



Auditor's Annual Report

Derby City Council – year ended 31 March 2024

February 2025

Contents

- 01 Introduction
- 02 Audit of the financial statements
- 03 Commentary on VFM arrangements
- 04 Other reporting responsibilities

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.
Forvis Mazars LLP – 2 Chamberlain Square, Birmingham B3 3AX Tel: 0121 232 9500 – Fax: 0121 232 9501 – www.forvismazars.com/uk
Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

01

Introduction

Introduction

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Derby City Council (‘the Council’) for the year ended 31 March 2024. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

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



Opinion on the financial statements

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



Value for Money arrangements

Our work has not identified a significant weaknesses in arrangements relevant to the 2023/24 financial year. Section 3 provides our draft commentary on the Council’s arrangements and a summary of our recommendations and the weaknesses identified.



Wider reporting responsibilities

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

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2024 and of its financial performance for the year then ended.

Amendments to the Accounts and Audit Regulations introduced a deadline for publication of local authorities’ audited 2023/24 financial statements.

Financial year	Draft Accounts Available	Audit outcome
2021/22	August 2022	Disclaimed audit report issued 18 December 2024 <i>After the backstop date of 13 December 2024</i>
2022/23	July 2023	Disclaimed audit report issued 18 December 2024 <i>After the backstop date of 13 December 2024</i>
2023/24	August 2024	Disclaimed audit report to be issued

Prior to issuing our audit report, the ISAs require us to determine whether we have obtained sufficient appropriate audit evidence based on the audit procedures completed at that date. Taking into account the disclaimed audit reports on prior years and the time available to deliver the 2023/24 audit, we concluded we had not obtained sufficient appropriate audit evidence to enable us to express an opinion on whether the financial statements present a true and fair view and have been prepared, in all material respects, in line with the Code of Practice on Local Authority Accounting.

Consequently, as required by the ISAs, we expect to modify our audit report and issue a disclaimer of opinion. This means, in our audit report, we will not express an opinion on the Council’s (and Group’s) financial statements. A summary of the findings when undertaking our audit of the financial statements is outlined in Appendix A

Our work on Value for Money
arrangements

VFM arrangements


Overall Summary





VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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

