



CORPORATE GOVERNANCE COMMITTEE – 19 SEPTEMBER 2025

EXTERNAL AUDIT OF THE 2024/25 STATEMENT OF ACCOUNTS – AUDIT PROGRESS REPORT

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to present the external auditor's progress report on the audit of the County Council and the Pension Fund 2024/25 financial statements.

Background

2. Grant Thornton UK LLP, the Council's external auditor, is responsible for performing the audit of the Council's 2024/25 financial statements (and those of the Pension Fund) and reporting their opinion to those charged with governance.
3. The draft 2024/25 financial statements were completed and published on the Council's website by the 30 June 2025 statutory deadline. A copy can be viewed via the following link.
<https://www.leicestershire.gov.uk/about-the-council/council-spending/payments-and-accounts/statement-of-accounts>
4. The external auditor presented audit plans to the Committee in March for the County Council, and in June for the Pension Fund. The external audit includes the 2024/25 financial statements and the annual value for money review.
5. The Pension Fund audit is planned to begin first, followed by the Council audit, as set out in the respective audit plans. The auditor has provided an update on progress to date for the Committee, attached as Appendix A.
6. Representatives from Grant Thornton UK LLP will attend the Committee meeting to provide the update and answer any questions.
7. The external audits are expected to complete fully by the end of December 2025. The Committee will then be asked to consider the auditor's final reports and approve

the financial statements. The external auditor will then be able to sign off the accounts.

8. The County Council and the Pension Fund are up to date with previous audited financial statements; the 2023/24 financial statements were signed on 7 February 2025 with an unmodified audit opinion. An unmodified audit opinion is where the external auditor considers that the financial statements give a true and fair view.

Pension Fund – Audit Progress Report 2024/25

9. The external audit of the Pension Fund started in July and is now substantially complete. The audit has progressed well and no material issues have been identified. Subject to final procedures, and the receipt of some outstanding external investment and bank confirmations, the auditor anticipates issuing an unmodified audit opinion.
10. The final audit opinion can only be given once the audit of the County Council's financial statements (as the Administering Authority) has been completed. This is planned to be by 31 December 2025.
11. The auditor is also required to provide a separate opinion on the Pension Fund Annual Report, to confirm that the financial statements included in the Report are consistent to the audited financial statements. As the Annual Report is required to be published by 1 December, the Council will need to include a note in the Annual Report that the consistency opinion will follow once the main audit opinion has been completed. This is the same as last year.

County Council - Audit Progress Report 2024/25

12. The external audit of the financial statements is in progress with audit fieldwork and substantive testing underway. It is still relatively early in the process so there is no detailed audit findings reported at this stage. However, no issues have been identified to date.
13. The detailed audit findings report is planned to be reported to the next Corporate Governance Committee in November 2025. The final opinion is then expected to be issued by 31 December 2025.

Auditor's Annual Report - Value for Money Audit

14. The Auditor is also required to report on the value for money (VfM) arrangements of the Council. The Auditor's Annual Report is a detailed review covering the following areas:
 - Financial sustainability – how the Council plans and manages its resources.
 - Governance - how the Council makes informed decisions and manages risks.
 - Improving economy, efficiency and effectiveness – how the Council uses information on its costs and performance to improve.
15. The auditor's work is currently underway with the final report scheduled to be reported to the Committee in November 2025.

16. The last VfM report, looking at 2023/24, was a positive report overall. The auditor reported that the Council has a good track record of sound financial management, has relatively strong arrangements in place to manage the financial resilience risks and has a documented governance framework to identify and manage risks. No significant weaknesses were reported, but eight improvement recommendations were made. An update on the progress against the recommendations was reported to the Committee in July 2025.

Sector Update

17. This section of the auditor's report provides updates and further reading for members on a number of different areas, including lessons from the 2023/24 auditor's annual reports, the local authority accounts backstop, local government reorganisation, and local government funding changes.
18. As reported to the Cabinet on 12 September 2025, a full refresh of the MTFS is currently underway, updating expenditure assumptions and also taking into account the potential impact of the Government's Fair Funding proposals. Initial indications suggest there may be some partial mitigation to the rising cost pressures the MTFS has identified across a range of service areas resulting from the outcome of the Fair Funding Review. The Government has released proposals from the review at a high level, but has yet to release the impact of planned changes for individual authorities. Some modelling has been commissioned by local authority representative groups which suggests there will be significant winners and losers from the changes. The initial indications are that Leicestershire County Council will benefit marginally from the proposed changes.
19. However, these figures are still only an estimate of what the final impact will be. Change could come as a result of significant lobbying of the Government from those authorities, or groups of authorities, who are set to lose significantly from the changes. The final outcome is unlikely to be known much before the provisional local government finance settlement in November / December this year.
20. The Cabinet will be asked to approve the draft MTFS 2026 to 2030 for consultation in December 2025. All Overview and Scrutiny Committees and the Scrutiny Commission will consider the draft MTFS in late January 2026 and the Cabinet will then make a final recommendation to the County Council in February 2026.

Recommendations

21. The Committee is asked to note the progress of the external audit of the financial statements.

Background papers

22. Report to the Corporate Governance Committee – 31 March 2025: External Audit Plan 2024/25 (County Council, including the Audit Risk Assessment)
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7960&Ver=4>
23. Report to the Corporate Governance Committee – 23 June 2025: Pension Fund External Audit Plan

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7961&Ver=4>

24. Report to the Corporate Governance Committee – 23 June 2025: CIPFA Financial Management Code 2025/26 (Appendix B – External Auditor Recommendations)
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7961&Ver=4>
25. Report to the Cabinet – 12 September 2025: Medium Term Financial Strategy
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7879&Ver=4>

Circulation under the Local Issues Alert Procedure

26. None.

Equality and Human Rights Implications

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

Appendices

Appendix A – Audit Progress Report 2024/25

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