026/27	3.60	3.60
2027/28	3.30	3.50
2028/29	3.50	3.50
2029/30	3.50	3.50
Years 6-10	3.50	3.50
Years 10+	3.50	3.50

32. By rescheduling debts across Q2, the Council will save nearly £2.1m pa in fixed interest payments. However, with lower cash balances there will be a reduction on the interest that can be earned. The graph below show the estimated net benefit to the authority over the remaining life of the loans.
33. The Council's actual level of external debt now stands at £146m, the lowest level for over 20 years. Compared with the capital financing requirement (the level of historic capital expenditure required to be funded) the Council is now forecast to be £48m underborrowed as at 31 March 2026, which can be funded using internal investment balances rather than more expensive external borrowing.



Compliance with Prudential and Treasury Indicators – Quarter 2

34. The prudential and treasury indicators are shown in Appendix B. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ending 30 September 2025, the Council has operated within the treasury and prudential indicators as set out in the Council's Treasury Management Strategy Statement for 2025/26, except for the capital expenditure forecast for 2025/26. The latest estimate of capital expenditure in 2025/26 is £199m compared with the original prudential indicator of £164m. The increase is due to additional government capital grants, announced after the MTFS was approved, and the rephasing of capital expenditure (and its funding) from the 2024/25 outturn. The

increase in the programme is fully funded and there is no change in the overall borrowing required to fund the four-year capital programme - £84m by 2028/29. The Director of Corporate Resources reports that no difficulties are envisaged in complying with these indicators.

Resource Implications

35. The interest earned on revenue balances and the interest paid on external debt will impact directly onto the resources available to the Council. The budgeted income for interest generated by treasury management activities (excluding private debt and pooled property investments) for 2025/2026 is £12.0m. Current bank interest forecasts show interest earned in 2025/2026 could reach £16.0m. The increase in interest income is due to i) forecast Bank of England base rate levels being higher and for longer than forecast and ii) higher than estimated average Council balances than when the budget was set. Average balances remain strong due to the level of earmarked reserves, latest phasing of spend on the capital programme and government grants received in advance. The forecast position is also compounded by the lag on changes to interest rates impacting the portfolio, as explained earlier in the report.

Recommendations

36. The Committee is asked to note this report.

Background papers

37. None.

Circulation under the Local Issues Alert Procedure

38. None.

Equality and Human Rights Implications

39. There are no discernible equality and human rights implications.

Appendices

Appendix A - Economic Overview (For the quarter to September 2025)

Appendix B – Prudential and Treasury Indicators for 2025/26 as at 30th September 2025

Officers to Contact

Declan Keegan, Director of Corporate Resources,
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Simone Hines, Assistant Director (Finance, Strategic Property and Commissioning)
Corporate Resources Department,
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Economics Update

- The first half of 2025/26 saw:
 - A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth.
 - The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July.
 - CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.
 - The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
 - The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.
- From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July will have caused some concern, with the hikes in taxes for businesses that took place in April this year undoubtedly playing a part in restraining growth. The weak overseas environment is also likely to have contributed to the 1.3% m/m fall in manufacturing output in July. That was the second large fall in three months and left the 3m/3m rate at a 20-month low of -1.1%. The 0.1% m/m rise in services output kept its 3m/3m rate at 0.4%, supported by stronger output in the health and arts/entertainment sectors. Looking ahead, ongoing speculation about further tax rises in the Autumn Budget on 26 November will remain a drag on GDP growth for a while yet. GDP growth for 2025 is forecast by Capital Economics to be 1.3%.
- Sticking with future economic sentiment, the composite Purchasing Manager Index for the UK fell from 53.5 in August to 51.0 in September. The decline was mostly driven by a fall in the services PMI, which declined from 54.2 to 51.9. The manufacturing PMI output balance also fell, from 49.3 to 45.4. That was due to both weak overseas demand (the new exports orders balance fell for the fourth month in a row) and the cyber-attack-induced shutdown at Jaguar Land Rover since 1 September reducing car production across the automotive supply chain. The PMIs suggest tepid growth is the best that can be expected when the Q3 GDP numbers are released.
- Turning to retail sales, and the 0.5% m/m rise in volumes in August was the third such rise in a row and was driven by gains in all the major categories except fuel sales, which fell by 2.0% m/m. Sales may have been supported by the warmer-than-usual weather. If sales were just flat in September, then in Q3 sales volumes would be up 0.7% q/q compared to the 0.2% q/q gain in Q2.
- With the November Budget edging nearer, the public finances position looks weak. Public net sector borrowing of £18.0bn in August means that after five months of the financial year, borrowing is already £11.4bn higher than the OBR forecast at the Spring Statement in March. The overshoot in the Chancellor's chosen fiscal mandate of the current budget is even greater with a cumulative deficit of £15.3bn. All this was due to both current receipts in August being lower than the OBR forecast (by £1.8bn) and current expenditure being higher (by £1.0bn). Over the first five months of the financial year, current receipts have fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure has overshot by a total of £3.7bn (partly due to social benefits and departmental spending). Furthermore, what very much matters now is the OBR forecasts and their impact on the current budget in 2029/30, which is when the Chancellor's fiscal mandate bites. As a general guide, Capital Economics forecasts a deficit of about £18bn, meaning the Chancellor will have to raise £28bn, mostly through higher taxes, if she wants to keep her buffer against her rule of £10bn.
- The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So

instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October Budget. The number of job vacancies in the three months to August stood at 728,000. Vacancies have now fallen by approximately 47% since its peak in April 2022. All this suggests the labour market continues to loosen, albeit at a declining pace.

- A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.8% in July. The rate for the private sector slipped from 5.5% to 4.7%, putting it on track to be in line with the Bank of England's Q3 forecast (4.6% for September).
- CPI inflation fell slightly from 3.5% in April to 3.4% in May, and services inflation dropped from 5.4% to 4.7%, whilst core inflation also softened from 3.8% to 3.5%. More recently, though, inflation pressures have resurfaced, although the recent upward march in CPI inflation did pause for breath in August, with CPI inflation staying at 3.8%. Core inflation eased once more too, from 3.8% to 3.6%, and services inflation dipped from 5.0% to 4.7%. So, we finish the half year in a similar position to where we started, although with food inflation rising to an 18-month high of 5.1% and households' expectations for inflation standing at a six year high, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- An ever-present issue throughout the past six months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the "Liberation Day" tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended Q2 at 4.50%.
- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England have kept yields elevated over 4.70%.
- The FTSE 100 fell sharply following the "Liberation Day" tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 closed Q2 at 8,761, around 2% higher than its value at the end of Q1 and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed Q3 at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors' global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings.

MPC meetings: 8 May, 19 June, 7 August, 18 September 2025

- There were four Monetary Policy Committee (MPC) meetings in the first half of the financial year. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as

they highlighted the need to monitor for “signs of weak demand”, “supply-side constraints” and higher “inflation expectations”, mainly from rising food prices. By repeating the well-used phrase “gradual and careful”, the MPC continued to suggest that rates would be reduced further.

- In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was “finely balanced” and reiterating that future rate cuts would be undertaken “gradually and carefully”. Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC will be wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.
- The Bank of England does not anticipate CPI getting to 2% until early 2027, and with wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction).
- The Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that “a gradual and careful” approach to rate cuts is appropriate suggests the Bank still thinks interest rates will fall further but possibly not until February, which aligns with both our own view and that of the prevailing market sentiment.

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APPENDIX B**PRUDENTIAL INDICATORS 2025/26**

	Prudential Indicator set 2025/26	Quarter 2 Forecast
Capital Expenditure	£164m	£199m
Capital Financing Requirement	£196m	£193m
Actual Capital Financing Costs as a % of Net Revenue Stream	2.2%	1.9%
Net income from commercial activities as a % of net revenue stream	1.0%	0.9%
Operational Boundary for External Debt	£207m	£207m
Authorised Limit for External Debt	£217m	£217m
Liability Benchmark – Gross Loans Required	£-186m	£-235m
Actual debt as at 31/3/2026	N/A	£146m

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CORPORATE GOVERNANCE COMMITTEE: 24 NOVEMBER 2025

JOINT REPORT OF THE CHIEF EXECUTIVE AND THE DIRECTOR OF CORPORATE RESOURCES

LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN PERFORMANCE ANNUAL REPORT 2024/25

Purpose of Report

1. The purpose of this report is to provide the Committee with a comprehensive overview of Leicestershire County Council's, ("the Council"), performance in relation to the findings by the Local Government and Social Care Ombudsman, ("the Ombudsman"), for the period 1 April 2024 to 31 March 2025. The Annual Report also presents comparative data to contextualise the Council's performance within the broader sector.

Policy Framework and Previous Decisions

2. Paragraph 6.6 of the Corporate Governance Committee's Terms of Reference¹ states the Committee has 'oversight of findings of maladministration against the Council by the Local Government Ombudsman and to agree whether to make voluntary payments or provide other benefits in such cases under section 92 of the Local Government Act 2000.' The Director of Law and Governance is authorised in consultation with the relevant Chief Officer to authorise such payments and benefits, subject to financial limits.
3. Additionally, paragraph 6.11 also states "To consider reports from the Local Government and Social Care Ombudsman in relation to investigations into complaints made against the Council."
4. At its meeting on 29 November 2009 this Committee, in line with its role and responsibilities, agreed that reports on complaints handling should be submitted on an annual basis for members consideration following receipt of the Ombudsman's annual review letter.
5. The Local Government Act 2000 is the primary statutory provision that empowers local authorities to make payments where they are satisfied that maladministration has or may have occurred. Section 92² specifically enables relevant authorities to make a payment or offer some other form of benefit where they are satisfied that maladministration has, or may have, occurred.

¹ <https://democracy.leics.gov.uk/documents/s186985/Appendix%20-%20CGC%20TOR%20-%20FINAL.pdf>

² <https://www.legislation.gov.uk/ukpga/2000/22/section/92>

6. This report also discharges the Monitoring Officer's statutory duty under Section 5(2) of the Local Government and Housing Act 1989, to report where maladministration has been identified.

Background

7. The Ombudsman is the final stage for complaints about councils in England and its powers to investigate and make recommendations are established by the Local Government Act 1974. Its core purpose is to provide an independent, impartial, and free service to the public, investigating complaints where individuals believe they have suffered injustice due to maladministration or service failure by these bodies. If fault is found, the Ombudsman can recommend remedies, which may include apologies, service improvements, or financial remedy.
8. Each year, the Ombudsman publishes a comprehensive set of data reflecting its complaint-handling activity across England. This includes both national trends and local authority-level insights and is typically released via an 'Annual Review Letter' and accompanying datasets. The Ombudsman highlights three key focus areas: complaints upheld, compliance with recommendations and satisfactory remedy provided by the authority. The Council received its Annual Review Letter in May 2025³ and is attached as Appendix A to this report.
9. Leicestershire County Council's Local Government and Social Care Ombudsman Performance Annual Report 2024-2025 ("the Annual Report") is available at Appendix B.
10. For completeness, a summary of other complaint-related reports produced on an annual basis is included at Appendix C.

Summary of the Annual Report

11. The Annual Report provides insights into the Council's performance in respect of the Ombudsman from a multi-year and 2024/25 perspective. It presents key data and trends, including the volume and categories of complaints, decision outcomes, uphold rates, and compliance with Ombudsman recommendations. The report also benchmarks the Council's performance against other English county authorities.

Number of Complaints and Enquiries Received by the Ombudsman for the Council

12. The number of complaints and enquiries received has risen from 52 in 2020/21 to 122 in 2024/25 with a 17.3% (104) increase between 2023/24 and 2024/25; this mirrors a rising trend for the average for English county authorities.
13. Cases categorised by the Ombudsman as 'Education and Children's Services' present with the highest proportion across all three years shown within the Annual Report; this is consistent with the volume seen at Ombudsman level. The table below shows the top three categories making up most cases.

³ <https://www.lgo.org.uk/documents/councilperformance/2025/leicestershire%20county%20council.pdf>

Case Category	2022/2023		2023/24		2024/25	
Education and Children's Services	67	57%	67	64%	73	60%
Adult Social Care	29	25%	26	25%	30	25%
Highways and Transport	15	13%	8	8%	14	11%
TOTAL		95%		97%		96%

14. As highlighted in the Corporate Complaints and Compliments Annual Report 2024/2025, the Special Educational Needs and Assessment Service (SENA) is continuing its efforts to improve communication and the duration of the needs assessment.
15. The number of complaints received per 100,000 Leicestershire residents increased from 7.4 in 2020/21 to 16.4 in 2024/25; this growth is in line with the trend for English county local authorities.
16. In 2024/25 the Council's rate (16.4) placed it mid table (11th), with the best performing local county authority being Nottinghamshire, with a rate of 11.1 and the lowest performing being Devon, with a rate of 29 per 100,000 residents. When this metric is viewed at category level, the Council's placement remains approximately mid-table for all three categories shown in the table above and better performing than the average.

Cases Decided by the Ombudsman

17. Not all contacts the Ombudsman receives represent failings, and helpfully, there is distinction between decision categories offering a more nuanced view of Ombudsman demand and performance.
18. The number of enquiries and complaints reviewed and decided by the Ombudsman has fluctuated over the five reporting years and remains below the average, except in 2022/23, where it sits slightly higher (127 vs. 118).
19. The number of cases decided in 2024/25 increased by 28% (122) from 2023/24 (95).
20. In 2024/25 36 cases were referred back for local resolution ; this compares to 26 in 2023/2024.
21. In 2024/25, 40 (33%) of the 122 cases received by the Ombudsman were deemed appropriate to be investigated. This compares to 37% (35 out of 95) in 2023/24.
22. The key decision category is 'Upheld' as these are cases which have been investigated, and the Ombudsman found evidence of fault or has found the organisation offered a suitable remedy early on.

Upheld Complaints

23. The Ombudsman uses two key metrics in relation to 'Upheld' cases (a lower value for each metric signifies better performance):
 - a) 'Uphold Rate' which shows how often an organisation gets things wrong and is expressed as a percentage of the investigations the Ombudsman completes.

b) Upheld decisions per 100,000 residents (metric available since 2022/2023).

24. The rate at which cases are upheld has shown a generally positive trend over the past five reporting years by remaining lower than the average. It should be noted that changes implemented by the Ombudsman to its investigation processes in 2022/23 have contributed to an increase in the average of complaints being upheld.
25. The number of upheld decisions per 100,000 residents also shows a generally positive performance over the last three years (being the period in which data is available), remaining lower than the average in the two most recent years.
26. From a 2024/25 perspective, the number of decisions where a complaint has been upheld per 100,000 residents positions the Council firmly in the middle of the distribution, which reflects better than average performance whilst also indicating room for further improvement and the potential to learn from those performing better than Leicestershire:

County local authority	Total complaints & enquiries decided	Number investigated	Number of cases upheld	Uphold rate 2024/25 Avg. 89%	Upheld decisions per 100,000 residents Avg. 5.3
Nottinghamshire	85	16	14	88%	1.7
Lincolnshire	76	16	13	81%	1.7
Norfolk	106	24	19	79%	2.0
Hampshire	179	38	30	79%	2.1
Warwickshire	72	17	15	88%	2.4
Cambridgeshire	79	23	18	78%	2.6
Oxfordshire	84	22	22	100%	2.9
East Sussex	106	28	21	75%	3.8
Kent	291	76	63	83%	3.9
Gloucestershire	97	34	29	85%	4.4
Leicestershire	122	40	33	83%	4.5

27. It is difficult to determine, from the data alone, which of the above county local authorities are a true comparator without understanding their model for complaint handling service structures. A continued focus on benchmarking against top-performing authorities and understanding the factors behind mid-table placement will support ongoing improvement.
28. In 2024/25 33 (83%) of the 40 cases investigated were upheld, this compares to 29 (83%) out of 35 cases in 2023/2024. A determination of an 'Upheld' outcome is typically more straightforward in instances where statutory timescales have not been met, for example statutory timescales for Special Education Needs Assessments.
29. 19 (58%) of the 33 upheld cases related to Education and Children's Services, with 79% (15) of those 19 relating to Special Educational Needs.
30. This is to be expected given the volume profile of complaints and enquires received by the Ombudsman in respect of the county. Additionally, this reflects the Ombudsman's national caseload profile. In the Annual Review of Local Government

Complaints 2024-25 report, the Ombudsman observes, 'Education and Children's complaints, and in particular the growing issues with special educational needs provision, made up 27% of the cases we received during the year, and made up 48% of cases we upheld. We found fault in more cases this year, with 91% upheld. We continue to maintain the view that urgent change is required to national policy on support for young people with special educational needs and disabilities, and we await the Government white paper, now expected in Autumn 2025.'

31. Ombudsman cases categorised as fault and injustice can be found in the Annual Reports of Children's Social Care and Adult Social Care.

Remedy and Compliance Outcomes

32. When the Ombudsman finds fault in the way the Council carries out its duties, they consider if this caused an injustice to the person affected. If so, the Ombudsman makes recommendations about what the Council should do to put things right.
33. The Ombudsman has two key metrics in relation to remedy and compliance, which are covered below.

Satisfactory Remedy

34. The Ombudsman recognises cases where the Council has taken steps to put things right before the complaint reaches the Ombudsman. These are complaints the Council upheld, and the Ombudsman has agreed with the approach the Council took in offering to put things right. The Ombudsman uses a Satisfactory Remedy Rate metric to measure performance.
35. The Council's "Satisfactory Remedy Rate" improved significantly from 8% in 2020/21 to 30% in 2024/25 (24% in 2023/2024), outpacing the average which rose only from 8% to 10%. This indicates that the Council has become more effective at resolving complaints early and to the Ombudsman's satisfaction,

Recommendation Compliance

36. Cases where the Ombudsman recommended a remedy to put things right for the person affected are monitored for compliance. Its recommendations try to put people back in the position they were before the fault. The 'Compliance Rate' is the percentage of cases where the organisation provided satisfactory evidence of its compliance with the Ombudsman's recommendations.
37. The Council maintained a 100% compliance rate with Ombudsman recommendations across all five years reported.

Remedy Payments

38. The Ombudsman may recommend a remedy in the form of a payment which may contain elements for failure to provide a service, together with an element to recognise the complainants time and trouble to pursue the complaint.

39. The total value of remedy payments recommended by the Ombudsman has decreased over the last three years: £40,750 (2022/23), £27,222.15 (2023/24), and £21,113 (2024/25), with a 22% reduction between the last two periods.
40. Most financial remedies related to SEN assessments and adult care assessments/charging.

Public Reports

41. The Ombudsman issues public reports in cases where there is a wider public interest, including non-compliance with recommendations. These reports are published and remain available for ten years.
42. No public reports were issued in 2024/25. Three reports have been issued in respect of the Council during the last 10-year period, with the most recent being in 2023 and the oldest in 2020.

Resource Implications

43. There are no additional resource requirements arising from this report.

Equality and Human Rights Implications

44. There are no equality or human rights implications arising from the recommendations in this report.

Recommendations

45. The Committee is recommended to:
 - a) Note the contents of this report.
 - b) Provide comment and feedback on the Local Government and Social Care Ombudsman Performance Annual Report 2024-2025.

Background Papers

Corporate Governance Committee – 6 December 2024 - Local Government and Social Care Ombudsmen Annual Review 2023/24 -

<https://democracy.leics.gov.uk/documents/s186963/Ombudsman%20Annual%20Review%202023-24%20and%20Complaint%20Handling%20Final.pdf>

Scrutiny Commission – 8 September 2025 - Corporate Complaints and Compliments Annual Report 2024 – 2025 -

<https://democracy.leics.gov.uk/documents/s191394/Appendix%20-%20Corporate%20Complaints%20and%20Compliments%20Annual%20Report%202024-2025.pdf>

Children and Families Overview and Scrutiny Committee – 2 September 2025 - Children's Social Care Statutory Complaints and Compliments Annual Report 2024/2025 -

<https://democracy.leics.gov.uk/documents/s191238/Childrens%20Social%20Care%20Statutory%20Complaints%20and%20Compliments%20Annual%20Report%202024-25.pdf>

Adults and Communities Overview and Scrutiny Committee – 1 September 2025 - Adult Social Care Statutory Complaints and Compliments Annual Report 2024-2025 - <https://democracy.leics.gov.uk/documents/s191247/Complaints%20Report%202024-2025.pdf>

Circulation under the Local Issues Alert Procedure

46. None.

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List of Appendices

Appendix A - Local Government & Social Care Ombudsman Annual Review Letter 2024-25

Appendix B - Leicestershire County Council's Local Government and Social Care Ombudsman Annual Performance Report 2024-2025

Appendix C – Summary of Complaints and Compliments Reports

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21 May 2025

By email

Mr Sinnott
Chief Executive
Leicestershire County Council

Dear Mr Sinnott

Annual Review letter 2024-25

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2025. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. We have listened to your feedback, and I am pleased to be able to share your annual statistics earlier in the year to better fit with local reporting cycles. I hope this proves helpful to you.

[Your annual statistics are available here.](#)

In addition, you can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

In a change to our approach, we will write to organisations in July where there is exceptional practice or where we have concerns about an organisation's complaint handling. Not all organisations will get a letter. If you do receive a letter it will be sent in advance of its publication on our website on 16 July 2025, alongside our annual Review of Local Government Complaints.

Supporting complaint and service improvement

In February we published [good practice guides](#) to support councils to adopt our [Complaint Handling Code](#). The guides were developed in consultation with councils that have been piloting the Code and are based on the real-life, front-line experience of people handling complaints day-to-day, including their experience of reporting to senior leaders and elected members. The guides were issued alongside free [training resources](#) organisations can use to make sure front-line staff understand what to do when someone raises a complaint. We will be applying the Code in our casework from April 2026 and we know a large number of councils have already adopted it into their local policies with positive results.

This year we relaunched our popular [complaint handling training](#) programme. The training is now more interactive than ever, providing delegates with an opportunity to consider a complaint from receipt to resolution. Early feedback has been extremely positive with delegates reporting an increase in confidence in handling complaints after completing the training. To find out more contact training@lgo.org.uk.