- 

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

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

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

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

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

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

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

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

Phase 2 - Additional risk-based procedures and evaluation

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

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

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




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

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

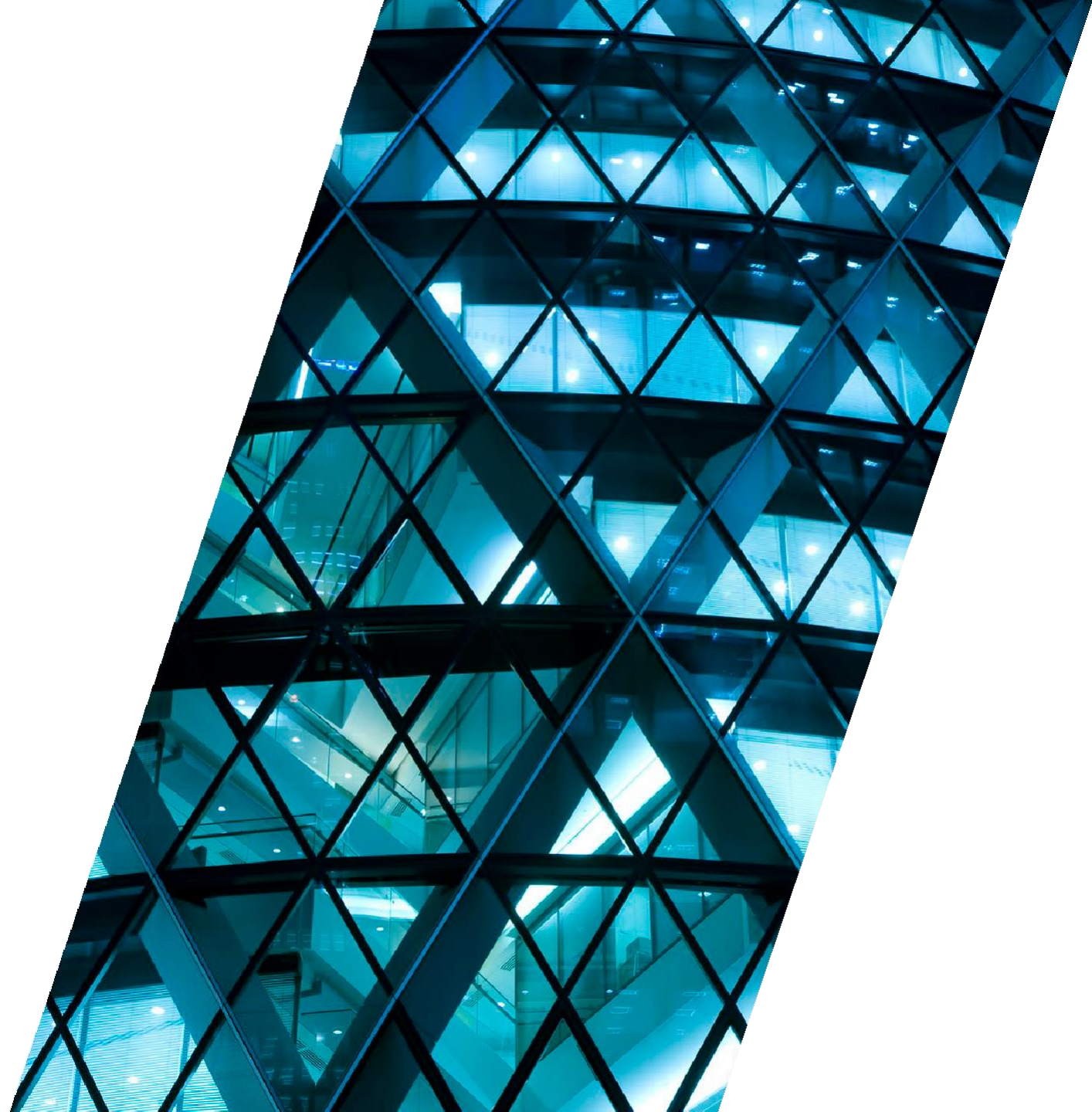
The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria		Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
	Financial sustainability	11	No	No	No
	Governance	17	No	No	Yes – Page 19
	Improving economy, efficiency and effectiveness	20	No	No	Yes – Page 22

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



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Arrangements for identification of financial pressures and bridging gaps and planning finances to support the sustainable delivery of services

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2023/24. These confirm the Council undertook its responsibility to define the strategic aims and objectives, monitor financial performance against budgets and plans to best meet the needs of the Council's service users. From the work performed we have performed there is no indication that the Council's Medium Term Financial Strategy and budget setting process is not aligned to supporting plans.

2023/24 Budget Setting and the Medium-Term Financial Strategy

We considered the 2023/24 budget setting process as part of our consideration of whether there is a significant weakness in arrangements.

In February 2023, the Council agreed a balanced net revenue budget for 2023/24 of £284m. A balanced budget was also set in February 2024. We reviewed the budget setting reports and the assumptions underpinning the Medium-Term Financial Strategy (MTFS). These include an adequate level of detail over the assumptions and cost pressures facing the Council, which are consistent with our experience at similar sized authorities.

In considering arrangements, we examined the budget gap reported as part of the Medium-Term Financial Strategy as presented to Cabinet in February 2023 (for 2023/24), February 2024 (for 2024/25) and February 2025 (for 2025/26). We also considered the extent of reserves to be used to support the MTFS.

As set out in the charts on the following pages, the Council's reserves are in decline. Whilst there is currently a high proportion of planned savings being delivered, over time the cumulative effect of undelivered savings, plus use of reserves to bridge is not sustainable. Whilst we do not believe the current position indicates a significant risk to the Council's financial sustainability for 2023/24, it is an area that requires continued attention.

Cabinet Feb 2023 (£'000)	2023/24	2024/25	2025/26
Net Budget Requirement	284,106	306,781	320,022
Total Resources Available (funding)	284,106	298,265	302,867
Budget Gap	0	8,516	17,155

Cabinet Feb 2024 (£'000)	2023/24	2024/25	2025/26	2026/27
Net Budget Requirement		309,350	328,183	338,683
Total Resources Available (funding)		309,350	314,228	323,159
Budget Gap		0	13,955	15,524