Yours sincerely,



Amerdeep Somal
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

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Leicestershire County Council's Local Government and Social Care Ombudsman Performance

Annual Report 2024-2025

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Executive Summary

Leicestershire County Council, “Leicestershire”, greatly values the independent and impartial service provided by the Local Government and Social Care Ombudsman, recognising its vital role in promoting accountability, continuous improvement, and public trust in local government services.

Leicestershire has received its annual letter and accompanying data from the Ombudsman for 2024/25. This report presents analysis and insights drawn from the latest year, alongside comparative data from previous reporting periods and other comparator county local authorities.

Demand for the Ombudsman’s services is growing both locally and in England, with the Ombudsman receiving fewer complaints and enquiries in respect of Leicestershire than approximately half of the comparable authorities. In 2024/25, 122 cases were received, with the majority, relating to Education and Children’s Services, a theme seen over the years.

Not all contact the Ombudsman receives represent failings and so the report, helpfully, distinguishes cases that go onto be investigated and upheld. In terms of upheld cases, Leicestershire’s performance is better than average and is positioned mid table for the number of upheld decisions per 100,000 residents amongst its peers. Cases categorised as Education and Children’s Services feature most in upheld cases, a theme seen at the Ombudsman level also.

There is a good record of early, satisfactory remedies compared to the average and full compliance with Ombudsman recommendations. No public reports were issued in 2024/25.

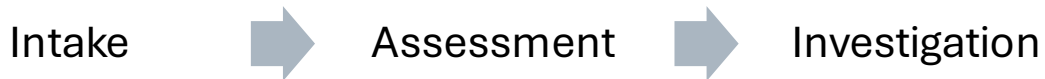
A continued focus on benchmarking against top-performing authorities and understanding the factors behind mid-table placement will support ongoing improvement.

About the Local Government and Social Care Ombudsman

The Ombudsman is the final stage for complaints about councils in England and its powers to investigate and make recommendations, are established by the Local Government Act 1974. Its core purpose is to provide an independent, impartial, and free service to the public, investigating complaints where individuals believe they have suffered injustice due to maladministration or service failure by these bodies. If fault is found, the Ombudsman can recommend remedies, which may include apologies, service improvements, or financial payments.

The Ombudsman publishes annual reviews, performance data for each council, and public reports in cases of wider public interest or systemic issues.

The Ombudsman uses the following pathway for cases it receives:



- The Intake Team¹ are the gateway to accessing the services of the Ombudsman. Their role is to identify premature complaints, to filter out all misdirected and incomplete contacts and to send viable complaints to the Assessment Team.
- The Assessment Team² determines which cases should be investigated and follows a two-stage format (Jurisdictional and Discretionary).
- The function of the investigation³ process is to consider every case referred from Assessment in an objective and proportionate manner.⁴

As set out in The Local Government Act 1974, the Ombudsman cannot consider complaints about:

- a matter that is going to court
- criminal matters
- some commercial matters
- employment issues, and
- some educational matters.
- matter appealed to a Tribunal/Minister

The Ombudsman accepts complaints made within twelve months (unless good reason for delay) by members of the public or a suitable representative (the Ombudsman cannot consider complaints made by or on behalf of public bodies or made by employees about their employment). The Ombudsman normally refers premature complaints back to the organisation for local resolution.

¹ <https://www.lgo.org.uk/information-centre/staff-guidance/intake-team-manual?chapter=1>

² <https://www.lgo.org.uk/information-centre/staff-guidance/assessment-code>

³ <https://www.lgo.org.uk/information-centre/staff-guidance/investigation-manual>

⁴ <https://www.lgo.org.uk/information-centre/staff-guidance/investigation-manual?chapter=1>

Data Source and Interpretation

lginform.local.gov.uk/ is the Local Government Association's Research and Information team, which provide reports to assist local authorities to gain a deeper level of information and intelligence. The reports are based on requests from users and partners.⁵

These reports form the data source for this report in conjunction with further information provided by Leicestershire's Business Intelligence Service.

The Ombudsman provides data in respect of complaints and enquiries received or data in respect of complaints and enquiries decided. When interpreting data, cases may have been received and decided in different reporting years, meaning that the number of complaints and enquiries received will not always match the number of decisions made.

The averages shown throughout this report are based on all English county local authorities.

⁵ <https://lginform.local.gov.uk/>

Complaints and enquiries received by the Local Government & Social Care Ombudsman

The number of enquiries and complaints received means the number of new cases received in the reporting period. The Ombudsman provides this data in count form; this data has been converted into the number of complaints per 100,000 residents to provide a more equitable basis for comparison between authorities of different population sizes.

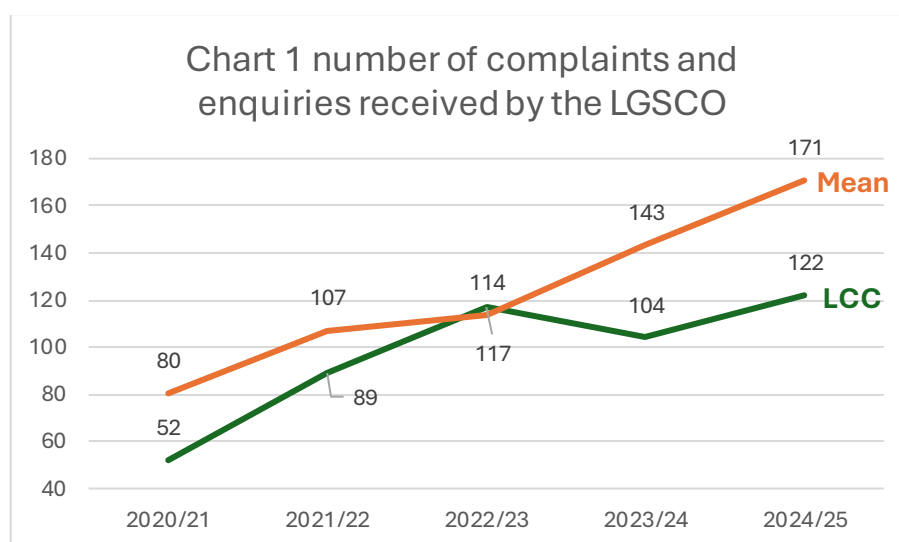
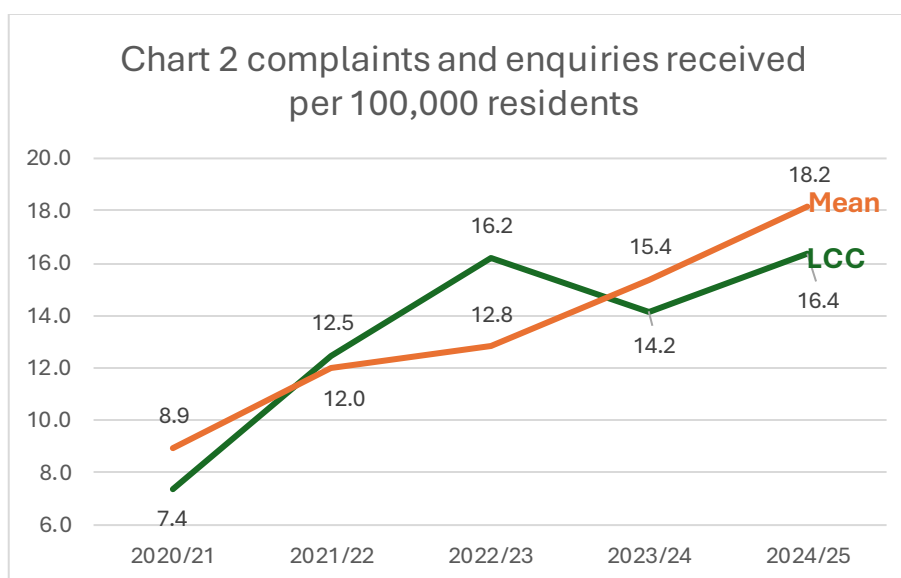


Chart 1 reveals the number of complaints and enquiries received by the Ombudsman in respect of Leicestershire has generally increased since 2020/21, increasing from 52 to 122 in 2024/25. Unfortunately, the downward trend in 2023/24 has not been sustained, with the increased complaints in 2024/25 representing an uplift of 17.3 %.

The table below presents both the volume and percentage share of complaints and enquiries by area. This breakdown provides insight into where concerns are most frequently raised, with Education and Children's Services consistently accounting for the majority. While the number of cases has risen, other categories have also seen increases. The dominance of Education and Children's Services mirrors the profile of Leicestershire's local complaint numbers and is the highest category reported by the Ombudsman in their overall figures in each year shown.

Case Category	2022/2023		2023/24		2024/25	
Education and Children's Services	67	57%	67	64%	73	60%
Adult Social Care	29	25%	26	25%	30	25%
Highways and Transport	15	13%	8	8%	14	11%
Corporate and Other Services	-	-	-	-	2	2%
Environmental Services & Public Protection & Regulation	3	3%	2	2%	1	1%
Housing	-	-	1	1%	-	-
Planning and Development	-	-	-	-	1	1%
Other	3	3%	-	-	1	1%

The top three categories make up between 95 – 97% of cases in each year shown.



A lower figure for the number of enquiries and complaints received per 100,000 residents (referred to as rate) signifies stronger performance. Leicestershire's rate has increased from 7.4 in 2020/21 to 16.4 in 2024/25, but this growth is in line with the trend for English county local authorities.

In 2024/25 Leicestershire's rate (16.4) placed it mid table (11th), with the best performing local county authority being Nottinghamshire, with a rate of 11.1 and the lowest performing being Devon, with a rate of 29.

Although demand for the Ombudsman's services is growing both locally and in England, the Ombudsman received fewer complaints and enquiries in respect of Leicestershire than approximately half of the comparable authorities. This may indicate Leicestershire's local complaint handling is more effective than those with higher rates

(meaning less complaints escalate to the Ombudsman), with room for improvement given mid table position.

2024/25 Leicestershire rates at category level are:

- 9.8 compared to mean of 11 - Education and Children Services (placement 10th)
- 4.0 compared to a mean of 4.2 - Adult Care Services (placement 13th)
- 1.9 compared to a mean of 2 - Highways and Transport (placement 13th)

All three categories demonstrate performance better than the average, with the average for cases categorised as Education and Children's Services outperforming the average by 1.2 points. However, it is important to note that Leicestershire's placement remains approximately mid-table across all three categories.

Decisions made by the Local Government & Social Care Ombudsman

Decision Outcomes⁶

When the Ombudsman decides in a case, it records its decision as one of the following:

Invalid or incomplete means the Ombudsman was not given enough information to consider the issue.

Advice given means the Ombudsman provided early advice or explained where to go for the right help.

Referred back for local resolution means the Ombudsman found the complaint was brought to them too early because the organisation involved was not given the chance to consider it first.

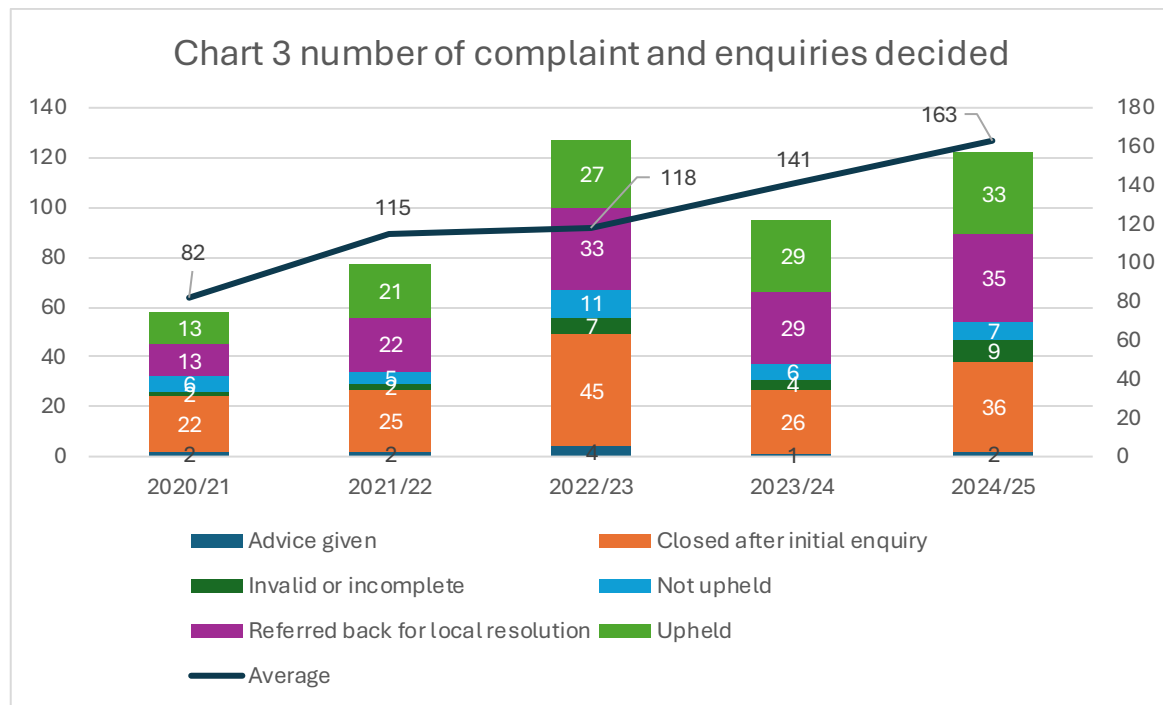
Closed after initial enquiries means the Ombudsman assessed the complaint but decided against completing an investigation. This might be because the law says they are not allowed to investigate it or because it would not be effective use of public funds if they did.

Cases categorised as '**Not Upheld**' or '**Upheld**' are cases that were investigated.

Upheld means the Ombudsman completed an investigation and found evidence of fault or it found the organisation offered a suitable remedy early on.

⁶ <https://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Not Upheld means the Ombudsman completed an investigation and did not find evidence of fault.



The number of enquiries and complaints ‘decided’ in respect of Leicestershire has fluctuated over the five reporting years and remains below the mean for all English county local authorities, except in 2022/23, where it sits slightly higher (127 vs. 118). Leicestershire’s trend is variable in comparison to the average trend increase. The number of cases decided increased by 28% between 2023/24 (95) and 2024/25 (122).

The distinction between decision categories helps demonstrate that not all contacts represent failings, offering a more nuanced view of Ombudsman demand and performance.

The key decision category here is ‘Upheld’ as these are cases which have been investigated and the Ombudsman found evidence of fault, or it found the organisation offered a suitable remedy early on. The next section focuses on Upheld cases in more detail.

Complaint decisions upheld by the Local Government & Social Care Ombudsman in Leicestershire

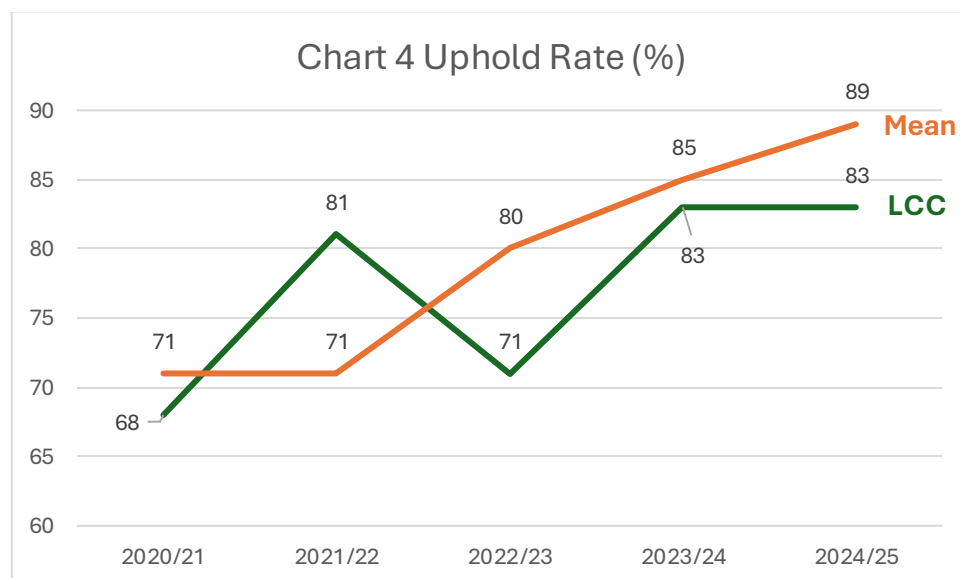
The following data relates to cases where detailed investigation took place, and the complaint was upheld by the Ombudsman. Upheld means the Ombudsman completed an investigation and found evidence of fault, or they found the organisation offered a suitable remedy early on.

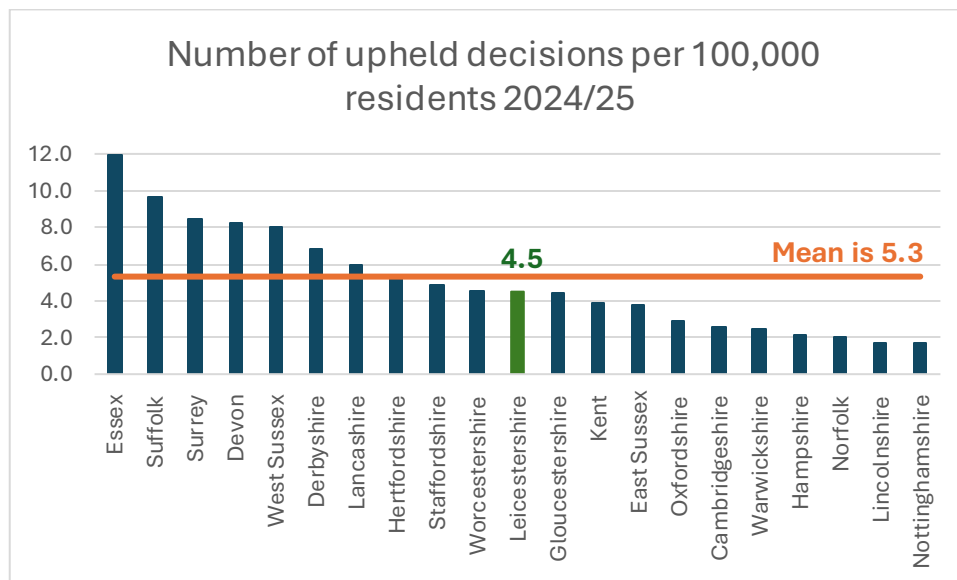
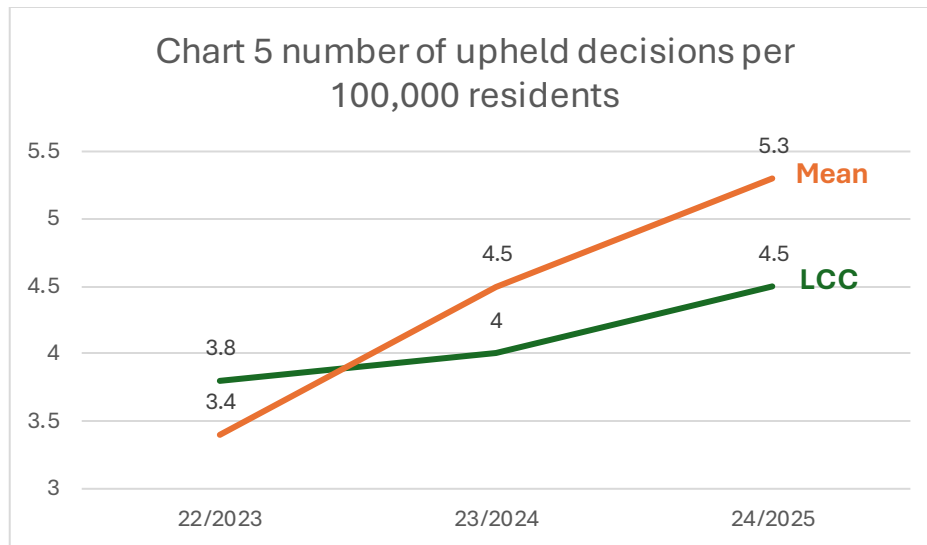
The Ombudsman uses two key metrics in relation to upheld cases:

- ‘Uphold Rate’ which shows how often an organisation gets things wrong and is expressed as a percentage of the investigations the Ombudsman completes.
- Upheld decisions per 100,000 residents (metric available since 2022/23).

The ‘Upheld decisions per 100,000 residents’ metric, helps to contextualise performance in relation to population size, offering a more equitable basis for comparison. Additionally, the Uphold Rate should be considered alongside the ‘Satisfactory Remedy’ metric, which relates to cases that were upheld, and the Ombudsman found the Leicestershire had already satisfactorily remedied the fault.

A lower value for each metric signifies better performance.





The Uphold Rate for Leicestershire has shown a generally positive trend over the past five reporting years by remaining lower than the average, less for 2021/22 (81% (LCC) vs 71% (mean)). It should be noted that changes implemented by the Ombudsman to its investigation processes in 2022/23 have contributed to an increase in the average Uphold Rate across all complaints.

The number of upheld decisions per 100,000 residents metric positions Leicestershire firmly in the middle of the 2024/25 distribution, which reflects better than average performance whilst also indicating room for further improvement and the potential to learn from those performing better than Leicestershire (Nottinghamshire/Lincolnshire 1.7 - Gloucestershire 4.4).

The table below provides both the uphold rate and upheld decisions per 100,000 residents for county local authorities with a lower value than Leicestershire for the number of upheld decisions per 100,000 residents (as shown in the graph above).

County local authority	Total complaints & enquiries decided	Number investigated	Number of cases upheld	Uphold rate 2024/25 Avg. 89%	Upheld decisions per 100,000 residents Avg. 5.3
Nottinghamshire	85	16	14	88%	1.7
Lincolnshire	76	16	13	81%	1.7
Norfolk	106	24	19	79%	2.0
Hampshire	179	38	30	79%	2.1
Warwickshire	72	17	15	88%	2.4
Cambridgeshire	79	23	18	78%	2.6
Oxfordshire	84	22	22	100%	2.9
East Sussex	106	28	21	75%	3.8
Kent	291	76	63	83%	3.9
Gloucestershire	97	34	29	85%	4.4
Leicestershire	122	40	33	83%	4.5

It is difficult to determine, from the data alone, which of the above county local authorities are a true comparator without understanding their model for complaint handling service structures. For information regarding models, please refer to the Ombudsman's 'Guide for complaint managers: Designing and delivering effective complaint systems'⁷.

2024/25 in more detail

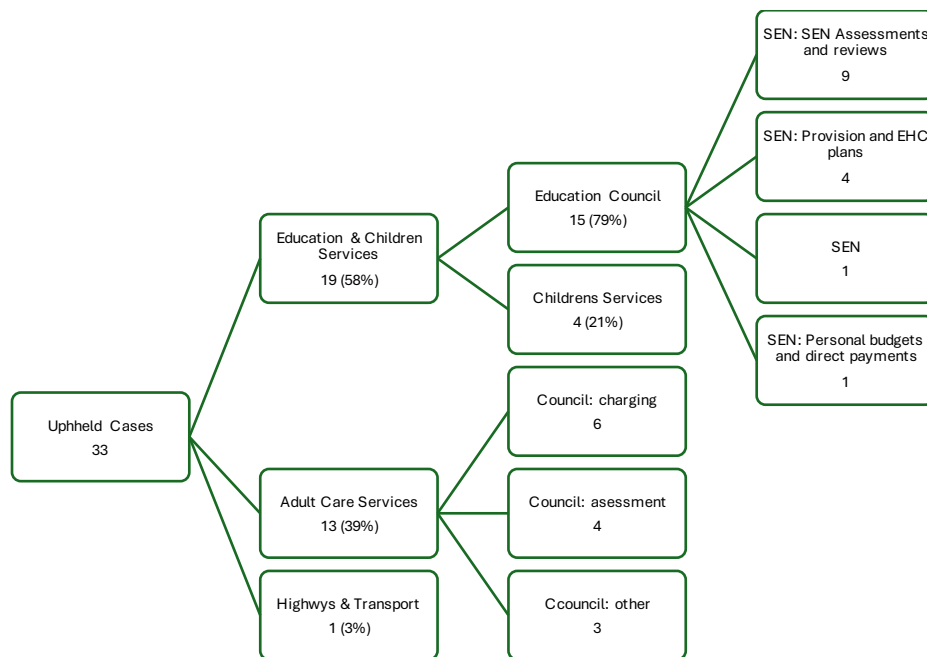
33 (83%) of the 40 cases investigated were upheld, this compares to 29 (83%) out of 35 cases in 2023/2024. A determination of an 'Upheld' outcome is typically more straightforward in instances where statutory timescales have not been met, for example statutory timescales for Special Education Needs Assessments.

Chart 7 shows the breakdown of Upheld cases by category, with 19 (58%) of upheld cases relating to Education & Children's Services, with 79% of those 19 relating to Special Educational Needs cases. This is to be expected given the volume profile of complaints and enquires received by the Ombudsman in respect of Leicestershire.

⁷ <https://www.lgo.org.uk/information-centre/information-for-organisations-we-investigate/councils/guidance-notes/guide-for-complaint-managers-designing-and-delivering-effective-complaint-systems?chapter=11>

Additionally, the Ombudsman’s national caseload profile, as indicated in its Annual Review of Local Government Complaints 2024-25 report where it said, ‘Education and Children’s complaints, and in particular the growing issues with special educational needs provision, made up 27% of the cases we received during the year, and made up 48% of cases we upheld. We found fault in more cases this year, with 91% upheld. We continue to maintain the view that urgent change is required to national policy on support for young people with special educational needs and disabilities, and we await the Government white paper, now expected in Autumn 2025.’

Chart 7 breakdown of upheld cases by category for 2024/25.



Remedy and Compliance Outcomes

When the Ombudsman finds fault in the way Leicestershire carries out its duties, they consider if this caused an injustice to the person affected. If so, the Ombudsman makes recommendations about what Leicestershire should do to put things right.

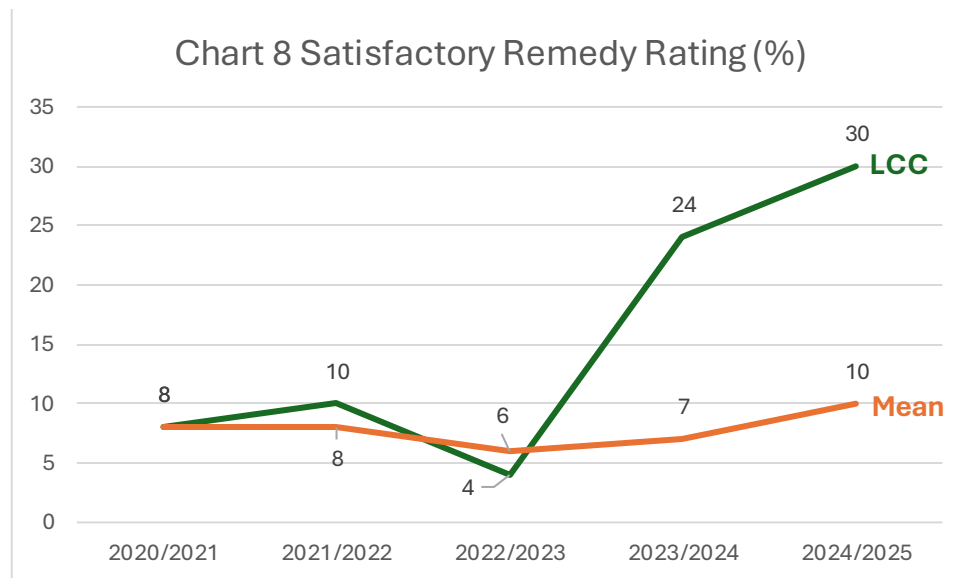
The Ombudsman has two key metrics in relation to remedy and compliance, which are covered below.

Satisfactory Remedy

The Ombudsman recognises cases where Leicestershire has taken steps to put things right before the complaint reaches the Ombudsman. These are complaints

Leicestershire upheld, and the Ombudsman agreed with how Leicestershire offered to put things right.

Chart 8 shows Leicestershire's 'Satisfactory Remedy Rating' compared to the average for all English local authorities.



The trend reveals a significant improvement for Leicestershire with the Satisfactory Remedy Rate increasing from 8% in 2020/21 to 30% in 2024/25, with the most notable jump occurring between 2022/23 (4%) and 2023/24 (24%).

In contrast, the average remained much lower and relatively stable, rising only from 8% to 10% over the same period. This indicates that Leicestershire has become more effective at resolving complaints early and to the Ombudsman's satisfaction, reflecting positively on Leicestershire's approach to complaint handling and its commitment to putting things right before escalation.

Recommendation Compliance

Cases where the Ombudsman recommended a remedy to put things right for the person affected are monitored for compliance. Its recommendations try to put people back in the position they were before the fault occurred. The 'Compliance Rate' is the percentage of cases where an organisation provided satisfactory evidence of its compliance with the Ombudsman's recommendations.

The table below shows the 'Compliance Rating (%)' for Leicestershire compared to English county local authorities for five reporting periods.

Reporting Year	Leicestershire	Minimum for all English county local authorities	Mean for all English county local authorities	Maximum for all English county local authorities
2020/21	100	98	100	100
2021/22	100	100	100	100
2022/23	100	96	100	100
2023/24	100	98	100	100
2024/25	100	96	100	100

Leicestershire has maintained 100% compliance for all years shown.

Remedy Payments Recommended by the Local Government and Social Care Ombudsman

The Ombudsman may recommend a remedy in the form of a payment which may contain elements for failure to provide a service together with an element to recognise the complainants time and trouble to pursue the complaint. The table below shows the total payments made because of recommendations made by the Ombudsman.

Reporting Year	Remedy Payment Value
2022/23	£40,750
2023/24	£27,222.15
2024/25	£21,113

The direction of travel across the three reporting periods shows a reduction in the total value of remedy payments, with a 22% decrease between the two most recent periods.

23 complaints were decided with a financial redress remedy, a decrease from 27 in 2023/24. 9 upheld complaints with financial remedy were due to SEN assessments. 8 upheld complaints with financial remedy were due to assessments and charging within adult care.

Public Reports

The Ombudsman issues public reports in cases where there is a wider public interest, including:

- Significant injustice
- Systemic issues
- Major learning points
- Non-compliance with recommendations

These reports are published and remain available for ten years.

No public reports were issued in 2024/25. Three reports have been issued in respect of Leicestershire during the last 10-year period, with the most recent being 2023 and oldest 2020.⁸

⁸ <https://www.lgo.org.uk/your-councils-performance/leicestershire-county-council/public-reports>

Brief Summary of the Corporate Complaint and Compliments Annual Report

Compliments

1. 393 compliments received in 2024/25 (down 7% - 422). Libraries, Heritage & Museums accounted for 57% (393) of all compliments, showing continued high public appreciation for these services.

Corporate Complaints – cases received

2. 1,287 corporate complaints were received (down 12%). Top departments for complaints received: Children & Family Services (CFS) and Environment & Transport (E&T).

Performance

3. The five service areas with the highest volume of closed complaints in 2024/2025 were:
 - SENA (446 cases closed)
 - School and SEN Transport (132 cases closed)
 - Child Protection (120 cases closed)
 - Drainage (73 cases closed)
 - Child in Need (51 cases closed)
4. The Annual Report highlights work within the SENA service to continue to improve communication and the duration of the needs assessment.

Stage 1 response times

5. During 2024/2025, the percentage of complaints responded to within 10 and 20 working days decreased from the previous year. However, 93% were responded to within 40 working days, which is the maximum recommended response time by the ombudsman. This is an improvement from 2023/2024 (90%). There remain some pressures particularly around SEN complaints which has affected overall response timescales.

The breakdown is as follows:

- 44% of all complaints received a response within 10 working days.
- 71% received a response within 20 working days.
- 93% received a response within the maximum 40 working days.

Escalation to stage 2 and response times

6. If a complainant remains dissatisfied following the outcome of stage 1, they may request further consideration of their complaint. Such requests will be considered under stage 2 of the Corporate Complaints Procedure.

7. In 2024/2025 75 complaints escalated to stage 2 (a 6% decrease from 23/24), this escalation profile has, positively, had a decreasing trajectory since 2022/2023 (see below for figures). This means fewer complainants have requested a stage 2 review year on year.
 - 2024/2025 75 escalations
 - 2023/2024 80 escalations
 - 2022/2023 82 escalations
8. Of stage 2 complaints, 51% received a response within 20 working days. This has decreased from 2023/24 (61%).

Brief Summary of the Adult Social Care Statutory Complaints and Compliments Annual Report

Compliments

9. 278 compliments were recorded, a decrease from 313 the previous year. The actual number may be higher, as not all compliments are centrally recorded. Compliments highlight positive experiences with staff, support during difficult times, and effective service delivery.

Complaint Volumes

10. 317 complaints were received in 2024/25, a 14% decrease from the previous year (369 in 2023/24), following a significant increase the year before.
11. Of the 317 social care statutory complaints that were received, there were 280 unique complainants with 13 raising more than one unrelated complaint. There were 2 complainants who, each, raised 5 unrelated complaints.
12. During the year 2024-25, one complaint was considered using the Joint Complaints protocol.

Cause of complaint

13. The most frequent causes recorded were quality of work (including home and residential care), poor communication, and delays in providing services. Complaints about customer care/conduct dropped by 35%, showing improvement in staff interactions. Please note recording allows for multiple causes to be selected.
14. 42% (143) complaints were upheld. This is a slight decrease on the previous year (50%).

Responsiveness and Outcomes

Stage 1

15. Response times for stage 1 cases has remained steady, with 65% responded to within 20 w/ds and 92% within 40 w/ds.

Stage 2

16. 38 complaints requested escalation to stage 2 of the Council's local process for review by a senior manager. This is an increase (9/31%) from 2023/24 (29).
17. 51% of stage 2 cases were responded to within 20 w/ds, which is down from 90% in 23/24.

Summary of the Children's Social Care Statutory Complaints and Compliments Report

Case Volume

18. The number of statutory complaints received in 2024/25 were as follows:
 - 41 complaints considered at Stage 1, compared to 42 in 2023/24
 - 4 complaints considered at Stage 2, compared to 7 in 2023/24
 - 3 complaints considered at Stage 3, compared to 3 in 2023/24
19. When examining these complaint volumes, it is important to consider the broader operational landscape to contextualise the proportionality of concerns raised. Complaints as a percentage of the number of 24/25 referrals to Children's Social Care (Table 2 of Annual Report) is 0.7%, demonstrating only a small number go on to make a statutory complaint.
20. Analysis of the complaints received show the main areas complained about were staff conduct / customer care and poor communication. These were very often interlinked.
21. During the year, two complaints were received directly from children or young people. The Complaints Manager continues to have good links with Children's Rights Officers. This is to ensure and validate that young people are not blocked in any way from accessing the formal complaints procedure.
22. It is important to note that some complaints regarding Childrens Social Care are not considered through the statutory procedure. The Council follows guidance from the Local Government and Social Care Ombudsman in determining such cases. This can be either because the complainant is not eligible, or the subject matter falls outside of the scope of the statutory procedure.
23. The Council considered 168 complaints under the Corporate Complaints Procedure; a significant increase from the previous year (129). The majority being Child Protection matters.
24. Taking this all into consideration, the overall number of complaints saw an increase of 19% as shown below.

Reporting Year	Statutory Complaints	Corporate Complaints	Total
2023-24	52	129	181
2024-25	48	168	216

Stage Escalations

25. The number of complaints escalating to Stage 2 reduced this year by 3. As a percentage of Stage 1 complaints this equates to an escalation rate of 10%, slightly down from the previous year (17%).
26. There were three complainants who requested escalation to Stage 3 after completing Stage 2.

Statutory Complaints Performance

27. 56% of Stage 1 cases were responded to within the maximum limit of 20 working days, this compares to 61% in the previous year.
28. There are often good reasons why complaints exceed 20 working days to resolve, for example complexity or meetings being arranged. Whilst personal contact is positive and should be encouraged, statutory guidance makes clear this does not “stop the clock” in terms of the 20-working day deadline.
29. Timescales for Stage 2 complaints also improved during the year with three of the completed investigations being concluded within the statutory timescale of 65 working days.
30. The Council has continued to manage Stage 2 investigations through an in house “arms-length” investigator. This is helping with response timescales but more crucially with quality of reports and reducing un-necessary escalation.
31. Two of the three Stage 3 review panels held were convened and responded to within statutory timescales. The remaining case was delayed by the complainant’s availability to attend a panel hearing.

Compliments

32. The Council received six compliments; this is a decrease from the previous year (18). The Complaints Team continue to remind managers of the importance of recognising and sharing positive feedback, which bring balance to the annual report. A selection of compliments received is included within the Annual Report.



**CORPORATE GOVERNANCE COMMITTEE – 24 NOVEMBER
2025**

**POLICY FOR DISCLOSURE AND BARRING SERVICE (DBS)
CHECKS FOR ELECTED MEMBERS**

REPORT OF THE DIRECTOR OF LAW AND GOVERNANCE

Purpose of the Report

1. The purpose of this report is to seek approval of a policy for Disclosure and Barring Service (DBS) Checks for elected members. A copy of the policy is attached as an Appendix to this report.

Policy Framework and Previous Decisions

2. The County Council is committed to safeguarding the welfare of all individuals, in particular children and vulnerable adults. All members are required to undergo basic DBS checks. Enhanced DBS checks are required for specified members in accordance with the relevant legislation and the 2024 guidance from the then Minister for Local Government, Simon Hoare MP.

Background

3. The policy applies to all elected members. Enhanced DBS checks are mandatory for elected members involved in the following roles:
 - Working with children or vulnerable adults
 - Handling sensitive or confidential information
 - Positions of trust or authority
4. In the context of the County Council's governance structure, this applies to members in the following roles:
 - Cabinet members
 - Children and Families Overview and Scrutiny Committee members
 - Adults and Communities Overview and Scrutiny Committee members
 - Health Overview and Scrutiny Committee members
 - Health and Wellbeing Board members

- Member Champions for Children in Care
5. Members will be invited to make an appointment with the Head of Members Services to complete the DBS application form. This will be submitted to the DBS for processing and the County Council will then receive the DBS certificate and review the information to determine the member's suitability for the role. DBS checks must be renewed every three years or as legally required.
 6. Failure to comply with the policy will be referred to the Group Leaders in the first instance. An ongoing failure to comply with the Corporate Governance Committee.
 7. The policy will be reviewed annually, or as required, to ensure it remains up to date with current legislation and best practices.

Resource Implications

8. There are no resource implications arising from the proposals set out in this report.

Recommendations

9. It is recommended that the Committee approves the policy for DBS Checks for elected members.

Appendices

The policy for DBS checks for elected members.

Circulation under the Local Issues Alert Procedure

10. None

Equality Implications/Other Impact Assessments

11. There are no equality implications arising from the recommendations in this report.

Human Right Implications

12. There are no human rights implications arising from the recommendations in this report.

Officers to Contact

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Policy for DBS Checks for Elected Members

1. Purpose

The purpose of this policy is to ensure that all members undergo appropriate Disclosure and Barring Service (DBS) checks to maintain a safe and secure environment for all individuals associated with Leicestershire County Council

2. Scope

This policy applies to all members, with a particular focus on those who are involved in activities that require DBS checks as per the 2024 guidance issued by Simon Hoare MP¹, the then Minister for Local Government. The guidance confirmed that following the recommendation in Simon Bailey's Independent Review of the DBS Regime is supported by the Government:

I recommend that an enhanced criminal record check is made mandatory for all councillors in Unitary and Upper Tier Authorities who are being considered for appointment to any committee involved in decisions on the provisions of children's services or services for vulnerable adults. I accept that this would require legislation and therefore some inevitable delay, so I further recommend that these authorities are encouraged to adopt this procedure as best practice pending legislation.

3. Policy Statement

Leicestershire County Council is committed to safeguarding the welfare of all individuals, particularly children and vulnerable adults. To achieve this, the Council requires all members to undergo basic DBS checks. Enhanced DBS checks are required for specified members in accordance with the relevant legislation and the 2024 guidance.

4. Types of DBS Checks

There are three types of DBS checks that may be required:

Basic Check: This check reveals any unspent convictions.

Standard Check: This check includes details of both spent and unspent convictions, cautions, reprimands, and warnings.

Enhanced Check: This check includes the same information as the Standard Check, along with any additional information held by local police that is considered relevant to the role.

Enhanced Check with barred list: This check includes the same information as an Enhanced DBS certificate but will also include a check of one or both of the Children or Adults Barred Lists.

¹ https://assets.publishing.service.gov.uk/media/65a90d5a94c997000daeb9f1/2024-01-18_Min_Hoare_DBS_Checks_Leaders.pdf

5. Roles Requiring DBS Checks

All members are required to undergo a basic DBS check.

Enhanced DBS checks are mandatory for elected members involved in the following roles:

- Working with children or vulnerable adults
- Handling sensitive or confidential information
- Positions of trust or authority

In the context of the County Council's governance structure, this includes members in the following roles:

- Cabinet members
- Children and Families Overview and Scrutiny Committee members
- Adults and Communities Overview and Scrutiny Committee members
- Health Overview and Scrutiny Committee members
- Health and Wellbeing Board Members
- Member Champions for Children in Care.

6. Procedure

Application: Members will be invited to make an appointment with the Head of Member Services to complete the DBS application form. Members must provide the necessary identification documents at this appointment

Submission: The completed application form and identification documents will be submitted by the Head of Member Services to the DBS for processing.

Outcome: The County Council will receive the DBS certificate and review the information to determine the member's suitability for the role.

Renewal: DBS checks must be renewed every three years or as required by law.

7. Confidentiality

All information obtained through DBS checks will be treated with the utmost confidentiality and will only be shared with authorised personnel on a need-to-know basis.

8. Non-Compliance

Failure to comply with this policy will be referred to the Group Leaders in the first instance. An ongoing failure to comply with this policy will be reported to the Corporate Governance Committee.

9. Review

This policy will be reviewed annually or as required to ensure it remains up-to-date with current legislation and best practices.



CORPORATE GOVERNANCE COMMITTEE – 24 NOVEMBER 2025

REPORT OF THE DIRECTOR OF LAW AND GOVERNANCE

ANNUAL REPORT ON THE OPERATION OF THE MEMBERS' CODE OF CONDUCT 2024/25

Purpose of Report

1. This report fulfils the requirement for the Monitoring Officer to report to the Committee on an annual basis on the operation of the Members' Code of Conduct in accordance with the decision of this Committee on 24th September 2012.

Background

2. The Members' Code of Conduct was adopted at the County Council meeting held on 1st December 2021 following the introduction of a model Code developed by the LGA in response to the recommendations made by the Committee on Standards in Public Life in 2019.
3. This Committee has responsibility for dealing with matters relating to the Code. Detailed arrangements for dealing with allegations against Members were considered and agreed by this Committee on 24th September 2012. These were subsequently reviewed and updated by the Director, following consultation with the Chairman and Spokespersons of this Committee, in September 2017. These arrangements were again reviewed in 2021 and updated in 2023.

Complaints Received Under the Members' Code of Conduct

4. This report covers complaints submitted during the period 1st October 2024 – 1st October 2025. During that period there have been 34 complaints received by the Monitoring Officer under the Members' Code of Conduct. These complaints were resolved as set out overleaf and a comparison with the previous two years is included for information:

	2022/23	2023/24	1 October 2024 - 1 October 2025
Complaint withdrawn/not progressed by complainant	1 (Complaint out of scope and complainant refused to allow detail to be shared with member)	1 (Complaint initially assessed to be out of scope and complainant failed to provide information requested to enable further consideration)	2
Complaint did not meet threshold for further investigation as set out in the 'initial test'	5 (2 in relation to one member from the same complainant)	1	5
Complaint resolved informally (and advice offered)	1	3	5
Complaint considered by Member conduct panel	0	0	1 (Not upheld) 7 (Informal action recommended (but not yet completed) in relation to one member) 2 (Informal action completed in relation to one member)
Ongoing			12
Total	7	5	34

5. The focus of the complaints has been on engagement with members of the public and social media comments which have featured more frequently than in previous years.