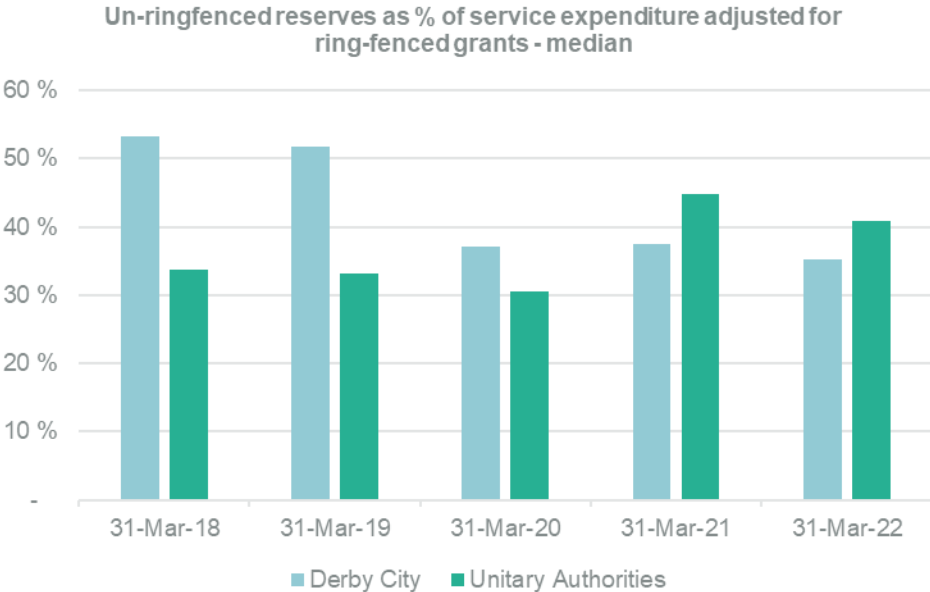
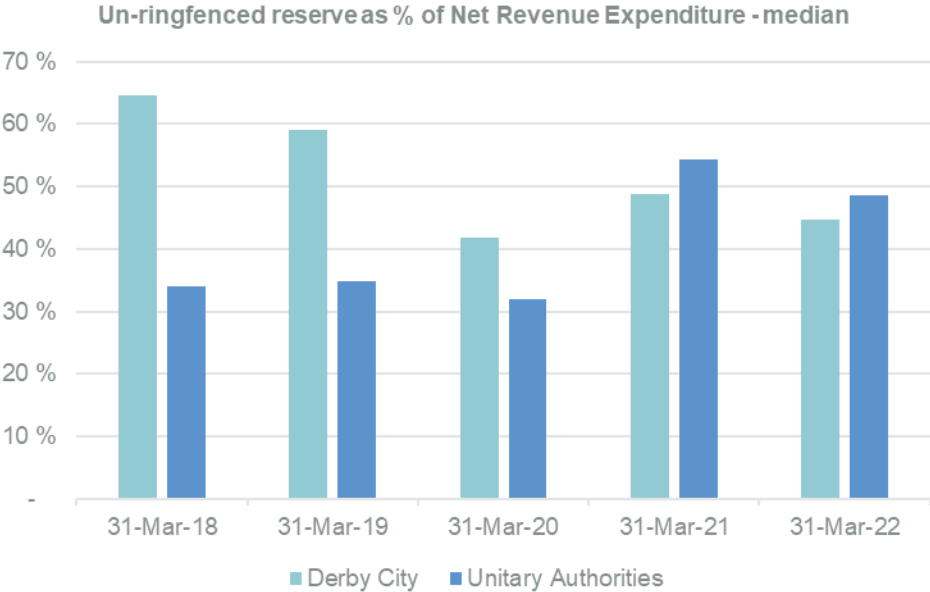
Cabinet Feb 2025 (£'000)	2024/25	2025/26	2026/27	2027/28
Net Budget Requirement		349,774	358,342	374,603
Total Resources Available (funding)		349,774	358,342	368,414
Budget Gap		0	0	6,189

Use of reserves £'000	2023/24	2024/25	2025/26	2026/27	2027/28
2023/24 MTFS	994	5,640	4,639		
2024/25 MTFS		4,545	4,640	2,000	
2025/26 MTFS			10,149	-624	2,000

VFM arrangements – Financial Sustainability

Financial sustainability and revenue reserves

We have also performed a more detailed review of the Council's revenue reserves. We reviewed data published in May 2023 by the Department for Levelling Up, Housing and Communities on Local authority general fund earmarked and unallocated reserve levels, 2017-18 to 2021-22. The Council's reserves have generally been in line with the median compared to shire unitary authorities 2020.

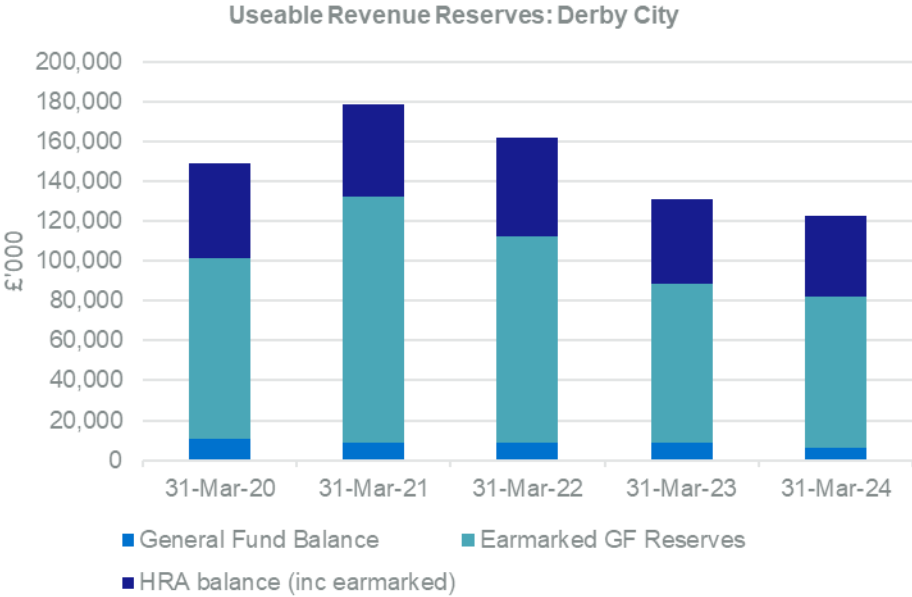
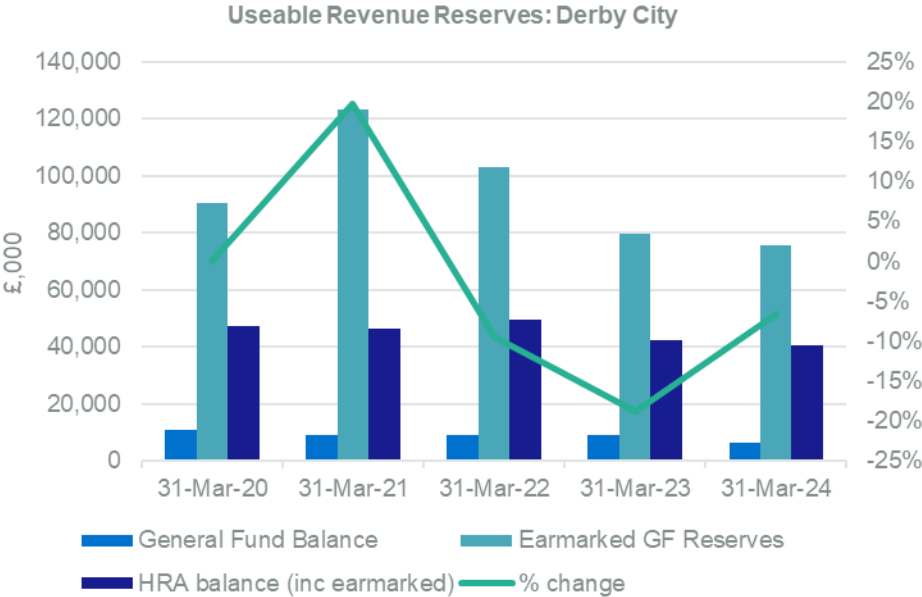


Details on the definitions and data quality arrangements are available here: <https://www.gov.uk/government/publications/local-authority-general-fund-earmarked-and-unallocated-reserve-levels-2017-18-to-2021-22>

VFM arrangements – Financial Sustainability

Financial sustainability and reserves (continued)

We have reviewed the Council's usable reserve balances over the last five years based on the published financial statements, with focus on the General Fund Balance, as this is the reserve with the most flexibility of use to allow the Council to deal with the future uncertainties, including Local Government funding. As set out on the previous page, the Council's revenue reserves are in line the median for unitary councils, but they are on a downward trend, falling to £122m at 31 March 2024. Overall, we are satisfied that the Council's Reserves position does not give rise to an immediate risk of significant weakness in arrangements to secure financial sustainability but is something that Council need to continue to monitor and manage through savings programmes going forwards.