6. In this context it is important to note that the Monitoring Officer and the Member Conduct Panel on advice are required to take account the right to freedom of speech as set out in Article 10 of the European Convention on Human Rights (Article 10 ECHR) which provides:

“(1) Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers....

(2) The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of the protection of the reputation or rights of others ...”

7. It is recognised that there is an enhanced level afforded to freedom of speech but there is still a requirement to maintain respect and courtesy, especially towards officers and the public. In a political context, any interference with that freedom should be carefully scrutinised and that following case law, a three-part test should be applied:
 - a) Has there been a failure to comply with the Code of Conduct?
This is assessed on the balance of probabilities.
The facts are examined to determine whether the member’s behaviour breached specific provisions of the Code (e.g., treating others with respect).
 - b) Does the finding itself interfere with the councillor’s Article 10 rights?
 - c) Is the restriction justified under Article 10(2)?
8. It should be noted that the protection does not extend to statements known to be false or conduct that harms the rights of others, such as bullying or harassment. It is also relevant to note that members should not attempt to coerce or persuade officers to act in a party-political way or a way that undermines their neutrality.
9. It should also be noted that anonymised data in relation to complaints under the Members’ Code of Conduct is disclosable in response to Freedom of Information requests.
10. The complaints have all been referred by the Monitoring Officer to one of the panels of six Independent Persons appointed by the County Council under the provisions of the Localism Act 2011 for the purposes of giving a view on complaints submitted who supported the outcomes above. The Independent Persons’ input is valuable, and it is recommended that the Committee thank them for their diligence in undertaking this voluntary role.

Strengthening the Standards and Conduct Framework

11. The Ministry of Housing, Communities and Local Government undertook a consultation on strengthening standards to which the Council, through this Committee, contributed. Recently the Minister has announced the reforms that will be introduced following that consultation. The Minister's introduction states:

'The reforms aim to ensure misconduct is dealt with swiftly and fairly across the country in every type and tier of local government – from the smallest town or parish council to the largest regional mayoral authority. We want to ensure that local government is empowered, fully accountable and deserving of people's trust and confidence.'

'We want local and regional government in England to attract and retain the best possible talent, and for county, town and city halls across the country to promote fair and reasonable democratic discourse, without slipping into cultures which are toxic and intimidating. There will always be room for strongly held beliefs to be represented, tested and debated, with decency and respectful behaviours and conduct.'

12. The reforms, which are intended to be introduced by legislation as soon as parliamentary time allows, include the following:
- a) the introduction of a mandatory code of conduct, which will include a behavioural code, for all local authority types and tiers.
 - b) a requirement that all principal authorities convene formal Standards Committees, to include provisions on the constitution of Standards Committees to ensure objectivity, accountability and transparency.
 - c) the requirement that all principal authorities offer individual support during any investigation into code of conduct allegations to both the complainant and the councillor subject to the allegation.
 - d) the introduction at the authority level of a 'right for review' for both complainant and the subject elected member to have the case reassessed on grounds that will be set out in legislation.
 - e) powers for authorities to suspend elected members for a maximum of 6 months for serious code of conduct breaches, with the option to withhold allowances during suspension for the most serious breaches and introduce premises and facilities bans either in addition or as standalone sanctions.
 - f) in response to the most serious allegations involving police investigation, or where sentencing is pending, the introduction of powers to suspend elected members on an interim basis for an initial period of 3 months which, if extended, will require regular review.
 - g) a new disqualification criterion for any elected member, subject to the maximum period of suspension more than once within 5 years.
 - h) the creation of a new national appeals function, to consider appeals from elected members to decisions to suspend them and/or withhold allowances,

and for complainants if they consider their complaint was mishandled. Any appeal submitted will only be permitted after the complainant or elected member has invoked their 'right for review' of the local Standards Committee decision that has been invoked and that process is completed.

13. Further updates will be presented to the Committee as the Government progresses with the reforms referred to above.

Recommendation

14. The Committee is asked to note the contents of this report and to formally thank the Independent Persons for their ongoing commitment and assistance in upholding standards of conduct.

Equality and Human Rights Implications

15. These are referred to in the report where relevant.

Background papers

Report to the Corporate Governance Committee on 24 September 2012 -
'Arrangements for dealing with Member Conduct Complaints'

<http://politics.leics.gov.uk/mgAi.aspx?ID=32133>

<https://www.gov.uk/government/consultations/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england/outcome/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england-consultation-results-and-government-response#ministerial-foreword>

Circulation under the Local Issues Alert Procedure

None.

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CORPORATE GOVERNANCE COMMITTEE – 24 NOVEMBER 2025

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT UPDATE

Purpose of the Report

1. One of the roles of the Corporate Governance Committee (the Committee) is to ensure that the Council has effective risk management arrangements in place. This report assists the Committee in fulfilling that role by providing a regular overview of key risk areas and the measures being taken to address them. This is to enable the Committee to review or challenge progress as necessary, as well as highlight risks that may need to be given further consideration. This report covers:
 - The Corporate Risk Register (CRR) – updates on risks
 - Emerging risks
 - Artificial Intelligence
 - Local Government Reorganisation (update)
 - Counter fraud updates

Corporate Risk Register (CRR)

2. Within the County Council's Constitution (revised December 2024), the Terms of Reference at Section 2: Governance and Risk places a responsibility on the Committee, 'To review and monitor the effective development and operation of risk management in the Council including the Council's risk management framework'.
3. The Council maintains Departmental Risk Registers and a Corporate Risk Register (CRR). These registers contain the most significant risks which the Council is managing, and which are 'owned' by Directors and Assistant Directors.
4. The CRR is designed to capture strategic risk that applies either corporately or to specific departments, which by its nature usually has a longer time span. The CRR is a working document and therefore assurance can be provided that, through timetabled review, high/red risks will be added to the CRR as necessary. Equally, as further mitigation actions come to fruition and current controls are embedded, the risk scores will be reassessed, and this will result in some risks being removed from the CRR and managed within the relevant departmental risk register.

5. Updates to the current risks on the CRR (last presented in full to the Committee on 19 September 2025), are shown in **Appendix A**. Corporate risks reflect the Council's Strategic Plan (2022-26), which was approved by the County Council on 18 May 2022 and refreshed for 2024-26.

Risks which have been removed in the last two years, and a brief reminder of the risk scoring process are at the end of the appendix.

A more detailed update of the CRR (providing additional information on current and further controls/actions on how the risks are being mitigated), will be presented to a future meeting.

Movements since the CRR was last presented in full are detailed below: -

Risk amended

1.12 Chief Executives – Developer contributions

6. Change from: If developer contributions are not secured, are not sufficient to cover costs or are not spent efficiently then there could be a failure to pay for roads, schools and other essential infrastructure.

Change to: If housing and economic growth across Leicester and Leicestershire is not properly planned with effective funding mechanisms for essential infrastructure, services such as education, transport, waste, and libraries may not be delivered. This could lead to unsustainable development and harm existing communities. Where statutory duties like education or road safety are affected, the financial and delivery burden may fall on the County Council, exceeding current funding capacity.

Rationale: The original risk description was written some time ago and the issues are increasing. Ownership of the wider risk is transferring to Environment & Transport, and it is an appropriate time to refresh the risk description.

Presentation

7. Given the redefinition and transfer of the risk explained above, a presentation will be provided on the strategic approach to managing the impact of growth in Leicestershire.

Emerging risks

Artificial intelligence

8. Artificial Intelligence (AI) technologies are increasingly integrated into systems the Council already uses. Examples include AI features in Adobe Creative Cloud and a pilot project which uses AI to transcribe service user conversations as part of the adult social care System C. The technologies offer productivity and service delivery benefits but also introduce risks including: -

- Unlawful data processing
- Legal and ethical issues
- Over-reliance
- Scope creep
- Reputational damage
- Inaccurate outputs
- Bias in decision-making

Mitigations

9. The Council supports responsible AI adoption . AI brings new ethical, cybersecurity, data protection, and staffing challenges. Teams must follow stricter safeguards, involve relevant officers early, and expect more steps in procurement depending on risk. The Council follows national standards, including the UK's National AI Strategy, the AI Regulation White Paper, and the Information Commissioner's Office (ICO) guidance. An **AI Policy and Procedure** is in place and will evolve with future changes. Staff must follow this policy when requesting, developing, or using AI. Non-compliance, such as bypassing processes or using personal devices, can lead to legal, security, and reputational risks, and may result in disciplinary action.
10. Before requesting AI, teams must identify a clear business need and engage IT Business Partners, Information Governance, and Commissioning Support. Required assessments include: -
 - Equality & Human Rights Impact Assessment
 - Data Ethics Workbook
 - Data Protection Impact Assessment and Information Security Risk Assessment
 - The ICO's AI and Data Protection Risk Toolkit (for personal data)

These steps apply to upgrades too. Staff must not bypass them.

11. Other mitigations include training, testing, regular reviews, and change management.
12. The policy provides guidance on automated decision-making, emphasising human oversight and validation. AI outputs must be monitored for accuracy and reliability. The policy also addresses potential staffing impacts and associated anxieties around AI. At the time of writing this report Information Governance is in the early stages of reviewing the policy now that the Council has started to bed in AI applications.
13. An internal audit of the Use of Artificial Intelligence is being scoped with a primary objective to provide assurance to management on the way in which the use of Artificial Intelligence (AI) within LCC is governed, deployed, secured and aligned with relevant standards. The outcome will be reported in an Internal Audit Service Progress v Plan report (potentially 27 March 2026).

Local Government Reorganisation (update)

14. At the time of writing this report, the Business Case was in its final stages of completion and will be considered by Scrutiny Commission and Council in November, prior to submission to government. The Business Case puts a single council unitary for Leicestershire and Rutland forward as its preferred option, based on a balanced appraisal against the governments criteria. Joint financial modelling with Leicester City Council has been completed to meet the governments preference for the use of consistent data and assumptions, and the outcome of this modelling has been incorporated into the business case and informed the position on the preferred option.

Counter fraud updates

15. Now that the Committee receives an Annual Counter Fraud Report (ACFR) which is scheduled to be published in June each year, only significant items will be reported at Committee meetings outside of the ACFR reporting cycle.

Anti-Fraud & Corruption Policy – Two-Yearly Action Plan

16. The Council refreshes its Anti-Fraud & Corruption Policy on a two-yearly basis. As part of each refresh cycle, a two-year action plan is developed covering a range of intended actions over the course of the Policy, designed to improve the Council's resilience to fraud yet further.
17. The current action plan covers the period 2024-2026. Appended is the latest position, mid-term, with regards to the implementation of actions (**Appendix B**). This position shows: -
 - a. Actions Completed – 13
 - b. Actions In Progress – 2
18. The expectation is that all actions will be completed by the end of the two-yearly cycle.

National Fraud Initiative (NFI) 2024-26

19. The Council is an active participant in the National Fraud Initiative (NFI). The NFI is a mandatory data-matching exercise coordinated by the Cabinet Office which seeks to identify potential anomalies and fraud through matching the Council's data sets, e.g. payroll, pensions, creditors, employee data (potential conflicts of interest), blue badges, concessionary travel, etc., with those of other mandatory participants, including the Department for Work and Pensions deceased persons data and company director data held at Companies House.
20. The output reports for the NFI 2024-26 were released back to participants by the Cabinet Office in December 2024. The Internal Audit Service holds the role of NFI key contact and co-ordinates the exercise on behalf of Leicestershire County Council (LCC). Initial triage and data quality checks were conducted by Internal Audit staff to eliminate false positives and ensure the accuracy of the data. Once this preliminary work was completed, each report was distributed to

the relevant officers or service areas within Leicestershire County Council (LCC) for further investigation.

21. To date no instances of fraudulent activity have been noted from the investigations undertaken although there were cases of error noted (duplicate creditors set up) and policy not being followed (declarations of interests, specifically secondary employments). Weaknesses were also noted in the identification and subsequent actioning of deaths for individuals in receipt of blue badges (disabled parking permits) and concessionary travel passes.

International Fraud Awareness Week 2025 (16-22 November 2025)

22. To coincide with International Fraud Awareness Week (IFAW), the Internal Audit Service (IAS) issued targeted comms to staff during the week via the Corporate Intranet and other means on a range of fraud risk areas. This includes cyber fraud, undeclared secondary employment, fraud awareness training, the new 'Failure to Prevent Fraud' offence and the highlighting of common frauds and scams.
23. A strong and continuous process of raising awareness of fraud risk with staff remains a key defence against fraud and IFAW each year provides an ideal opportunity to convey important messages.

Recommendations

It is recommended that the Committee:

- a. Approves the status of the corporate and strategic risks facing the County Council.
- b. Makes recommendations on any areas which might benefit from further examination.
- c. Notes the emerging risks on Artificial Intelligence and Local Government Reorganisation (update)
- d. Notes the counter fraud updates

Resources Implications

None.

Equality and Human Rights Implications

None.

Circulation under the Local Issues Alert Procedure

None.

Background Papers

Reports of the Director of Corporate Resources – ‘Risk Management Update’ – Corporate Governance Committee, 17 November 2023, 26 January, 20 May, 16 September and 6 December 2024, 24 January, 31 March, 23 June and 19 September 2025.

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Appendices

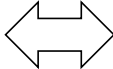
Appendix A - Corporate Risk Register Update (September/October 2025)
Appendix B - Counter Fraud Two Yearly Action Plan 2024-26

CRR Risk No.	Dept	Risk Description	Current Risk Score			*Target Risk Score			Update September/October 2025	** Direction of Travel (Residual Risk Score over the next 12 months)
			Impact	Like lihood	Risk Score	Impact	Like lihood	Risk Score		
1. Medium Term Financial Strategy										
1.1	ALL	If we fail to deliver the MTFS savings, have an unexpected loss in income and /or fail to control demand and cost pressures then this will put the Council's financial sustainability at risk with major implications for service delivery.	5	5	25	5	3	15	The Council has a published MTFS gap of circa £90m, of which nearly £40m falls in 2026/27 and so urgent attention will need to be given to identifying further savings to ensure a balanced budget can be set next year. There is also significant uncertainty arising from the Spending Review and funding reform both due to impact on Council funding from April 2026. The Council's High Needs Deficit is also a significant risk with no confirmation from government on the future of the statutory override and the SEND white paper is now delayed until the New Year. The Council has commissioned an external efficiency review to review its current cost base and identify further opportunities for savings and alternative delivery models. Cabinet approved the contract award to the successful provider in October and initial recommendations from the review are expected in mid-December. This should help support the Council in setting a balanced budget in February. . <u>A&C</u> Direct payment card supplier issues are impacting ability to undertake reviews of surplus balances. National changes to NHS structures and services are still being agreed. We are closely monitoring any budget implications that could impact on ASC.	 Expected to remain high/red
1.5	C&FS	Children's Social Care IF the number and type of high-cost social care placements (e.g. external fostering, residential and 16+ supported accommodation) increases (especially in relation to behavioural and CSE issues) THEN there may be significant pressures on the Children's Social Care placement budget, which funds the care of vulnerable children.	5	5	25	4	4	16	Workstreams against the MTFS and actions in the Children's Social Care – Placement Market Position and Sufficiency Statement, (MPSS), 2024-27 continue to be worked on. New accommodation options for 16+ Supported Accommodation for UASC and a residential block contract have been out to the market; the former is still going through evaluation whilst the latter has been awarded and is moving in to implementation and is due to start taking placements from late September 2025. Further work is commencing to develop a business case for bespoke Supported Accommodation for those aged 18+. This work is helping to increase the range of more cost effective accommodation and support options for Children Looked After. Further work to proactively review Support Accommodation packages has also effectively help reduce over-provisioning and a reduction in unit costs fort 16+ Supported Accommodation services (UASC and non-UASC) - this work is continuing with further work planned around residential packages.	 Expected to remain high/red
1.6	C&FS	Special Educational Needs IF demand for and the complexity of Education Health and Care Plans (EHCP) continues to rise, and corrective action is not taken, there is a risk that the high needs block budget deficit will continue to increase and create a significant burden on the Council.	5	5	25	4	4	16	Deficit position has worsened in 2025/26 from MTFS projection. Work taking place in department to explore mitigations.	 Expected to remain high/red

CRR Risk No.	Dept	Risk Description	Current Risk Score			*Target Risk Score			Update September/October 2025	** Direction of Travel (Residual Risk Score over the next 12 months)
			Impact	Like lihood	Risk Score	Impact	Like lihood	Risk Score		
1.9	ALL	If the immigration status of refugees and asylum seekers (including unaccompanied asylum-seeking children (UASC)) who arrive in the County is not resolved, then the Council will have to meet additional long-term funding in relation to its housing and care duties, with the biggest cost and staffing impacts on C&FS.	4	4	16	4	3	12	No real change to previous update. The landscape remains very complicated and not easy to navigate with all the different groups and multiple criteria. The Commons cross-party home affairs committee report, published on 27 October, highlights the previous and current governments' failures and explains the extent of the challenges to localities.	 Expected to remain high/red
1.12	E&T	If housing and economic growth across Leicester and Leicestershire is not properly planned with effective funding mechanisms for essential infrastructure, services such as education, transport, waste, and libraries may not be delivered. This could lead to unsustainable development and harm existing communities. Where statutory duties like education or road safety are affected, the financial and delivery burden may fall on the County Council, exceeding current funding capacity (Revised)	5	4	20	4	3	12	The Council is seeking to introduce a coordinated risk management strategy to reduce the potential gap in services if development does not sufficiently contribute to the delivery of necessary infrastructure. This strategy will be developed across the relevant services and in the short to medium term includes: •Ensuring robust responses to local plan consultations that provide a sound policy basis for seeking appropriate contributions and sufficient funding mechanisms such as CIL. •Reviewing and consulting on an updated developer contributions strategy •Clear prioritisation of infrastructure and developer contribution requirements to manage impact of viability shortfall on developments •Seeking delivery of key infrastructure through condition rather than s.106 wherever possible. •Further actions as identified through the work of the Growth Service In the longer-term opportunities to reduce conflict and maximise the extent to which development is delivered effectively and sustainably include LGR and the development of an Spatial Development Strategy. The Council will seek to prepare for these opportunities as far as possible in advance working effectively with partners and stakeholders. •For schools, as well as a risk of insufficient developer contributions, the gap between capital allocation and sufficiency in school places (including SEND) is significant. Matter is going to DfE to challenge capital funding allocation.	 Expected to move to medium/amber
1.13	C&FS	If suitable placements are unavailable for UASC (unaccompanied asylum-seeking children) who arrive in the County, either planned or unplanned, then there will be significant pressures meeting the department's statutory duties with regards to UASC as well as financial pressures in meeting their complex needs	5	5	25	4	3	12	Bids received following the minitender exercise to provide additional 16+ Supported Accommodation for UASC are currently being evaluated, with award and implementation due Autumn 2025. This will provide additional accommodation and support options alongside our standard offer through the Gateway2Resources Dynamic Purchasing System. Further work to proactively review Support Accommodation packages has also effectively helped reduce over-provisioning and a reduction in unit costs for UASC 16+ Supported Accommodation services. This work is ongoing and forms a workstream within the MTFS and is reported monthly to CFS DMT Change Board.	 Expected to remain high/red

CRR Risk No.	Dept	Risk Description	Current Risk Score			*Target Risk Score			Update September/October 2025	** Direction of Travel (Residual Risk Score over the next 12 months)
			Impact	Like lihood	Risk Score	Impact	Like lihood	Risk Score		
1.14	CEX	If the East Midlands Gateway 2 (EMG2) Segro Development Consent Order (DCO) application is approved by the Secretary of State without mitigating infrastructure, then this could significantly impact the Council's services and responsibilities and could stifle wider growth in the International Gateway, including significantly impacting on the ability to deliver Local Plan growth in North West Leicestershire District Council	4	4	16	2	2	4	Detailed information on the risks was provided to the 19 September Committee. SEGRO submitted a Development Consent Order on 15 October 2025 (following a previous submission which was subsequently withdrawn).	Expected to move to medium/amber

CRR Risk No.	Dept	Risk Description	Current Risk Score			*Target Risk Score			Update September/October 2025	** Direction of Travel (Residual Risk Score over the next 12 months)
			Impact	Like lihood	Risk Score	Impact	Like lihood	Risk Score		
2. Health & Social Care Integration										
2.4	A&C C&FS PH	If health and care partners fail to work together to address the impact of system pressures effectively, there is a risk of an unsustainable demand for care services and a risk to the quality of those services to meet need	4	4	16	5	2	10	A&C - System surge plans are being developed in preparation of increased demand across services due to winter pressures. Attendance at regular system escalation calls within Mental Health hospital discharges and admissions. Review of process supporting hospital discharges has increased robustness and reducing potential for delays C&FS - Risks remain high due to proposed and implemented changes to ICB. Partnership meetings now established to work through key areas such as SEND and safeguarding for children's. PH -No further update	↔ Expected to remain high/red
3. ICT, Information Security										
3.7	CR	If the council does not effectively manage its exposure to cyber risk, THEN there's a substantial risk of a successful cyber-attack which could severely damage the Council's reputation and affect service delivery which might result in incurring significant costs, both in order to successfully recover systems (downtime, incident response and possible ransom payment) and potential personal liability claims and regulator fines.	5	5	25	5	4	20	The organisation is committed to strengthening its cyber security posture, with biannual reporting to departmental management teams and regular staff communications to raise awareness. Topics vary, with recent emphasis on multifactor authentication, which has now been mandated by policy. A recent internal audit provides assurances that there is a corporate Disaster Recovery framework in place aligned with Business Continuity processes.	↔ Expected to remain high/red
4. Commissioning & Procurement										
4.4	CR	If there is an actual or perceived breach of procurement guidelines then there may be a challenge which results in a financial penalty.	4	4	16	3	4	12	The Council 's target operting model (TOM) is nearing completion with a roll out period spanning up to Feb 2026, aligned to the procurement timeline of a new tendering system. The TOM includes the provision of resource to centrally manage above threshold procurements and the risk score is anticipated to reduce one this is fully operational.	↔ Expected to remain high/red
4.5	E&T C&FS	If Special Educational Needs Assessments are delayed and Education, Health and Care Plans are not issued on time with appropriate school placements for children identified, Transport Operations could be failing to provide a timely statutory service.	4	4	16	3	3	9	No real change to previous update.	↓ Expected to move to medium/amber
5. Safeguarding – category retired										
6. Category retired										