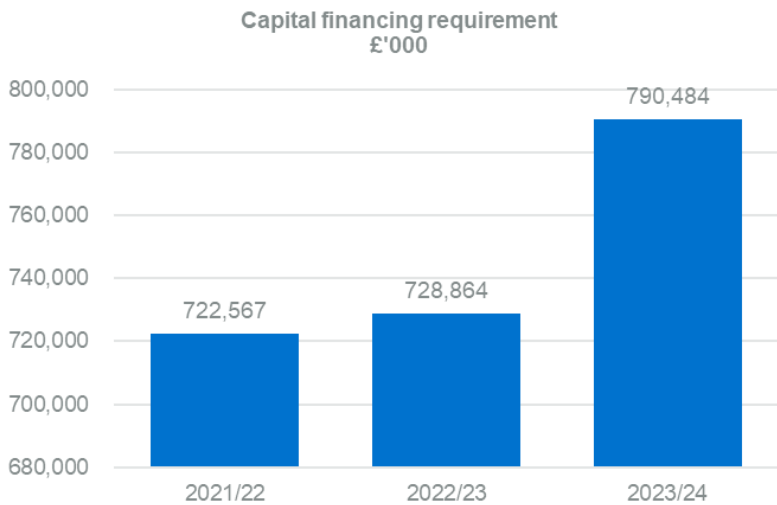
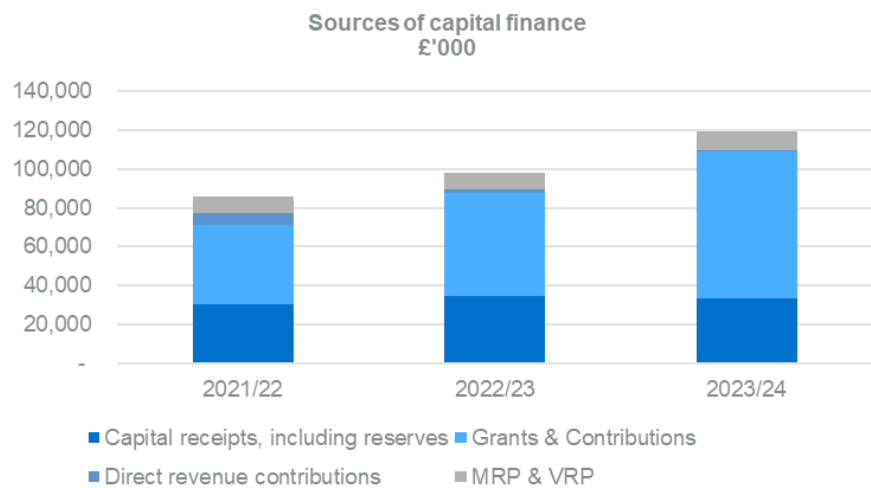
VFM arrangements – Financial Sustainability

Capital spending and financing

We considered the Council's Capital Financing Requirement as set out in Note 30 of the draft financial statements, which has risen to £790m in 2023/24, each increase representing a rise in the need to borrow to finance capital expenditure.

We also considered how the £119m capital expenditure incurred in 2023/24 has been financed as well as the overall position on useable capital reserves and whilst there is no indication of an immediate risk of significant weakness in arrangements, however, as set out on the following page, there are areas of the Council's general fund position that could cause future issues.

Capital reserves	2021/22	2022/23	2023/24
Capital Receipts Reserve	31,866	34,426	31,366
Capital Grants Unapplied	42,102	46,960	40,443
Major Repairs Reserve	1,625	-	-
Total	75,593	81,386	71,809



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Capital spending and financing (continued)

We reviewed the Council’s Treasury Management Mid-Year Report 2024/25 and the financial statements for 2023/24 to consider the impact of the Council’s approach to MRP on financial sustainability. As set out on the previous page, the Council’s Capital Financing Requirement (CFR) as at 31 March 2024 is £790m a £62m increase over 2022/23. It is made up from:

- General Fund CFR of £585m; and
- HRA CFR of £206m.

Minimum Revenue Provision (MRP)

The Minimum Revenue Provision is a charge that the Council makes in its financial statements for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt ie the Capital Financing Requirement).

The Housing Revenue Account (HRA) is not subject to a statutory requirement to make a minimum revenue provision payment. As set out in Note 7 to the 2023/24 financial statements, the Council used £16m from Major Repairs Reserve to finance new capital expenditure.

For 2023/24, the Council’s MRP is 1.8% of the opening CFR and 1.6% of the closing CFR. If this ratio continues to deteriorate, we may consider this to be evidence of over reliance on accounting measures to support the general fund budget and a risk of significant weakness in the Council’s arrangements for financial sustainability.

Revenue expenditure funded by capital under statute (REFCUS)

REFCUS is capital expenditure which does not result in an asset owned by the Council, e.g. improvement grants. We have tested REFCUS expenditure as part of our work on the financial statements, with no issues arising.

Source: Note 19 2023/24 Financial Statements	2022/23	2023/24
Minimum Revenue Provision (MRP)	8,475	9,314
Capital Financing Requirement (CFR)	728,864	790,484
MRP as a % of CFR	1.2%	1.2%
Years to pay down	86.0	84.9

	£'000
Opening General Fund Capital Financing Requirement (CFR)	520,594
Closing General Fund CFR	584,507
Minimum Revenue Provision (MRP)	9,314
MRP as a % of Opening CFR	1.8%
MRP as a % of Closing CFR	1.6%

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



VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Arrangements for monitoring and assessing risk, including internal controls

The Annual Governance Statement is a critical component of the Council's governance arrangements. It is an evidenced self-assessment by the Council on the Council's governance, assurance and internal control frameworks for the financial year. We have reviewed the Council's 2023/24 Annual Governance Statement and not identified any risks of a significant weakness in arrangements.

Risk management

The Council's Risk Management Strategy and Handbook was reviewed and updated in 2023 and is due to be updated in 2025. A Corporate Risk Management Group is in place, chaired by the Director of Governance, Property and Procurement, and the Audit & Governance Committee receive regular update reports.

In January 2024, the Audit and Governance Committee considered the 2023/24 midyear risk assurance report and made recommendations to strengthen routine risk assurance reports, which have been reflected within the annual report. We attended the July 2024 Audit and Governance meeting and reviewed the year end risk assurance report. Our work has not identified a significant weakness in the Council's risk management arrangements.

Internal Audit

The provision of Internal Audit Services are provided by the Central Midlands Audit Partnership" (CMAP), a collaborative body that delivers audit services to multiple local councils in the central Midlands.

Internal Audit progress reports are regularly presented to the Audit & Governance Committee meetings and from our attendance at meetings and review of minutes, we are satisfied this allows the Council to effectively hold management to account.

At the end of each financial year the Head of Internal Audit provides an Annual Report including an opinion, based on the work completed during the year, on the overall adequacy and effectiveness of the Council's control environment. We reviewed the Internal Audit Annual Report 2023-24 presented to the June 2024 meeting of the Audit & Governance Committee, which provided a summary of Internal Audit work undertaken during 2023/24 and provided an opinion that "...there is a Satisfactory System of Governance, Risk, Internal Control."

Our review has not highlighted a risk of significant weakness in arrangements relating to Internal Audit's conclusions on 2023/24.

Budgetary control

Our review of arrangements is supported by discussions with officers during the year and review of reports. Quarterly reports are taken to Council Cabinet monitoring the financial outturn against budget. Where variances have occurred reasoning is provided and mitigation actions are identified to prevent further negative impacts against budget. The final outturn report for 2023/24 was presented to Cabinet in August 2024 where it was explained that the general fund had experienced some significant demand and inflationary pressures during the year, resulting in an outturn of £292.5m. Cabinet were informed that the additional spend was met by £4.4m use of reserves and other funding of £3.442m, and that in delivering this position, 96% of its savings target, were achieved (being £15.5m of the £16.2m target) for 2023/24, this compares with 90% of the savings target from 2022/23.

Arrangements for decision making and assurance

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

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

Our review of corporate governance arrangements confirms the Council has an agreed Constitution, setting out how it operates, how decisions are reached and what procedures are followed to ensure that these are transparent and accountable to local people. Any recommendations for amendments to the Constitution need to be approved by Full Council and following a decision in July 2022, a Constitutional Review commenced which led to an updated Constitution adopted in May 2024. The constitution is there to ensure the Council has arrangements in place to ensure it makes properly informed decisions and avoid the risk of unlawful decision making.