CRR Risk No.	Dept	Risk Description	Current Risk Score			*Target Risk Score			Update September/October 2025	** Direction of Travel (Residual Risk Score over the next 12 months)
			Impact	Like lihood	Risk Score	Impact	Like lihood	Risk Score		
7. People										
7.1	CR (ALL)	If sickness absence is not effectively managed then staff costs, service delivery and staff wellbeing will be impacted	4	4	16	3	4	12	People Services continue to offer advice, guidance and training to line managers, alongside ongoing monitoring and reporting of absence levels. While current absence rates are slightly above the Council's target, this has not had a signiciant impact on the delivery of most services. The Council maintains Tier 1 Critical Plans, in line with the requirements of the Civil Contingency Act 2004, which should take account of reduced or loss of staffing. The BC Team are also working with the Council's procurement team to consider ways to strengthen existing and future contracts in respect of Tier 1 Critical Service suppliers.	 Expected to remain high/red
7.2	ALL	If departments are unable to promptly recruit and retain staff with the right skills and values and in the numbers required to fill the roles needed, then the required/expected level and standard of service may not be delivered, and some services will be over reliant on the use of agency staff resulting in budget overspends and lower service delivery.							Risks currently scoring 15 and above	 Expected to remain high/red
			5	3	15	3	5	15	C&FS - Continue to wait for national guidance on changes to the framework for social workers and without understanding these changes it is hard to reduce the risk in relation to R&R, there may be additional requirements that have to be delivered that impacts on the workforce. Positively, the Families First Partnership programme introduced in March 2025 providing social care reform funds to invest in early help and family support services, has to take into account workforce and may identify opportunites to create roles that strengthen our recruitment and aid our retention into 2026/2027 but for now we continue to be implementing robust recruitment processes and continue to struggle to recruit social workers with the necessary experience particulary in our front facing safeguarding teams.	
									CR - A corporate work experience scheme is currently in development, designed to strengthen the future talent pipeline. Apprenticeship levy utilisation continues to be a priority, although it is important to note that government funding for new Level 7 starts will be withdrawn from January 2026. As of October 2025, there are 334 apprentices across the organisation. Following recent government consultation, updated guidance is expected in January/February 2026, which will inform the next phase of development.	
			4	4	16	3	3	9	E&T - amended likelihood score from 5 to 4 to re-baseline and bring in line with corporate risk score. Tolerating this risk but continuing to look at recruitment incentives to mitigate.	
			4	4 (decrease from 5)	16	3	3	9	A&C - Within hard to recruit to roles, we are considering incentivisation opportunities to accelerate recruitment . Successful Customer Service Centre recruitment completed to Tier 1 (customer service supporting) roles.	
			4	4	16	3	3	9	Risks currently scoring below 15	
									CE - Continued increase in child protection cases requires ongoing locum support and critical caseloads in team	
			3	3	9	3	2	6	PH - Challenges remain low but we continue to recruit and develop our own workforce.	
			3	4	12	3	3	9		

CRR Risk No.	Dept	Risk Description	Current Risk Score			*Target Risk Score			Update September/October 2025	** Direction of Travel (Residual Risk Score over the next 12 months)
			Impact	Like lihood	Risk Score	Impact	Like lihood	Risk Score		
7.3	A&C	If the Department fails to develop and maintain a stable, sustainable, and quality social care market to work with, then it may be unable to meet its statutory responsibilities.	5	3	15	5	2	10	Procurement for Home Care services to commence in October 2025. Approval to progress procurement for Community Life Choices (day services) to be presented to Overview and Scrutiny Committee in November and Cabinet in December 2025. New provision for Extra Care and Supported Living is being discussed with developers & providers to bring new provision into the County, enhancing the local care market and offer.	 Expected to remain high/red
7.5	A&C	If there is continuing increase in demand for assessments (care needs and financial) then it may not be met by existing capacity.	4	4	16	4	3	12	An Artificial Intelligence pilot within the social care assessment process is progressing. Initial review of the pilot and outcomes will be December 2025. Additional agency social work resources are in place to increase assessment capacity.	 Expected to remain high/red
7.7	C&FS	If current demand for Education, Health and Care Needs Assessment and updating of EHCPs after annual review exceeds available capacity of staff within SEND Services (particularly educational psychology and SEN Officer) then this leaves the Council vulnerable to complaints of mal-administration. The situation is worsened by a lack of specialist placements which means that children with complex needs may not be placed in a timely way and hence may not receive the support to which they are entitled through their EHC Plan.	5	5	25	4	4	16	This risk has been split into two and this risk now covers sufficiency, whilst risk CFS33 in the C&FS Department register covers timeliness, but for that element the current score is below what is required to be reported in the Corporate Risk Register. 409 children without a school place awaiting special school place, however data indicates 91% of Individual Support Plans (ISP's) is due to insufficient specialist provision. The Schools White Paper has now been delayed and will be published in the New Year	 Expected to remain high/red
8. Business Continuity										

CRR Risk No.	Dept	Risk Description	Current Risk Score			*Target Risk Score			Update September/October 2025	** Direction of Travel (Residual Risk Score over the next 12 months)
			Impact	Like lihood	Risk Score	Impact	Like lihood	Risk Score		
8.1	ALL	A) If there is a failure to restore services or maintain services in a major disruption e.g. pandemic, power outage, cyber incident, etc., then the Council is at risk of not being to deliver identified critical services B) If suppliers of external critical services do not have robust business continuity plans in place, then the Council may not be able to deliver services.	5	3	15	5	2	10	Internal Business Continuity (BC) arrangements Chief Executives Department - 8 Tier 1 plans have had an initial International Organization for Standardization (ISO) compliance assessment. However, extra information will be added to the BC template to accommodate the recording of IT applications, their recovery time objective and recovery point objective. This will require all 8 plan owners to consider this addition with support from the BC Officers and IT representatives. Environment & Transport will be the next set of Tier 1 plans to be assessed against the ISO before moving on to Corporate Resources. External (Critical Service Provider) Business Continuity (BC) plans There are still a number of plans that require a final ISO assessment. Each Resilience Planning Group (RPG) member will take responsibility for their department plans, and will inform the Resilience & BC team as to whether these are still current and fall within the tier 1 and 2 definitions, or whether they are willing to accept the risk (with reasons) in writing. Discussions continue with Commissioning Support Unit over assessing external critical service provider BC plans at procurement stage rather than after contracts are awarded.	 Expected to remain high/red
9. Environment										
9.1	CR	If the Ash Dieback disease causes shedding branches or falling trees then there is a possible risk to life and disruption to the transport network	5	4	20	5	2	10	The 2018 Ash Dieback Action Plan recommended, based on evidence from other northern European countries, that it would be prudent to anticipate the potential loss of 75% to 90% of ash trees across Leicestershire. To monitor the progression of the disease, the Council undertakes annual surveys of its tree stock to identify infected specimens. Annual survey data taken since 2017 shows a peak in the rate of infection in 2020 (47% infected, up 35% on previous year) followed by a gradual slowdown and slight decline in 2024 (62% infected, down 1% from 2023, which recorded the highest proportion of infected trees at 63%). The summer 2025 survey has identified 62% of trees as infected, mirroring the figure from 2024, which suggests the proportion of infected trees now appears to be stabilising at around 62%. This consistency suggests that Ash Dieback is now fully established within the County. It is important to note that the infection rate is influenced by factors such as climatic conditions, intensive agricultural practices, and the trees' tolerance to imported pests and diseases. Consequently, the infection rate may fluctuate in response to environmental changes, such as drought. An updated work programme, informed by the most recent survey data, is scheduled to commence.	 Expected to remain high/red
9.2	E&T	If there was a major issue which results in unplanned site closure (e.g. fire) then the Council may be unable to hold or dispose of waste	5	4	20	4	2	8	The Whetstone Waste Transfer station is temporarily closed for 10 weeks from the beginning of October whilst planned maintenance works are undertaken.	 Expected to move to medium/amber

CRR Risk No.	Dept	Risk Description	Current Risk Score			*Target Risk Score			Update September/October 2025	** Direction of Travel (Residual Risk Score over the next 12 months)
			Impact	Like lihood	Risk Score	Impact	Like lihood	Risk Score		
9.4	E&T	If services do not take into account current and future climate change in their planning, they may be unable to respond adequately to the predicted impacts, leading to significantly higher financial implications and service disruption, as well as making future adaptation more costly.	4	5	20	4	3	12	A proposal for how the £2m will be spent (reallocated to flooding mitigation initiatives and to adapting services towards mitigating the impacts of severe weather events) will be reported to Cabinet in October 2025.	↔ Expected to remain high/red
9.5	E&T	If there are significant changes / clarifications to legislation, policy or guidance then performance could be impacted and cost increases.	5	3	15	4	4	16	<u>Highways</u> Reorganising the inspection routes following the hierarchy review is in progress. <u>Waste</u> There are four main potential areas of legislative change: landfill tax, near elimination of biodegradable Municipal Waste from landfill, Deposit Return Scheme, and the Emissions Trading Scheme (ETS). These have been consulted on which could increase costs for waste management, but we are awaiting more details and work continues to assess these risks. The most significant risk remains around ETS which has already been identified within the current MTFS.	↔ Expected to remain high/red
10. Category Retired										

Department

A&C = Adults & Communities

CE = Chief Executives

CR = Corporate Resources

C&FS = Children and Family Services

Department

E&T = Environment and Transport

PH = Public Health

All = Consolidated risk

*Target risk score - This is the desired score to be achieved after additional mitigation procedures/controls have taken place.

**The arrows explain the direction of travel for the risk, i.e. where it is expected to be within the next twelve months after further mitigating actions, so that:

- o A horizontal arrow shows that not much movement is expected in the risk.
- o A downward pointing arrow shows that there is an expectation that the risk will be mitigated towards 'medium' and would likely be removed from the register.
- o An upwards pointing arrow would be less likely, but possible, since it would show an already high scoring risk is likely to be greater

RISKS REMOVED SINCE MAY 2023					
CRR Risk No	Dept.	Risk Description	Current Risk Score	Reason	Date of Removal
B	ALL	If because of the ongoing war in Ukraine, the Homes for Ukraine Scheme continues beyond its original planned duration, increasing numbers of hosts are likely to end their sponsorships and refugees (or guests) are expected to encounter challenges in securing new sponsors or privately-rented accommodation, then the cost and service pressures on the Council and partners are likely to increase, safeguarding issues might increase and there will be a reputation risk if the scheme fails to provide the support guests require. Cost of living pressures are exacerbating this issue through both in relation to hosts and guests.	9 14/L3	The impact and likelihood score have been reduced and the risk will be managed within the project team in CFS.	22-Sep-23
3.6	CR	If the updates to the ORACLE Fusion system do not meet the County Council's requirements, then there is a risk of work arounds continuing and efficiencies not being delivered.	14/L3	Reduction in likelihood to 3 x 4 and will be managed at department level as Initial issues are resolved. Work continues on existing workstreams and processes.	26-Jan-24
4.3	E&T	If bus operators significantly change services due to wider external or economic pressures then there could be substantial impacts on communities accessing essential services and lead to required intervention under our PT Policy & Strategy.	14/L3	Change in likelihood score from 4 to a 3 as more confident in the money from government. Will now be managed at departmental level. •The Government recently announced £150 million of redirected HS2 funding to improve bus services, this is part of the Network North Plan. •In addition, the 'Get Around for £2' cost-of-living support scheme will be extended from 1 November until 31 December 2024. •The department is currently in the process of assessing the ramifications of this announcement and working up a plan forward for Cabinet approval in December.	26-Jan-24
7.5	A&C	If there is continuing increase in demand for assessments (care needs and financial) then it may not be met by existing capacity.	14/L3	Change in likelihood score from 4 to a 3 as assessment backlog has been reduced by 50%. Will now be managed at departmental level. • Assessment backlog reduced - now under 400. • Temporary staff recruited to assist in recovery. • Focus on updating and simplification of Adult Social Care Finance practice guidance.	26/01/2024 Added back to CRR 31 March 2025
4.2	E&T	If Arriva is successful in its concessionary travel appeal or the City in its challenge on the methodology of reimbursing operators, then reimbursement costs for the scheme could increase.	15/L3	Settlement was reached which was acceptable and within the region of what was anticipated and allowed for.	20-May-24
7.4	A&C	If LCC's Charging Policy is challenged on the principles of the Norfolk Ruling, then there could be judicial review leading to significant financial impact and reputational damage.	15/L3	Following consultation, a report was produced for, and approved by, Cabinet 9 Feb 2024. Updated policy to go live 8 April 2024. Likelihood score reduced from 3 to 2. No longer represents a red RAG rating	20-May-24
C	ALL	If the current cost of living crisis continues and even intensifies, or if UK Government interventions cease, then the people and businesses of Leicestershire as a whole will be significantly impacted, and the County Council will have to take some difficult decisions.	15/L4	Inflation has stabilised and whilst there are still wider impacts ingrained within the MTFS and Children's services corporate risks, the day to day management of the cost of living crisis will be managed at department levels.	16-Sep-24
7.8	ALL	If we fail to develop, implement and maintain robust health & safety systems then there is a risk of breach and potential dangerous occurrences	15/L4	All RIDDORS are investigated and managed by the Health Safety & Wellbeing Service (H,S&W) and reported to the Health and Safety Executive. Departments are responsible for their own risk management and subject to audits by the H,S&W Service	16-Sep-24
7.6	A&C	If A&C fail to provide robust evidence of good practice for the CQC inspectors, then this will result in a poor inspection outcome and incur reputational risk alongside extra resources and possible external governance to undertake any actions required to make the improvements necessary to fulfil statutory requirements.	15/L3	The following actions apply to mitigate against the risk. 1. A review and update of the Self-Assessment is completed and there are plans in place. 2. Progress with the activities identified in our improvement plan are being monitored and reported via agreed governance processes. 3. The documents required for the CQC Information Return are being compiled and updated to ensure any gaps are identified and addressed prior to CQC inspection notification. 4. Communications plan developed and activities	06-Dec-24
1.11	CE	If transition to the operational stage were not finalised, then the County Council would not be fulfilling its role as lead authority and accountable body for the East Midlands Freeport.	15/L3	Assurance was provided that the process is sufficiently advanced in the 'transition to operational' that it would be safe to remove the risk, but it will continue to be managed at department level.	24-Jan-25
1.7	CR	If the Council is not compliant with the HMRC IR35 regulations regarding the employment status for tax of self-employed personnel, then there is a risk of backdated underpaid tax and NI, interest and large financial penalties.	14/L4	The risk was reviewed in February and there is confidence that with regular reporting requirement established, improvements and declaration of compliance of IR35 are in place and part of BAU but it will continue to be managed at department level.	31-Mar-25
9.6	E&T	If we fail to comply with the Operator's Licence, then the licence could be revoked/curtailed.	15/L3	Current Operator Compliance Risk Score (OCRS) is less than 1 and compliance is good overall, if events occur that may increase likelihood following incidents, audits or other events then this will be updated accordingly. The risk will continue to be managed at department level.	31-Mar-25

3.8 CEX If there is a failure to provide appropriate strategic and operational business intelligence then the council's policy and strategy will not be evidence-led and day-to-day service delivery, costs and reputation may be negatively impacted, including meeting statutory requirements.

14/L4 The Business Intelligence team has successfully migrated all data to a new physical server so the risk as originally outlined no longer applies.

19-Sep-25

Risk Impact Measurement Criteria

Scale	Description	Department Service Plan	Internal Operations	People	Reputation	Impact on	Impact from* ¹	Financial per annum / per loss * ²
						the Environment		
1	Negligible	Little impact to objectives in service plan	Limited disruption to operations and service quality satisfactory	Minor injuries	Public concern restricted to local complaints	None or insignificant damage		<£50k
2	Minor	Minor impact to service as objectives in service plan are not met	Short term disruption to operations resulting in a minor adverse impact on partnerships and minimal reduction in service quality.	Minor Injury to those in the Council's care	Minor adverse local / public / media attention and complaints	Minor local impact	Minor damage	£50k-£250k Minimal effect on budget/ cost
3	Moderate	Considerable fall in service as objectives in service plan are not met	Sustained moderate level disruption to operations / Relevant partnership relationships strained / Service quality not satisfactory	Potential for minor physical injuries / Stressful experience	Adverse local media public attention	Moderate local impact	Moderate damage and risk of injury	£250k - £500k Small increase on budget/ cost. Handled within the team/service
4	Major	Major impact to services as objectives in service plan are not met.	Serious disruption to operations with relationships in major partnerships affected / Service quality not acceptable with adverse impact on front line services. Significant disruption of core activities. Key targets missed.	Exposure to dangerous conditions creating potential for serious physical or mental harm	Serious negative regional criticism, with some national coverage	Major local impact	Major damage and risk to life	£500-£750k. Significant increase in budget/cost. Service budgets exceeded
5	Very High/ Critical	Significant fall/failure in service as objectives in service plan are not met	Long term serious interruption to operations / Major partnerships under threat / Service quality not acceptable with impact on front line services	Exposure to dangerous conditions leading to potential loss of life or permanent physical/mental damage. Life threatening or multiple	Prolonged regional and national condemnation, with serious damage to the reputation of the organisation <u>i.e.</u> front-page headlines, TV. Possible criminal, or high profile, civil action against the	Major regional or national impact.	Wide scale damage and risk to life	>£750k Large increase on budget/cost. Impact on whole council

				serious injuries	Council, members or officers			
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* Note that a different financial rating is used for the pension fund investments

Risk Likelihood Measurement Criteria

Rating Scale	Likelihood	Example of Loss/Event Frequency	Probability %
1	Very rare/unlikely	EXCEPTIONAL event. This will probably never happen/recur.	<20%
2	Unlikely	Event NOT EXPECTED. Do not expect it to happen/ recur, but it is possible it may do so.	20-40%
3	Possible	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.	40-60%
4	Probable /Likely	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.	60-80%
5	Almost Certain	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.	>80%

Risk Scoring Matrix

Impact

5 Very High/Critical	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5
	1 Very Rare/Unlikely	2 Unlikely	3 Possible/Likely	4 Probable/Likely	5 Almost certain

Likelihood

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Appendix B

COUNTER FRAUD TWO-YEARLY ACTION PLAN (2024-26) – SUMMARY POSITION (November 2025)

#	Action	Target Date	Latest Position
1.	Biennial revisions to the (four) counter fraud policies that are owned by the Internal Audit & Assurance Service (Anti-Fraud & Corruption Policy, Anti-Bribery Policy, Policy for the Prevention of Facilitation of Tax Evasion, Anti-Money Laundering Policy). To include a rationalisation by size of the Anti-Fraud & Corruption Policy.	October 2024	COMPLETE – October 2024. Revised policies published and uploaded to the Council’s website.
2.	Issue targeted comms to key staff and departments during International Fraud Awareness Week (November each year) highlighting key fraud risk areas.	November 2024	COMPLETE – November 2024. A week-long communications campaign regarding fraud awareness raising was undertaken during International Fraud Awareness Week 2024.
		November 2025	COMPLETE – November 2024. A week-long communications campaign regarding fraud awareness raising was undertaken during International Fraud Awareness Week 2025.
3.	Biennial refresh of the Council’s Fraud Risk Assessment.	January 2025	COMPLETE – December 2024. Revised Fraud Risk Assessment finalised and subsequently used to inform the Council’s annual Internal Audit plan of work.
4.	Explore and develop mandatory refresher training to supplement the corporate e-learning module on fraud awareness.	April 2025	COMPLETE – October 2024. Revised digital learning launched on Thrive platform. All staff required to (i) seek recertification and (ii) repeat refresher training at two-yearly intervals, moving forward.
5.	Consider, in conjunction with the Director of Law & Governance and s.151 officer, the development of both an on-line fraud referral e-form on the Council’s website, and a generic fraud@leics.gov.uk mailbox.	April 2025	COMPLETE – October 2024. New fraud referral methods fully functional.

6.	Develop the concept of there being a corporate risk of fraud and having this risk scored for potential inclusion on the corporate risk register, to formalise the risk itself and the mitigation strategies both in place and proposed.	April 2025	IN PROGRESS At evaluation / consideration stage.
7.	To co-ordinate investigations into priority matches identified by the National Fraud Initiative 2024/25 output reports (expected release date for output of Spring 2025).	August 2025	COMPLETE – July 2025. Investigations fully complete.
8.	Explore the virtues of developing a role of a departmental fraud champion, a friendly face within each department who can act as a point of initial contact for both departmental staff and the corporate counter fraud function, e.g. dissemination of information.	August 2025	COMPLETE – December 2024. This has been evaluated in conjunction with departmental risk champions and a decision taken to not introduce departmental fraud champions at this point in time but to utilise risk champions where appropriate, given synergies between the roles.
9.	Evaluation of additional services available to procure through the National Fraud Initiative (NFI), CIFAS, and other solutions, e.g. additional data matching, supplementary to the main (two-yearly) NFI exercise.	August 2025	COMPLETE – December 2024. This has been fully evaluated. The Council is keen to move to more real-time data matching, in particular to deceased persons data, and is awaiting the NFI Team bringing on board adult social care data which is planned in the near future.
10.	Evaluate the potential benefits of moving to an annual counter fraud report to the Corporate Governance Committee, replacing the current process of reporting piecemeal at each meeting. Follows a recommendation made during the assessment against the CIPFA Code of Practice.	August 2025	COMPLETE – December 2024. Inaugural Counter Fraud Report taken to Committee in June 2025. Further reports will be tabled on an annual basis moving forward.
11.	To deliver fraud awareness training to School Business Managers through the (new) School Business Managers' (SBM) Forum looking to be established by the C&FS department.	December 2024	COMPLETE – October 2024. Whilst dialogue has taken place with the C&FS department the SBM Forum has not to date been established. As an alternative approach, a fraud awareness advice document has now been developed and circulated to all schools individually as well as it being published to the Leicestershire Traded Services website.

12.	Monitor changes and enhancements to the Council's processes regarding blue badge fraud resilience post the outcome of the Department for Transport (DfT) national review of blue badge fraud and councils' approaches to tackling it. (c/f from 2022-24 Action Plan due to DfT inactivity)	December 2025	COMPLETE – October 2024. This action has been closed as “Complete” following the DfT pulling the plug on a national review. More focused work is taking place within the Midland Counties' Fraud Group, with DfT support, to discuss best practice and drive forward change.
13.	Roll-out within the Council of the Fighting Fraud & Corruption Locally (FFCL) Adult Social Care fraud toolkit and resources.	July 2025	COMPLETE – June 2025. Initial round of training with the A&C department has concluded. The good practice within the Toolkit is being proactively rolled out, e.g. within Internal Audit reports.
14.	Contribute to the Transformation Unit's work on Savings Under Development – Direct Payments.	July 2025	IN PROGRESS Initial input given to the Transformation project. Project underway now led by Head of Internal Audit & Assurance Service.
15.	To review the process for identifying and actioning any lessons learned following closed investigations.	July 2025	COMPLETE - May 2025. Revised closedown process in use which flags lessons learned for timely process change, where appropriate.

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CORPORATE GOVERNANCE COMMITTEE 24 NOVEMBER
2025

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

INTERNAL AUDIT SERVICE – PROGRESS AGAINST 2025-26
INTERNAL AUDIT PLAN AND HIGH IMPORTANCE
RECOMMENDATIONS

Purpose of Report

1. The purpose of this report is to provide the Corporate Governance Committee (the Committee) with: -
 - a. A summary of work undertaken by the Council's Internal Audit Service during the period 1 April to 30 September 2025.
 - b. An update on progress with implementing high importance (HI) recommendations at 31 October 2025.
 - c. Progress against the 2025-26 Internal Audit plan

Background

2. The Global Internal Audit Standards for the UK Public Sector (GIAS UKPS) require the Head of Internal Audit Service (HoIAS) to develop risk-based plans to determine the priorities of the internal audit activity, aligned with the Council's priorities. These plans should cover a broad scope, enabling the HoIAS to provide an annual conclusion on the overall adequacy and effectiveness of the Council's control environment.
3. At its meeting on 31 March 2025, the Committee approved a plan of 1,485 days for Leicestershire County Council (LCC) as follows: -

<u>Resource allocated</u>	<u>Days</u>
LCC audits (including contingency)	1,140
East Midlands Shared Services audits ¹	10
Counter Fraud (proactive & advisory, policies & procedures)	45
Managing LCC internal audit & counter fraud functions	290
Total allocated ²	1,485

¹ East Midlands Shared Services (EMSS) audits are planned and undertaken by Nottingham City Council Internal Audit. However, the Head of Internal Audit Service for LCC engages with his counterpart at Nottingham to review plans and resources, individual audit reports, the annual report and opinion, and arrangements for reporting to this Committee.

² A further 80 days are allocated for the HoIAS to oversee the production of the Council's Annual Governance Statement, monitor and report on the corporate risk management framework and manage the Insurance Service.

4. Under the County Council's Constitution, the Committee is required to monitor the adequacy and effectiveness of the system of internal audit, with a specific function to consider Internal Audit Plans. Internal audit is an essential component of the Council's corporate governance and assurance framework.

Summary of internal audit work undertaken

5. **Appendix 1** summarises internal audit work by the Internal Audit Service (the Service) for the County Council from 1 April to 30 September 2025. It includes audit movements since the last progress report (31 March 2025). Due to the longer reporting period, a significant number of audits are covered. For assurance audits (pages 1–7), an 'opinion' is usually provided on the level of assurance that material risks are managed. The four assurance levels are: full, substantial, partial, and little.
6. Several audits have received or will receive a partial assurance rating, typically given when at least one High Importance (HI) recommendation is made. HI recommendations indicate material risk that remains unless addressed promptly. Management must implement agreed actions without delay. HI recommendations and negative assurance ratings are reported to the Committee and tracked until resolved. In some cases, multiple lower-graded recommendations may collectively warrant targeted follow-up. Until draft reports are issued and ratings confirmed, some audits will show as TBC.
7. The Service also undertakes advisory type audits - see Appendix 1 (pages 8 to 10). Details, including where these incur a reasonable amount of resource, are also included. Examples include advice, commentary on management's intended control design and framework and potential implications of changes to systems, processes, and policies. During this period, the ICT Auditor has continued to undertake or has overseen a number of reviews of higher risk Information Security Risk Assessments (ISRA).
8. Grants that were certified during the period appear on page 11. The number of grants that need certification is declining. Page 11 also includes a brief reference to the work the Service has conducted on investigations. More detail on these is provided in the Annual Counter Fraud Report (scheduled June 2026).

9. Pages 12 to 15 of Appendix 1 provide information on: -
 - a. 'Other control environment/assurance work', which gives a flavour of where internal auditors are utilised to challenge and improve governance, risk management and internal control processes which ultimately strengthens the overall control environment.
 - b. Where auditors are utilised to undertake work assisting other functions. There is Internal Audit Service representation on several corporate project groups.
10. Finally, to remain effective, and either undertake audits or feed information and guidance to others, Internal Audit staff regularly attend online training and development events and both midlands and national internal audit, risk and counter fraud network events. A summary of the events attended during the last quarter is shown on pages 14 and 15.

Progress with implementing High Importance (HI) recommendations

11. The Committee monitors the implementation of High Importance (HI) recommendations. These are where material risk exposure is identified, **Appendix 2** shows the status as of 31 October 2025, including a brief summary of related issues. It also indicates whether managers agree to implement the recommendations and the target timescales. New or updated recommendations are highlighted in **bold font**. Items remain listed until auditors confirm implementation through re-testing where applicable. If deadlines are extended, management provides reasons and updates. A Chief Officer may be required to attend the Committee to provide information or answer questions
12. To summarise movements within Appendix 2: -
 - a. **New (note that the number is higher than normal due to an extended reporting period)**
 - i. Adults & Communities - Residential Settings Claiming for Deceased or Fictitious Residents
 - ii. Chief Executives – Registrars – income reconciliation
 - iii. Children & Family Services – Direct Payments
 - iv. Children & Family Services - Emergency Payments (Section 17 and 24 Payments)
 - v. Children & Family Services – SEN Assessments
 - vi. Consolidated Risk - Business Travel Documents
 - vii. Consolidated Risk - Travel & Subsistence - Approvals Hierarchy – see also closed
 - viii. Consolidated Risk - Identification, Knowledge and Prioritisation of Business Applications
 - ix. Consolidated Risk – Business Continuity Plans

b. In progress (longest outstanding reported first & number of extensions)

- i. Chief Executives - City Council Coroner & Recharges 1)
- ii. Adults & Communities – Direct Payments (1)

c. Closed/No longer relevant (longest outstanding reported first)

- i. Consolidated Risk - Surveillance and CCTV Audit
 - HI #2 - Requirements for Information Security Risk Assessments (ISRAs) and Data Protection Impact Assessments (DPIAs)
 - HI #3 - Requirements for site visits
- ii. Children & Family Services – various schools’ deficits (4)
- iii. Environment & Transport - Disclosure & Barring Checks – Transport Services
- iv. Consolidated Risk - Travel & Subsistence - Approvals Hierarchy

13. Two major audits of Adults’ and Children’s direct payments (DP) systems are complete, with all HI recommendations accepted and action plans in place. However, implementation of the recommendations has been delayed by significant LCC resources needing to be diverted towards nationwide issues with the prepaid card provider, Prepaid Financial Services (PFS).
14. PFS provides prepaid card services for direct payment customers, partnering with over 30 councils nationwide. A card processor is essential for these services, enabling transactions such as card payments, account balance checks, fund transfers, PIN changes, and card loads. If the processor fails, administrators may lose system access, and cardholders could face delays or lose access to funds.
15. Many councils, including Leicestershire, are working with PFS to address an issue that began in mid-July 2025. Although some progress has been made, PFS still cannot provide standard reports, preventing Finance from completing full reconciliations until these reports are available.
16. PFS initiated an emergency migration to its in-house processing platform after breaches by its outsourced card processor and concerns of imminent service cessation. The migration, normally a 5–6 month project, was completed rapidly with minimal notice, causing widespread service disruption. Customers and cardholders experienced transaction failures, payment issues, restricted fund access, and significant system downtime for both users and administrators.
17. The migration has led to significant operational challenges for local authorities, including payment delays, system downtime, declined prepaid card transactions, and communication issues caused by inconsistent updates
18. The HoIAS will monitor progress and provide an update to the Committee.

Progress against the 2025-26 Internal Audit plan

19. On 31 March 2025, the Committee approved 1,485 days for the 2025–26 Internal Audit Plan, noting the need for flexibility to adjust in response to changes in the Council's business, risks, operations, programs, systems, controls, and resource variations.
20. The HoIAS reviews progress against the approved plan and resource variances using data from the Service's time recording system. A position statement as of 30 September 2025 shows the pro-rata resource allocation for six months, time recorded to date, and percentage variance. All figures are in days and rounded.

Table 1: Resource allocated 1 April & time recorded at 30 September

<u>Resource allocated & time recorded</u>	<u>1/4</u>	<u>Pro-rata 30/9</u>	<u>Time at 30/9</u>	<u>%</u>
LCC IA including contingency	1,140	570	356	62
EMSS IA - reports, HoIA annual plan etc	10	5	3	60
Counter Fraud - proactive & advisory	45	23	22	96
Management of LCC IA & CF	<u>290</u>	<u>145</u>	<u>141</u>	<u>97</u>
<u>Total allocated/recorded</u>	<u>1,485</u>	<u>743</u>	<u>522</u>	<u>70</u>
AGS, RM & Insurance	<u>80</u>	<u>40</u>	<u>66</u>	<u>165</u>

21. Time spent on LCC audits is slightly low because of not recruiting to two vacancies planned from 1 June 2025. However, this was countered by employing an agency from 1 August 2025 to hopefully the end of March 2026. Also, some overheads disproportionately higher at this time of year.
22. Additionally, time spent on the non-internal audit allocations (AGS, RM & Insurance) was significantly higher than pro-rata, especially overseeing Insurance Service matters (large issue, replacement MIS, renewals).

23. The table below shows the position with undertaking/progressing audits

Table 2: Audits planned 1 April and position at 30 September

Number of audits planned/approved 31 March 2025	133
Additions - originally omitted, split bulk allocations, new/unplanned	58
Total audits at 30 September	<u>191</u>
Less cancelled or duplicated	-3
Net audits 30 September	<u>188</u>

Position	No	%	Days used
Finalised	74	39	124
In progress	67	36	232
Sub-total finalised/in progress	<u>141</u>	<u>75</u>	<u>356</u>
Remaining planned time to complete in progress	-	-	202
Not started – grants	0	0	0
Not started – audits/contingency	47	25	454
Balance to net audits 30 September	<u>188</u>	<u>100</u>	<u>1,012</u>

24. Whilst the total days currently estimated to complete the full plan (1,012) is lower than the original 1,140 days originally planned and approved (table 1), it's unlikely this will occur for reasons such as additional resources aren't obtained and also the management of overruns on audits in progress and cancellations/new requests.
25. The HoIAS will continue to review the plan position with the Assistant Director (Finance, Transformation and Commissioning) and the Committee will continue to receive six monthly progress reports including any significant changes to the plan and reasons.

Resource implications

26. Two vacancies remain unfilled but has been compensated by an agency employee. One of the vacant posts Senior Auditor post (which traditionally leads on the corporate risk management arrangements) has affected not only internal audit delivery but also the HoIAS who has had to undertake the risk management requirements.

Equality and Human Rights Implications

27. None

Recommendations

28. The updates on progress on work undertaken (at 30 September 2025) and the implementation of high importance recommendations (at 31 October 2025) be noted.
29. The progress against plan position at 30 September 2025 is noted.

Background Papers

The Constitution of Leicestershire County Council

Reports to: -

Corporate Governance Committee (31 March 2025) - Internal Audit Service Annual Plan 2025-26

<https://democracy.leics.gov.uk/documents/s189401/Internal%20Audit%20Service%20-%20Annual%20Plan%202025-26%20-%20final.pdf>

Appendix 1 – County Council Internal Audit Plan 2025-26

<https://democracy.leics.gov.uk/documents/s189402/Appendix%201%20-%20Internal%20Audit%20Annual%20Plan%202025-26.pdf>

Circulation under the Local Issues Alert Procedure

None.

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Appendices

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| Appendix 1 | Summary of Internal Audit Service work undertaken between 1 April and 30 September 2025. |
| Appendix 2 | High Importance recommendations at 31 October 2025 |

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Assurance Audits

<u>Department</u>	<u>Entity</u>	<u>Movement since previously reported (31/3/25)</u>	<u>Status at 30/9/25 & target for completion</u>	<u>Opinion / Assurance rating</u>	<u>HI Rec'n</u>
Adults & Communities	Deprivation and Non-Declaration of Capital	Started	Pre-draft issued Final report to be issued by 30/11/25	Substantial	No
Adults & Communities	Residential Settings Claiming for Deceased or Fictitious Residents	Completed	Final Issued	Partial	Yes
Adults & Communities	Safeguarding	Progressing	Testing	TBC	TBC
Chief Executives	Registrars Audit	Progresses	Final issued	Partial	Yes
Chief Executives	Developer Contributions (s106/s278)	Deferred	Planning stage	TBC	TBC
Chief Executives	CIVICA to Arcus Migration	Progressed	Testing Stage	TBC	TBC

Children & Family Services	Commissioning Service – Quality Assurance Process	Started	Testing stage. Agreed with client for the remainder of the work to be concluded in Q4. Final report due to be issued by 31/3/25.	TBC	TBC
Children & Family Services	Direct Payments	Progressed	Final issued	Partial	Yes
Children & Family Services	Children's Social Care Placements & Payments	Progressed	Testing stage resumed. Final report due to be issued by 30/11/25.	TBC	TBC
Children & Family Services	Emergency Payments (Section 17/24 Payments)	Completed	Final issued	Partial	Yes
Children & Family Services	Schools Absence Monitoring	Completed	Final issued	Substantial	No
Children & Family Services	Fostering & Adoption	Started	Testing stage	TBC	TBC
Children & Family Services	Early Years Providers – Compliance Visits process	Started	Testing stage	TBC	TBC

Children & Family Services	Learning Disabilities Transitions from Children's Complex to Care Adults	Researched	Corporate review being undertaken as part of 'Preparing for Adulthood' in this area. Audit time to be diverted to providing support and advice.	N/A	N/A
Children & Family Services	Maintained Schools' – Themed Audit – Deficit Budgets	Progressed	Testing Stage	TBC	TBC
Children & Family Services	Water Leys Primary School	Completed	Final issued	Substantial	No
Children & Family Services	Fleckney CE Primary School	Completed	Review stage	TBC	TBC
Children & Family Services	Little Bowden Primary School	Completed	Report writing	TBC	TBC
Children & Family Services	SEN Assessments	Progressed	Final issued	Partial	Yes
Children & Family Services	Safeguarding	Progressed	Draft issued	Substantial	No
Consolidated Risk	Emerging Issues – MIS Data Quality - Thrive	Started	Review stage. Final due for issue by 30/11/25	N/A	N/A

Consolidated Risk	Publishing Obligations under the Local Government Transparency Code	No change	Finalised	Advisory	N/A
Consolidated Risk	Zouch Bridge Replacement – f/u rec'ns	No change	Finalised	Advisory	N/A
Consolidated Risk	Business Travel Documents	Completed	Final issued	Partial	Yes
Consolidated Risk	Travel & Subsistence - Approvals Hierarchy	Completed	Final issued	Partial	Yes
Consolidated Risk	Early Payment Scheme	Progressed	Review Stage	TBC	TBC
Consolidated Risk	Procure to Pay (P2P)	Progressed	Review Stage	TBC	TBC
Consolidated Risk	Escalated Financial Controls	Completed	Finalised	Advisory	N/A
Consolidated Risk	Escalated Financial Controls - Travel & Subsistence	Completed	Finalised	Advisory	N/A
Consolidated Risk	Escalated Financial Controls Consultants & Specialist Advisors	Completed	Finalised	Advisory	N/A
Consolidated Risk	Overtime Payments	Completed	Draft issued	Substantial	No
Consolidated Risk	Approval Process for payment feed	Progressed	Final issued	Substantial	No
Consolidated Risk	Travel & Subsistence Policy – Home to Duty	Progressed	Finalised	Advisory	N/A
Consolidated Risk	Implementation of Public Procurement Regulations	Progressed	Draft report being finalised	TBC	TBC
Consolidated Risk	Annual Governance Statement – Review Accuracy of Departmental Self Assessments	Progressed	Draft issued. Final due for issue by 30/11	TBC	TBC

Consolidated Risk	Annual Governance Statement – Improvements / Actions	Progressed	Draft report issued 11/3/25. Final Report to be issued by 30/11/25.	TBC	TBC
Consolidated Risk	Identification, Knowledge and Prioritisation of Business Applications	Progressed	Final issued	Partial	Yes
Consolidated Risk	Privileged Access	Progressed	Draft Report Stage	TBC	TBC
Consolidated Risk	Business Continuity Plans	Progressed	Final issued	Partial	Yes
Consolidated Risk	Key ICT Controls Audit	Progressed	Final issued	Substantial	No
Consolidated Risk	Disaster Recovery Plans	Progressed	Final issued	Substantial	No
Consolidated Risk	PSN Accreditation Audit	Progressed	Final issued	Substantial	No
Consolidated Risk	Replacement of Wisdom (EDRMS) & Associated Data Move	Progressed	Testing Stage	TBC	TBC
Consolidated Risk	Romulus Court Move	Progressed	Final Issued	Substantial	No
Consolidated Risk	Immigration & Asylum – Placements and Payments	Started	Testing Stage	TBC	TBC
Consolidated Risk	Workforce Planning (including Succession Planning)	Postponed	Terms of Engagement agreed. postponed due to management	TBC	TBC

			decision		
Consolidated Risk	Equalities and Human Rights	Deferred	Audit deferred due to decision by management	TBC	TBC
Consolidated Risk	Implementation of Public Procurement Regulations	Started	Testing Stage	TBC	TBC
Consolidated Risk	Records Management - Continuous Audit (Floor Walks)	Progressed	Review Stage	TBC	TBC
Consolidated Risk	Mandatory Learning - Health & Safety Specific	Progressed	Testing Stage	TBC	TBC
Corporate Resources	Treasury Management	Completed	Final Issued	Substantial	No
Corporate Resources	Tax Digital/IR35	Started	Planning stage	TBC	TBC
Environment & Transport	Leicestershire CAN-De Project	Started	Work complete and Independent Accountants Report (IAR) for the period June 2024-May 2025 certified.	N/A	N/A
Environment & Transport	Transport Services – Taxi Tendering and Contract Awards – ProContract	Completed	Final Issued	Substantial	No
Environment & Transport	Confirm on Demand Highways Management Project	Progressed	Final Issued	Substantial	No

Environment & Transport	Transport Services – Contract Monitoring – Penalty Point System	Completed	Final issued	Substantial	No
Environment & Transport	Transport Services – Data Matching – Taxi Clients (SEN) to Pupils Missing Education	Completed	Final Issued	Substantial	No
Environment & Transport	SEN Transport	In progress	Testing	TBC	TBC

Advisory audits

<u>Department</u>	<u>Entity</u>	<u>Final report (or position at 30/9/25)</u>
Consolidated Risk	National Fraud Initiative 2024/26 – analysis of matched data	Draft report issued
Consolidated Risk	ICT Policies and Procedures: - Attendance at Information Assurance Group Meeting (including quarterly updates on Information Governance statistics) - Floor walk (ongoing programme of work) - Input into Information Security Related Breaches (reported to the ICO) as and when required. - Initial Assessment of ISRAs - IT Security Operations Group Terms of Reference Public Services Network (PSN) - On going accreditation advice <i>Overall Value Added: Proactive timely control and efficiency advice.</i>	Ongoing
	Information Security Risk Assessments (ISRA) <i>Overall Value Added:</i> • <i>Ensure appropriate security controls are considered.</i> • <i>Ensure there is relevant commitment, approval and sign off.</i>	

	• <i>Identification and acceptance of residual risks.</i>	
Corporate Resources	ASB Case Management System – ECINS - provides multi-agency partnerships with a secure case management system (Replaces the old Sentinel System)	Signed off 13/06/2025
Corporate Resources	Resiliency Direct Website - Cabinet Office provided secure web system for use by the national resilience community.	Signed off 10/07/2025
Corporate Resources	CCTV Children's - This ISRA will look into the CCTV systems in operation at homes managed by Children and Family services and commissioned homes.	Signed off 02/09/2025
Corporate Resources	CCTV County Hall - This ISRA will look into the CCTV systems in operation at County Hall (and other office sites) managed by LCC property services.	Signed off 17/09/2025
Corporate Resources	VEED - VEED is a video editing software used by the Marketing & Communications Officer within the Active Together team. Active Together hold a Lite subscription.	Signed off 26/08/2025
Corporate Resources	Member Caseware Solution - Elected technology caseworks solution provides digital solutions for electronic casework management systems for elected representatives & the public sector.	Signed off 05/08/2025
Corporate Resources	Bikeability – Government approved National Standards for Cycle Training, which teaches trainees the necessary skills to ride confidently on today's roads. The app allows for quick and efficient recording of rider progress.	Signed off 11/08/2025
Corporate Resources	IDEA Caseware - A review of Internal Audits use of the IDEA Data Interrogation Tool	Ongoing
Corporate Resources	Crown Hosting - Physical moving of existing servers and all circuits from Romulus Court to a new storage provider.	Signed off 19/09/2025

Corporate Resources	Overarching AI - General ISRA for deployment of any AI applications in the council	Signed off 30/09/2025
Corporate Resources	System C AI Transcription - ISRA is for a pilot exercise for Adult Social care to record meetings with service users and populate LAS by using Form flow.	Signed off 30/09/2025
Corporate Resources	Wisdom Mosaic Document Migration - LCC is moving away from the Wisdom EDRMS product. Therefore, all documentation from Wisdom needs to be migrated over to their respective systems of which Mosaic (Children's Case Management System) is one.	Ongoing
Corporate Resources	CoPilot - Microsoft 365 Copilot is a smart assistant that uses generative AI to help you to complete tasks	Signed off 15/05/2025
Corporate Resources	SENA Project - Use of Co-Pilot to process information obtained via granicus application forms for parents applying for additional support for SENA	Signed off 30/04/2025

Grant certifications

<u>Department</u>	<u>Entity</u>	<u>Final report (or position at 30/9/25)</u>	<u>Opinion / Assurance rating</u>	<u>HI Rec'n</u>
Adults & Communities	Disabled Facilities Grant (24/25 31/7271 & 31/7605	Review stage	n/a	n/a
Adults & Communities	Multiply Funding – No 31/7121 (Multiplier Grant)	Certified 9/5/25	n/a	n/a
Children & Family Services	2025/26 Basic Needs Grant 31/7127	Certified 8/10/25	n/a	n/a
Environment & Transport	Bus Service Operators Grant - (BSOG) (24/25 – No.31/7227)	Certified 30/9/25	n/a	n/a
Environment & Transport	Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance Blocks) - 2024/25 - No.31/7318	Certified 29/7/25	n/a	n/a
Environment & Transport	Local Transport Capital Block Funding (Pothole Fund) - 2024/25 No.31/7319	Certified 18/8/25	n/a	n/a
Public Health	Home Upgrade Grant - Phase 2	Certified 8/7/25	n/a	n/a

Investigations

The Internal Audit Service undertakes proactive (planned) and reactive (demand led) counter fraud activity. Whilst some time incurred was to close previous years' investigations, in the 6 months to the end of September, 17 small scale cases had time recorded against them (22 days).

Other control environment/assurance work

<u>Department</u>	<u>Entity</u>	<u>Final report (or position at 30/9/25)</u>
Governance	Financial Controls Group membership focussing on the following key areas: • Dealing with applications for exception to corporate policy • Monitoring of compliance of policies (through clear metrics) • Review any future changes required to existing policies. • The facilitation of Oracle upgrades and issues arising Other related issues around financial performance (e.g. level of debts/write-offs)	Ongoing
Counter Fraud	Roll out of new FFCL Adult Social Care Fraud Toolkit to key staff and managers within the department.	Roll out complete.
Counter Fraud	Planning range of internal comms for International Fraud Awareness Week (IFAW)	Planning complete.
Counter Fraud	Targeted work with all departments regarding increasing the take-up of the mandatory Fraud Awareness e-learning module.	Complete. Take-up now at c. 80%.
Counter Fraud	Targeted counter fraud advice provided to LA-maintained schools.	Complete.
Counter Fraud	Developed inaugural Counter Fraud Report to Corporate Governance Committee.	Report taken to CGC in June 2025.
Risk management	Chair of the cross service Property & Occupants Risk Management Group – 1/4ly meetings and involvement in project on venue hire 'PREVENT' controls	Ongoing

Work assisting other functions.

<u>Department</u>	<u>Entity</u>	<u>Position at 30/9/25</u>
Adult Social Care / Corporate Resources	Input to MTFS savings under development – Responsible Payments (Adult Social Care Direct Payments Fraud)	Ongoing
Children & Family Services/Legal/Insurance	Arranging cyber insurance for maintained schools	Ongoing

Training, development and networks attended (and substantial other work undertaken) during the period

External Quality Assessment

Continue to review action plan in line with implementing new global internal audit standards (GIAS)

Internal Audit Case Management System

Establishing whether re-procurement is best option

Local Authorities Chief Auditors Network

- June meeting – GIAS, data analytics, auditor competency tools
- Annual meeting – included professional updates from IIA and CIPFA

Midlands Counties Heads of Internal Audit Groups

- Heads of Internal Audit Group
 - Two regular meetings
- ICT Audit Sub-Group
 - Attendance at the Midlands County IT Subgroup Meeting
 - Inputs into IT Points of Practice:
 - Use of Audit Case Management Software
- Fraud Sub-Group
 - Virtual meeting held 10th April 2025. Various issues discussed and emerging fraud risks.
 - Virtual meeting held 8th July 2025. Various issues discussed and emerging fraud risks.
- Use of Co-Pilot and AI to support Internal Audit Service Delivery.
 - Team training

Institute of Internal Auditors (IIA)

- Data Analytics and Artificial Intelligence Forum – Monthly attendance
- Cyber Security IIA Topical Requirements – webinar attended
- Fraud Forum – 8th July 2025 - Back to Basics: Navigating Fraud Risk in the Public Sector
- Midlands Key Event – culture, professional courage, topical requirements, competency framework, AI

CIPFA Better Governance Forum webinars

- Ethics requirements for GIAS

East Midlands Risk Management Group

National Anti-Fraud Network (NAFN) Webinars

- None this cycle

NatWest Bank Webinar

- Cyber Fraud (in conjunction with Gallagher's Insurance)

CIFAS Webinar

- Insider Fraud

Cabinet Office Webinar

- None this cycle

National Fraud Initiative

- Key Contacts Training & System User Training

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High Importance (HI) Recommendations at 31 October 2025

<u>Audit Title (Director)</u>	<u>Summary of HI Finding(s) and Recommendation(s)</u>	<u>Management Response</u>	<u>Action Date (by end of) & extensions</u>	<u>Confirmed Implemented/ No longer applicable</u>
Reported November 2025				
Residential Settings Claiming for Deceased or Fictitious Residents Adults & Communities Department	Where financial support is provided by LCC, providers are contractually required to notify the Council within three days of a service user's death. While notifications were timely, only 40% of care packages were closed within three days; most were delayed by weeks and some months. The Transformation Unit is analysing overpayments to identify teams causing the majority of delays. Management should review the Transformation Unit's analysis to pinpoint areas or individuals responsible for delays and take targeted action to improve care package closure times.	A reminder was issued to all relevant staff on 21 July 2025. Regarding Transformation Unit findings, this action is in progress, and we are waiting for confirmation that the recommended actions have been agreed, which once they have been finalised can be presented to DMT. Date of DMT is not agreed at this point as awaiting draft paper.	September 2025 Extend to January 2026	
Registrar's Audit Chief Executives Department	Although none of the recommendations individually scored as 'high importance,' together they reveal control design weaknesses that prevent full income reconciliation, creating sufficient risk to require prompt management action. Three recommendations were made to	All recommendations agreed. Implementation of recommendations was dependent on procuring and implementing new modules of the software system, Stopford. Approval to procure received and discussions are being held with ICT business partner to develop a schedule of work.	September 2025 Extend to March 2026	

	improve efficiency.	Further work is required to integrate the payment system and diary system which is causing delays for introducing the new modules.		
Direct Payments Children & Family Services	Four HI recommendations were made: - 1. Robust monitoring of direct payments and associated spend should be introduced as a matter of priority. A range of minimum monitoring requirements were recommended. 2. Where it is feasible to do so, there should be a consistency of approach with regard to processes with both C&FS direct payments and A&C direct payments. Examples were given. 3. A range of exception reports should be developed by the Financial Operations Team (in dialogue with the department) that can be used to review outliers and potential anomalies that might require priority attention. A number of examples were given. 4. There should be a priority review of all C&FS direct payment card balances against the value of the direct payment to identify excess balances appropriate for claw-back.	All recommendations were agreed at the time of issuing the final report 20 March 2025 and short timeframes were set for implementing actions Explanation for extending the implementation dates is contained in the Committee report.	#1 Originally June 2025 Extend to March 2026 #2 Originally June 2025 Extend to March 2026 #3 Originally June 2025 Extend to March 2026 #4 Originally March 2025 Extend to March 2026	

Emergency Payments (Section 17 and 24 Payments) Children & Family Services	We could not test Section 24 payments as the Tracker spreadsheet has not yet been set up. Consequently, we cannot provide assurance that these payments were eligible or supported by evidence. It is essential to establish a Tracker spreadsheet similar to that used for Section 17 payments without delay, to record Section 24 payments and include approval details.	Process replication of Section 24 payments in terms of standards that outline eligibility, approval process and guide on maximum spend has now gone live. Dashboards are also in place. Internal Audit due to review.	August 2025. Extend to December 2025	
SEN Assessments Children & Family Services	Only 10% of Education. Health and Care Plans (EHCPs) were issued within the statutory guidance timescale of 20 weeks. Our testing of a small sample indicated it was taking an average of 50 weeks from initiation to issuing EHCPs. New plans should be finalised and issued within 20 weeks of being approved by Panel, as per statutory guidance.	Agreed A detailed management plan and oversight of the 20-week timescales is in place, resulting in a successful reduction of the backlog of Education Health and Needs Assessments (EHCNAs) from 608 cases (May 2024) to 90 (September 2025). In addition, the overall average completion of a EHCNA is now at 24.8 weeks compared with 50.8 weeks as of March 2025. Plans projected full statutory 20-week response for June 2025, however, since January 2025, LCC has seen a further 25% increase in requests for EHCNAs. National information from the DfE suggests the expediential increase has been influenced by an impending Governmental White Paper to reform SEND and potentially reduce the number of EHCPS. This paper (now delayed until the new calendar year) has understandably caused angst in the parental community and to some degree in the school environment. The rise in demand has therefore slowed the recovery of timescales. Full recovery is still anticipated, however later	Extend to March 2026	

		than hoped for. The current detailed plan of recovery and the new model to meet demand using a range of specialist educators alongside LCCs Education Psychology service is demonstrating that the LA is meeting demand and, on a trajectory, to reach the 20-week timescales by August 2026.		
Business Travel Documents (Consolidated Risk)	Two HI recommendations have been made: Comms to be issued asking staff to submit vehicle documentation and for managers to check them and input them onto Oracle per the procedures (with priority being given to those who drive the most and departmental compliance targets). Subject matter experts from Health and Safety, Insurance, Legal Services and People Services should decide consistent approach regarding any issues of non-compliance	Manager Comments: Two-part implementation of the first recommendation: 1. Policy Team to develop procedures and disseminate through comms 2. Compliance targets will require system enhancements, and these will be included within the system development program. The position is clear but will be reiterated in the policy.	#1 July 2025 – extend to January 2026 #2 - January 2026 July 2025 extend to January 2026	

Travel & Subsistence - Approvals Hierarchy (Consolidated Risk)	The reasons for the option to override the manager approving travel & subsistence claims should be understood better, where possible this should be restricted to valid posts and not widely publicised, to ensure the approver is where at all possible as per the Oracle Hierarchy (i.e. Line Manager).	Manager Response: Accepted A request has been submitted to remove this but alternative provision for a small group of employees needs to be ascertained before this can be implemented. Update re action taken: Assurance has been obtained that this has been restricted to a minimal number of employees with a business need e.g. more than one job role. The revised control will now be tested, and an update will be made to a future committee.	June 2025	Closed
Identification, Knowledge and Prioritisation of Business Applications (Consolidated risk)	The process for identification and prioritisation of business applications should be established and documented. Further guidance should also be provided to Service Areas where required.	Initial Managers Comments: Agree with recommendation, this will need to be documented between ICT and the Business Continuity Team, but we are happy to take a lead in pulling this together Updates 17 October & 11 November A draft policy has been developed. The Business Continuity Team will be consulted, after which it will be formally signed off in time for the agreed implementation date.	December 2025	

Business Continuity Plans (Consolidated risk)	Four HI risk recommendations were made: 1. A review should be undertaken to assess LCC's current insurance requirements to make sure that adequate cover in place in the event of a major incident. 2. A review should be undertaken to ensure all critical service areas have completed the revised Business Continuity Planning template to ensure that the Business Impact Assessment is completed. 3. Departmental BCP's should be reviewed and updated and a copy securely filed off site.	1. Agreed. Options to undertake the review being considered for a decision by end of November. Aim for broker/insurer to conduct review by the end of January. Any further decision will be dependent on the outcome of the review. 2. The project commenced in April 2025 with the initial focus on Chief Executives 8 Tier 1 plans, these have all had their initial ISO compliance assessment undertaken. However, due to a request from IT and as approved by RPG (15/10) extra tabs will be added to the BC template to accommodate the recording of IT applications their recovery time objective and recovery point objective. This therefore will require all 8 plan owners to consider this addition with support from the BCO's and IT representatives. The next department to be compliance assessed with be Environment and Transport. 3. At present and as part of the project, Tier 1 plans are monitored by RPG, with updates being provided to quarterly RPG meetings (see 1 above). Longer term and on completion of the project all tier 1 and tier 2 plans will be monitored as this is an output of the project.	March 2026 Two-year programme of work. Target completion date is July 2027. Updates will be provided at the appropriate time to Committee As above – updates will be provided at the appropriate time to Committee	
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	4. A process should be implemented to monitor whether BC plans have been tested or not and whether the plans are fit for purpose. Where plans have not been tested, plan owners should be encouraged and supported to undertake the tests.	4. Agreed, as far as the Business Continuity Team are concerned this would only be for critical plans. Some infrequent testing has been carried out at the request of plan holders. A procedure will be developed/implemented for testing and exercising of BC Plans and has been highlighted on Gap Analysis. On 16th April it was discussed at RPG and then agreed by CMT on 17th April that there will be two levels of assurance, compliance against the actual ISO standard and then the testing of the plans, This will then form the quarterly monitoring process by the RPG. There has been some testing undertaken and at present teams/depts are encouraged to test as soon as possible after the ISO compliance test and inform the R&BC team.	As above – updates will be provided at the appropriate time to Committee	
Reported March 2025				
City Council Coroner & Recharges Chief Executives Department	One HI recommendation was made to draw up and agree a service level agreement (SLA) and associated content	This has not yet been implemented, and the matter is now back with Leicester City Council to sign off the SLA. Expected by the end of November.	March 2025 Extend to November 2025	
Direct Payments Adults & Communities	Three HI recommendations were made: - 1. An annual review of DP cards with cash withdrawals “switched on” should be undertaken to ensure there remains a good reason to continue to allow them.	All recommendations were agreed at the time of issuing the final report December 2024 and timeframes were set for implementing actions Explanation for extending the implementation dates is contained in the Committee report.	July 2025 Extend all three recommendations to March 2026	

	2. Annual reviews, including a review of direct payments should be undertaken on a timely basis, to ensure that the needs of service users are met and that the level of direct payment remains appropriate to meet those needs. 3. Action taken on excess balances should be reviewed and balances clawed back as appropriate. Managerial oversight should be introduced to ensure prompt action is taken.			
December 2024				
Disclosure & Barring Checks – Transport Services (Environment & Transport)	Regarding both the BB4 (large vehicles) and SV5 (small vehicles) Dynamic Purchasing System (DPS) frameworks, the Service acknowledges there is significant room for improvement in that there is no definitive list of which drivers are working on which contracts. Whilst ‘crew lists’ are held for each provider, detailing the staff working for them, this information does not extend to matching drivers to routes / contracts. IAS is supportive of the Service’s proposed move to a regular data collection process from providers, subject to the process being proportionate and manageable. A timeframe should be established for its introduction. Information collected through the new process should be used proactively by the Contracts and Compliance Team for effective contract monitoring, including spot checks.	The Department’s Senior Contracts Manager walked through the process established to capture the requirements for dedicated crew in the school transport software. The auditor conducted tests and recommended a supplementary exception report was explored.	March 2025 Extend to May 2025 Extend to October 2025	Closed

Reported May 2024				
Worthington, Newbold CE, Witherley CE and Hose CE Primary Schools Congerstone, Orchard CE, Packington CE Primary Schools (Children & Family Services)	For each, the multi-year budget forecast plan indicated that the school is predicted to be in a deficit situation from either 2023-24 or 2024-25 onwards. Recommended: Contact should be made as a matter of priority with the Education Finance Team, in order that a deficit plan can be formally agreed.	Worthington, Newbold CE, Witherley CE, and Orchard CE have submitted deficit plans. SRMAs have been deployed to Newbold CE, Witherley CE, Hose CE, and Packington CE. Draft SRMA reports for Newbold CE, Witherley CE, and Hose CE were received in July 2025. Packington CE has also received its draft report for 2025/26. Congerstone CE and Orchard CE have submitted deficit budgets forecast for their 2025/26 financial plans. Next Steps: Revised budgets are awaited from all maintained schools. In early 2026, schools will be contacted to submit licensed deficit documentation in line with the updated deficit policy.	June 2024 November 2024 March 2025 Extended to May 2025	Closed – some schools have submitted DCB plans plus Internal Audit has begun a themed audit
Reported May 2022				
Surveillance and CCTV Audit (Consolidated Risk)	Three recommendations were made one was actioned as reported at the last Committee meeting. The remaining two recommendations were as follows: - 1. Information Security Risk Assessments (ISRAs) and Data Protection Impact Assessments (DPIAs) should be completed for all surveillance and CCTV installations.	Both outstanding recommendations have now been completed. 1. The remaining CCTV related ISRAs have now been completed and signed off by all key stakeholders including Internal Audit.	Various dates before Dec 2024 Extended to May 2025	Closed

	2. Site visits/audits should be undertaken to determine compliance with the SCC Code of Practice and LCC CCTV Policies.	2. The CCTV policy has been updated with the questionnaire appended and teams who have CCTV responsibility have been instructed to complete the questionnaire and forward this to the Information Governance Team. Some have already been completed. A process has now been established. As part of the process checks will be undertaken at certain sites at regular intervals to monitor compliance. The revised policy has been approved by the Senior Information Risk Owner (SIRO) and published on intranet.	Extended to May 2025	Closed
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**CORPORATE GOVERNANCE COMMITTEE 24 NOVEMBER
2025**

**JOINT REPORT OF THE DIRECTOR OF CORPORATE
RESOURCES AND DIRECTOR OF LAW AND GOVERNANCE**

DRAFT INTERNAL AUDIT CHARTER – NOVEMBER 2025

Purpose of Report

1. The purpose of this report is to provide the Corporate Governance Committee (the Committee) with: -
 - a. A revised Draft Internal Audit Charter
 - b. An opportunity to review the draft, seek clarifications and suggest changes
 - c. A request to seek a delegation to the Director of Corporate Resources to make any necessary changes to the Internal Audit Charter.

Background

2. From April 2025, new Internal Audit Standards replaced the former Public Sector Internal Audit Standards. The new standards are designated as the Global Internal Audit Standards in the UK Public Sector (GIAS in the UK Public Sector). Conformance with these new standards has required the review and subsequent revision of the County Council's Internal Audit Charter.
3. The GIAS in the UK public Sector requires that the Chief Audit Executive (for the Council that is the Head of Internal Audit Service (HoIAS) develops and maintains an Internal Audit Charter that specifies, at a minimum, the Internal Audit function's: -
 - a. Purpose of Internal Audit;
 - b. Commitment to adhering to the Global Internal Audit Standards in the UK Public Sector;
 - c. Mandate, including scope and types of service provided, and the Committee's responsibilities and expectations regarding management's support of the internal audit function; and
 - d. The internal audit function's organisational position and reporting relationships.

(Standard 6.2)

Revised Draft Internal Audit Charter – November 2025

4. The revised draft Internal Audit Charter (the Charter) sets out the purpose and mandate for the Council's Internal Audit Service by reference to the GIAS in the UK Public Sector and the Accounts and Audit Regulations 2015. The Charter also covers the Committee's oversight function, roles and responsibilities and the scope and types of services to be provided by the Council's Internal Audit Service. The Charter is required to be formally agreed and approved by this Committee and periodically reviewed.
5. The Charter is based on a recommended template provided by the Chartered Institute of Internal Auditors (CIIA) to ensure that the wording of the new standards is appropriately included. Because the structure and headings of the Charter are new, it is difficult to set out the changes to the previous version (January 2024) for comparison, however, the key points of change are as follows: -
 - a. There is a new section referred to as the Mandate which is a requirement of the new standards (Standard 6.1). This refers to the authority for the Internal Audit function which is derived from legislation and the Accounts and Audit Regulations 2015;
 - b. The previous section on Audit Independence is now broader, covering Independence, Organisational Position and Reporting Relationships; and
 - c. The section on the Committee's Oversight is now more detailed, although there are no significant changes in content.
6. The Charter also takes account of the requirements set out in the CIPFA's Code of Practice on the Governance of Internal Audit in the UK local government (the Code) published in February 2025. A report on the implementation of the Code will be brought to a further Committee.
7. The revised draft Internal Audit Charter is attached as Appendix 1.

Resource implications

8. Time has been allocated in the 2025/26 Internal Audit Plan for the on-going implementation of the new standards and associated governance documents.

Equality and Human Rights Implications

9. None

Recommendations

10. The Committee reviews the revised draft Internal Audit Charter and agrees a delegation to the Director of Corporate Resources to make any necessary changes.

Background Papers

The Local Government Act 1972
 The Accounts & Audit Regulations 2015
 The Constitution of Leicestershire County Council

Reports to: -

Corporate Governance Committee (26 January 2024) – External Quality Assessment of the Internal Audit Service and the Revised Internal Audit Charter

<https://democracy.leics.gov.uk/documents/s180856/External%20Quality%20Assessment%20of%20the%20Internal%20Audit%20Service%20v2%20-%20clean.pdf>

Appendix 2 – the Internal Audit Charter (January 2024)

<https://democracy.leics.gov.uk/documents/s180858/Appendix%20%20-%20The%20Internal%20Audit%20Charter%202024.pdf>

Circulation under the Local Issues Alert Procedure

None.

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Appendices

Appendix 1 Draft revised Internal Audit Charter – November 2025

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DRAFT**Leicestershire County Council****Internal Audit Charter****November 2025****Table of Main Contents**

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Introduction

The Institute of Internal Auditors' Global Internal Audit Standards (the GIAS) guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. The GIAS were implemented in the UK public sector from 1 April 2025. A CIPFA Application Note (introduced at the same time) provides a framework for the practice of internal audit in the UK public sector when taken together with the GIAS.

The GIAS mandate that the Chief Audit Executive (for Leicestershire County Council this is the Head of Internal Audit Service (HoIAS)) must develop and maintain an internal audit charter that specifies, as a minimum, the internal audit function's 'Purpose of Internal Auditing'.

This charter defines for the internal audit activity of Leicestershire County Council (the Council), its purpose, authority and responsibilities consistent with the requirements of the GIAS in the UK Public Sector. It also aims to confirm relationships with key stakeholders and is subject to annual approval by the Corporate Governance Committee (the Committee).

The Internal Audit Service has limited resources. Its workforce is deployed having regard to relative risks and levels of assurance required, translated into an agreed annual Internal Audit Plan of assignments. This is agreed by the Committee each year.

Purpose

Leicestershire County Council Internal Audit Service (LCCIAS) has adopted the GIAS definition: - The purpose of the internal audit function is to strengthen the Council's ability to create, protect, and sustain value by providing the Committee and Senior Management with independent, risk-based, and objective assurance, advice, insight, and foresight. The internal audit function enhances the Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Council's internal audit function is most effective when it is performed by competent professionals in conformance with the GIAS, the Application Note and the Code of Practice for the Governance of Internal Audit in UK Local Government (all effective from 1 April 2025).

The internal audit function is independently positioned with direct accountability to the Committee. Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the GIAS

LCCIAS will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework through conformance with the GIAS in the UK Public Sector and any Topical Requirements. The exception to this is the organisational positioning of the HoIAS for which mitigations are in place as detailed elsewhere in this Charter. The HoIAS will report annually to the Committee and Senior Management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Internal Audit Mandate

Authority

The authority for the internal audit function is derived both from legislation and the Council.

The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs". The Council's Constitution (Financial Procedure Rule 15(a)) determines that 'responsibility for arranging a continuous internal audit of the County Council's financial management arrangements will be delegated by members of the County Council to the Chief Finance Officer' (CFO) which is the Director of Corporate Resources.

The Accounts and Audit (England) Regulations 2015, specifically require that a relevant body 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance' (the GIAS in the UK Public Sector). These requirements are mandatory; instances of non-conformance must be reported to the Committee as part of the HoIAS' annual report.

The internal audit function's authority is enhanced by its direct reporting relationship and access to Senior Management which are the Council's Chief Officers (which form the Corporate Management Team (CMT)) and the Committee. The HoIAS has the right of access to the Chair of the Committee at any time and can meet with the Committee in private.

The GIAS in the UK Public Sector require that the internal audit function has an unrestricted scope and access to all areas of the organisation and information. Financial Procedure Rule 15(b) states that the CFO or an authorised representative (interpreted to be any Council internal auditors) has authority to: -

- enter any Council building or land at all reasonable times.
- have access to all records, documents and correspondence relating to any transactions of the Council.

- receive such explanations as he or she considers necessary on any matter under examination.
- require any employee of the Council to produce cash, stores or any other Council property under his/her control.

Whilst not explicit, Rule 15(b) is a conduit to seeking agreement to access partner organisations' records.

Internal auditors are accountable for confidentiality and safeguarding of records and information.

The HoIAS has authority to: -

- allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- obtain assistance from the necessary personnel of the Council and other specialised services from within or outside the Council to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

Independence can be defined as, 'The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity requires the head of the activity to have direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional and organisational levels'.

The HoIAS reports directly to the Assistant Director, Finance, Transformation & Commissioning. It is recognised that this arrangement does not meet the expectation of the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government, which expects that "the direct reporting line of the HoIAS is not lower than a member of the senior management team".

To safeguard the independence and to support the profile of the role, a number of mitigating measures are in place. These include:

- The Assistant Director is the Deputy Section 151 matters are reported in all instances via the Assistant Director to the Director of Corporate Resources who reports to Corporate Management Team & full Council for all Section 151 matters
- Direct access to the Director of Corporate Resources, Monitoring Officer, Chief Executive and other Senior Management, as required.
- The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government requires that the HoIAS must have the right of access to the chair of the Committee at any time.

These arrangements provide the organisational authority to bring matters directly to senior management and escalate matters to the Committee, when necessary, without interference and supports the HoIAS ability to maintain objectivity.

The HoIAS will confirm to the Committee, at least annually, the organisational independence of LCCIAS. If the governance structure does not support organisational independence, the HoIAS will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The HoIAS will disclose to the Committee any interference LCCIAS encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on LCCIAS' effectiveness and ability to fulfil its mandate.

Potential impairments to independence, including relevant disclosures as applicable.

The role of internal audit in corporate risk management

The HoIAS is responsible for the administration and development of, and reporting on, the Council's corporate risk management framework. Whilst the HoIAS doesn't identify, evaluate and manage the risks, since that is a management function, it is considered prudent that any internal audit engagement covering the risk management framework, especially for the formation of the annual opinion on the effectiveness of the control environment, would be overseen by a party outside of the internal audit activity. This potential impairment is disclosed in the Annual Governance Statement.

The role of internal audit in compiling the annual governance statement

The planning and undertaking of assurance and advisory engagements, knowledge of, and co-ordination with, other assurance providers and specific requirements under the GIAS in the UK Public Sector, leaves the HoIAS well placed to compile the annual governance statement (AGS). The process of preparing the AGS adds value to the corporate governance and internal control framework. CIPFA is of the opinion that the head of internal audit should not draft the AGS. At the Council, the AGS remains a corporately owned document overseen by a Senior Officer Group which alleviates the risk of impairment.

The role of internal audit in fraud and corruption

CMT is responsible for developing and maintaining a control environment that mitigates the risk of fraud and corruption.

The HoIAS is responsible for developing and maintaining advice and guidance on the Council's approach to managing the risks of fraud, bribery and corruption. This includes:

- Ensuring that strategies, policies and procedures are kept up to date and align with relevant codes of conduct.
- Ensuring adherence to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
- Developing training and guidance on fraud awareness.
- Compiling a fraud risk assessment that is the basis for planning anti-fraud audits.

- Coordination of the Council's involvement in national anti-fraud projects.
- Informing Committee of initiatives, progress and outcomes.

LCCIAS does not have specific responsibility for the detection or prevention of fraud and corruption, but it considers those risks when undertaking its activities. The independence of the internal audit activity leaves it well placed to undertake (or guide) any investigations that are required. The HoIAS will determine the level and scope of LCCIAS' involvement including delegating the investigation of specific allegations to the service itself following an assessment of risk and financial impact.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the HoIAS, Senior Management and the Committee, on the Internal Audit mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- A significant change in the GIAS.
- A significant reorganisation within the organisation.
- Significant changes in the HoIAS, the Committee, and/or Senior Management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Committee Oversight

The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government requires that all local government audit committees should follow the CIPFA established recommended practice for audit committees in local government and police, the Position Statement: audit committees in local authorities and police 2022 and its supporting guidance publication, Audit committees: practical guidance for local authorities and police (2022).

The Council's Corporate Governance Committee performs the role of the 'Committee' for the purposes of the GIAS in the UK Public Sector. The Committee is a key component of the Council's governance framework. Its role is to operate as 'those charged with governance' and provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

To establish, maintain, and ensure that the Council's internal audit function has sufficient authority to fulfil its duties, the Committee should, as a minimum:

- approve the internal audit charter. This includes participating in discussions with the HoIAS and Senior Management about the "essential conditions," described in the GIAS, which establish the foundation that enables an effective internal audit function
- consider and approve the risk based internal audit strategy and plans. This includes making appropriate inquiries of senior management and the HoIAS to determine whether scope or resource limitations are inappropriate.
- monitor progress against internal audit work plans through the receipt of periodic progress reports. This includes considering major Internal Audit Service findings and monitoring the response to, and the implementation of High Importance recommendations.

- consider the HoIAS' annual report including: -
 - the overall conclusion on the adequacy and effectiveness of the Council's control environment (its frameworks of governance, risk management and control)
 - outcomes against key performance indicators
 - the level of conformance to the GIAS in the UK Public Sector. This includes ensuring that a quality assurance and improvement program has been established and the results are reviewed annually.

Notwithstanding the above, audit reports will be made available to members of the Committee (either individually or collectively) upon request.

The Committee should ensure the HoIAS has unrestricted access to and communicates and interacts directly with the Committee, including in private meetings without senior management present.

In addition, the Committee should: -

- Receive training to ensure it is conforming to the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government and following established recommended practice for audit committees in local government
- Contribute to, support, and receive the results of the GIAS requirement at least once every 5 years for an external quality assessment of the internal audit function (last completed in March 2024).
- Receive the annual Counter Fraud report including results of anti-fraud and corruption work & any investigations;
- Receive the Annual Governance Statement (AGS) prior to approval to consider whether it: -
 - properly reflects the risk environment and supporting assurances, considering the HoIAS overall conclusion on the adequacy and effectiveness of the Council's control environment
 - explains how the Council has complied with the Code of Practice for the Governance of Internal Audit in UK Local Government.
- Receive other relevant internal audit function reports e.g on the provision of internal audit for EMSS and a report on the Council's Assurance Framework.

In addition, the performance evaluation of the HoIAS will include feedback from the Chair of the Committee and the Director of Corporate Resources.

The Committee will publish an annual report to full Council on its work including performance in relation to the terms of reference and effectiveness in meeting its purpose.

HolAS Roles and Responsibilities

Ethics and Professionalism

The HolAS will ensure that internal auditors:

- Conform with the GIAS in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

Objectivity can be defined as, *'An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional and organisational levels'*.

The HolAS will ensure that the Internal Audit function remains free from all conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the HolAS determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Whilst LCCIAS staff are not responsible for the detailed development or implementation of new systems, they may provide advice during the system development process on the control measures to be incorporated in any new or amended systems. To maintain independence in these situations, the Auditor who was involved in the 'advisory style exercise' will not take any further part in the audit process. Any significant 'advisory' activity not already included in the annual Audit Plan which may impact on the ability to provide the required assurance opinion will be reported to the Committee for approval. The nature and scope of this type of work include facilitation, process and/or control design, training, advisory services and risk assessment support.

Furthermore, Internal Auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the Council or its affiliates.
- Initiating or approving transactions external to the Internal Audit function.
- Directing the activities of any Council employee that is not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to Internal Audit teams or to assist Internal Auditors.

Internal auditors will: -

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually to the HoIAS.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

To facilitate the above, as a Condition of Service, all employees are expected to maintain conduct of the highest standard such that public confidence in their integrity is maintained. This includes declarations of interest, as appropriate (organisational level).

Furthermore, all directly employed staff are required to make an annual declaration to ensure that Auditors objectivity is not impaired and that any potential conflicts of interest are appropriately managed in line with the requirements of Domain II – Ethics & Professionalism within the GIAS in the UK Public Sector and the Nolan Committee's Standards on the Seven Principles of Public Life (individual auditor level). In addition, all staff complete an audit declaration as part of each review which requires any conflicts of interest or impairments to be disclosed (individual engagement level).

All Internal Audit agency staff are also required to declare any potential conflicts of interest at the start of any assignment to the HoIAS.

Managing the Internal Audit Function

The HoIAS must be a suitably professionally qualified individual who has the appropriate skills, knowledge, experience and resources to effectively perform in the role in accordance with the GIAS in the UK Public Sector. They should also ensure that they take part in continuing professional development activities to remain up to date with developments within Internal Audit.

The HoIAS must establish an environment of trust, confidence and integrity in the work of the Internal Audit Section within the Council.

The HoIAS has the responsibility to:

- At least annually, submit a risk-based internal audit plan to Senior Management for review and endorsement and then to the Committee for consideration and approval.
- Communicate the impact of resource limitations on the Internal Audit Plan to Senior Management and the Committee.
- Review and adjust the Internal Audit Plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls.
- Communicate with Senior Management and the Committee if there are significant interim changes to the Internal Audit Plan.
- Ensure Internal Audit engagements are performed, documented, and communicated in accordance with the GIAS in the UK Public Sector.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and periodically communicate the results of Internal Audit services to Senior Management and the Committee.
- Ensure the Internal Audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS in the UK Public Sector and fulfil the Internal Audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to Senior Management and the Committee as appropriate.
- Consider emerging trends and successful practices in Internal Auditing.
- Establish and ensure adherence to methodologies designed to guide the Internal Audit function.
- Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or the GIAS in the UK Public Sector. Any such conflicts will be resolved or documented and communicated to Senior Management and the Committee.
- Maintain awareness of the work of other internal and external providers of assurance and advisory services and consider relying upon these where appropriate. If the HoIAS cannot achieve an appropriate level of coordination, the issue must be communicated to Senior Management and if necessary escalated to the Committee

In addition, the HoIAS should be consulted on all proposed major projects, programmes and policy initiatives, as appropriate.

The HoIAS should be consulted on proposed changes to the following key policy documents for example: -

- Whistleblowing Policy
- Officers' Code of Conduct
- Counter Fraud policies
- Risk Management Policy

Where partnership/ joint venture/ outsourced and shared service arrangements exist that require joint working with other organisations and their respective auditors, the HoIAS will produce a protocol outlining the respective roles and responsibilities of each partner,

access to working papers, confidentiality and sharing of audit reports including reporting to the Committee (where appropriate).

In instances, where services are provided by third parties, the HoIAS must ensure that suitable clauses are included within contract documentation to ensure that internal audit retains the right of access to documents/ personnel and systems as and when required.

Quality Assurance and Improvement Program

The HoIAS will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the GIAS in the UK Public Sector, as well as performance measurements to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the HoIAS will communicate with Senior Management and the Committee about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Communication with Senior Management and the Committee

The HoIAS will:

Take part in briefing the Committee Chairman regarding the content of Committee agenda papers, including agreeing future agenda items and potential areas for training.

Contribute to the review of the Committee's effectiveness, advising the Chair of any suggested improvement.

Be responsible for the overall development of the Internal Audit Strategy and annual Internal Audit Plan, which demonstrates value for money to the organisation.

The HoIAS will report at least annually to Senior Management and the Committee regarding:

- The Internal Audit Service Mandate and Charter – where there are significant changes to the governance of the authority, its risks or the internal audit function,
- The Internal Audit Plan and performance relative to its plan.
- Significant revisions to the Internal Audit Plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.

- Results from the quality assurance and improvement program, which include the Internal Audit function's conformance with the GIAS in the UK Public Sector and action plans to address the Internal Audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Committee that could interfere with the achievement of the Council's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.
- Whether the Committee's annual report to full Council summarises the purpose and mandate of Internal Audit, the function's main activities, and a conclusion on internal audit's impact and effectiveness.

Role of the Director of Corporate Resources (Section 151 Officer)

The Director of Corporate Resources has overall delegated responsibility from the Council for the Internal Audit function.

On behalf of the Director of Corporate Resources, the Assistant Director (Finance, Transformation & Commissioning) will ensure that they are periodically briefed by the HoIAS on the following:

- Overall progress against the annual Internal Audit Plan;
- Those audit areas where a lower assurance opinion has been given;
- Progress on the implementation of all "high importance" audit recommendations; and
- Progress on all fraud and irregularity investigations carried out by the Internal Audit Section.

Following on from the above, the HoIAS will routinely provide update reports to Senior Management and the Committee, including an annual outturn report.

Role of Senior Management

For the purposes of the GIAS in the UK Public sector, individually the Council's Chief Officers and collectively as the Corporate Management Team (CMT) perform the role of the 'Senior Management'.

Relevant reports referred to above will receive prior consideration by Corporate Management Team (CMT). This includes any fraud and corruption related exercises. To assist the discharge of their responsibilities CMT members may appoint a senior officer to act as the first point of contact between the Internal Audit Service and their area of responsibility.

The HoIAS will present the annual Internal Audit Strategy and Plan to CMT for their consideration and endorsement. The annual outturn report, together with the annual overall conclusion on the adequacy and effectiveness of the Council's control environment (its framework of governance, risk management and control) will also be circulated to CMT.

CMT Members are also responsible for ensuring that staff within their areas participate fully in the audit planning process and actively enforce the implementation of agreed audit recommendations by the required date. The quality of these relationships impacts on the effective delivery of the internal audit service, its reputation and independence. Co-operative relationships with management can enhance Internal Audit's ability to achieve its objectives.

Scope & Type of Internal Audit Services

The HoIAS is required to provide an annual report to the Committee including a conclusion on the overall adequacy and effectiveness of the risk management, governance and control environment for the Council and the extent it can be relied upon. This is a requirement of the Accounts and Audit (England) Regulations 2015.

To achieve this, the Internal Audit function has the following objectives:

- To provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.
- To provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- To provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- To provide assurance that significant risks to the Council's objectives are being managed. This is achieved by annually assessing the adequacy and effectiveness of the risk management process.
- To provide advice and support to management to enable an effective control environment to be maintained.
- To promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
- To investigate, in conjunction with the appropriate agencies when relevant, allegations of fraud, bribery and corruption.
- To evaluate whether the information technology governance of the Council supports its strategies and objectives.

The Council's internal audit function is provided by an in-house team supported by occasional additional resources procured via agency contracts. The scope of the function includes the review of all activities (financial and operational) and encompasses but is not limited to objective examinations of evidence to provide independent **assurance** and **advisory** services.

Assurance services are intended to provide confidence about risk management, governance, and control processes to stakeholders, especially the management of the activity under review, Senior Management and the Committee. Through assurance services, internal auditors provide objective assessments of the differences between the existing conditions of an activity under review and a set of evaluation criteria. Internal auditors evaluate the differences to determine whether there are reportable findings and to provide a conclusion about the engagement results, including reporting when processes are effective.

In accordance with the GIAS in the UK Public Sector, most assurance type audits are undertaken using the risk-based systems audit approach, the key elements of which are listed below: -

- Agree the objective and scope of the audit with management and issue terms of engagement
- Identify and record the risks, controls and tests;
- Where relevant, audit work programmes will be linked to the Council's strategic and operational risks;
- Evaluate the controls in principle to decide whether they are appropriate and can be reasonably relied upon;
- Identify any instance of over/under control;
- Determine an appropriate strategy to test the effectiveness of controls;
- Arrive at a conclusion and produce a report leading to management actions.

Where possible the Internal Audit Service will seek to identify and place reliance on assurance work completed elsewhere within the Council's areas of responsibility as part of the planning process. In addition, Internal Audit Service will as part of the audit plan contribute to the development of an assurance framework for the Council

Advisory services may be subject to agreement with the party requesting the services. Examples of advisory services include advising on the design and implementation of new policies, processes, systems, and products; providing forensic services; providing training; and facilitating discussions about risks and controls. When performing advisory services, internal auditors are expected to maintain objectivity by not taking on management responsibility. For example, internal auditors may perform advisory services as individual engagements, but if the HoIAS takes on responsibilities beyond internal auditing, then appropriate safeguards must be implemented to maintain the internal audit function's independence

In addition to its Council internal audit work programme, the Internal Audit Service: -

- may provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract documentation
- feeds into the Annual Governance Statement and Code of Corporate Governance, where appropriate

- currently undertakes internal audit services for outside bodies where statutory powers permit. The extent shall be limited to that defined within the Audit Strategy unless approved otherwise by the Director of Corporate Resources

Audit Reporting

All internal audit recommendations are assessed in terms of risk exposure using the Council's risk management framework. If audit testing revealed either an absence or poor application of a key control, judgement is applied as to where the risk would fall (in terms of impact and likelihood), if recommendations to either install or improve control were not implemented. If material risk exposure is identified, then a high importance (HI) recommendation is likely. It is important that management quickly addresses those recommendations denoted as HI and implements an agreed action plan without delay.

Where applicable an individual 'opinion' on each audit assignment is also reported i.e. based on the answers and evidence provided during the audit and the testing undertaken, what assurance can be given that the internal controls in place to reduce exposure to those risks currently material to the system's objectives are both adequate and are being managed effectively (see table overleaf).

There are usually four levels of assurance: full; substantial; partial; and little/no. An assurance type audit report containing at least one high importance (HI) recommendation would normally be classified as 'partial' assurance. Advisory type audits might also result in high importance recommendations.

The Committee is tasked with considering major internal audit findings and (HI) recommendations and monitoring the response to implementation of (those) recommendations. Progress against implementing HI recommendations will be reported to the Committee and the recommendations will remain in its domain until the HoIAS is satisfied, based on the results of specific re-testing, that the HI recommendation has been implemented.

<u>OUTCOME OF THE AUDIT</u>	<u>ASSURANCE RATING</u>
No recommendations or only a few minor recommendations	Full assurance
A number of recommendations made but none considered to have sufficient significance to be denoted as HI (high importance)	Substantial assurance

Recommendations include at least one HI recommendation, denoting that (based upon a combination of probability and impact) in our opinion a significant weakness either exists or potentially could arise and therefore the system's objectives are seriously compromised.	Partial assurance A HI recommendation denotes that there is either an absence of control or evidence that a designated control is <u>not</u> being operated and as such the system is open to material risk exposure. It is important that management quickly addresses those recommendations denoted as HI and implements an agreed action plan without delay. Alternatively, whilst individually none of the recommendations scored a HI rating, collectively they indicate that the level of risk to is sufficient to emphasise that prompt management action is required.
The number and content of the HI recommendations made are sufficient to seriously undermine any confidence in the controls that are currently operating.	Little or no assurance

Note

The HoIAS cannot be expected to give total assurance that control weaknesses or irregularities do not exist. Managers are fully responsible for the quality of internal control and managing the risk of fraud, corruption and potential for bribery within their area of responsibility. They should ensure that appropriate and adequate control and risk management processes, accounting records, financial processes and governance arrangements exist without depending on internal audit activity to identify weaknesses .

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