VFM arrangements – Governance

Arrangements for decision making and assurance (continued)

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

Audit & Governance Committee

In our view, good governance forms the foundation of resilient and sustainable organisations and enhances stakeholder confidence. For Derby City Council, the Audit & Governance Committee is a critical component of good governance.

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, sets out that "The [audit] committee should:

- be directly accountable to the authority's governing body...
- in local authorities, be independent of both the executive and the scrutiny functions...
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided."

We have attended numerous meetings of the Audit & Governance Committee during the year. We have considered minutes of meetings and supporting reports, including the Annual Report of the Audit and Governance Committee for 2023/24, presented at its June 2024 meeting.

Based on our attendance, the Audit & Governance Committee is adequately serviced and attended by officers as required.

Financial reporting

The Council's 2023/24 draft financial statements were authorised for issue on 29 August 2024, which is after MHCLG's expected deadline of 30 June 2024.

"Other" Recommendation: Although we intend to issue a disclaimed audit report, from the work we have performed, whilst we have not identified a risk of significant weakness in the Council's arrangements for financial reporting, we have identified control deficiencies and errors. These have been included in the Audit Completion Report presented to the February 2025 Audit & Governance Committee and is available on the Council's website. These items, whilst not significant for 2023/24, require addressing as part of the Council's arrangements for preparing its 2024/25 financial statements.

Improving Economy, Efficiency and Effectiveness: How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the reporting criteria

Corporate planning and performance management arrangements

There is an up-to-date Council Plan in place which is refreshed through an annual delivery plan. Our minute review confirms Cabinet receive periodic (Quarterly) reports on performance .

The Council also produces an Annual Report, setting out performance for the year and publishes this on its website. The monitoring of performance via cabinet and publication of an Annual Performance Report adequately enables members to challenge performance for the year.

Regulators: Ofsted

We read Ofsted's inspection report from March 2022 of the Council's children's services, which assessed the overall effectiveness of the service as "outstanding". We also read Ofsted's letter published in November 2023 setting out the outcome of a focused visit into children's services which did not highlight any significant concerns.

Partnerships

Community First

Both Derby City Council (DCC) and Derbyshire Community Health Services (DCHS) have been working closely together for a number of years; more recently this has been driven by operational imperatives and the development of Team Up as a way of working to benefit our citizens. Team Up is a Derby and Derbyshire wide initiative that aims to join up care and support provided by separate health and care organisations to benefit individuals who use services. Team Up aims to create one team across health and social care who see all vulnerable and frail residents in a neighbourhood. The Team Up team is not necessarily a physical team but rather it is a teaming up of existing services – with general practice, community, mental healthcare, adult social care and the voluntary and community sector all working together

We read Cabinet Reports from August 2023 and November 2023, which approved the commencement of a consultation process to enter into a formal partnership agreement with Derbyshire Community Health Services NHS Foundation Trust, to jointly deliver a range of reablement and urgent support services aimed at helping people remain independent at home for as long as possible. Post consultation, in November 2023 we read the

Cabinet report that set out the results of consultation and approval to enter into a s75 agreement.

We also read the Care Quality Commission's Local Authority Assessment published in August 2024. This assessment is intended to provide independent assurance to people over the quality of care in their area and how the Council meets its duties under Part 1 of the Care Act (2014). Within its assessment of arrangements to support effective partnership working the CQC reported that "Partnership working had clear governance arrangements in place, this included information sharing arrangements with various partners which supported staff to take a joint approach to support people's needs".

Despite this, in the CQC's view, the Council "Requires Improvement". Whilst the overall rating does not, in our view, trigger a risk of significant weakness in arrangements, it is an area for the Council to monitor.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the reporting criteria

Partnerships: Derbyshire County Council and the Waste Treatment Centre

Derby City Council and Derbyshire County Council contracted with Resource Recovery Solutions Derbyshire (RRS) to manage the Sinfin Waste Plant. The waste treatment centre was due to open in Sinfin in 2017, but RRS has been unable to resolve ongoing issues that would allow the facility to pass the certified performance tests required to bring it into full service.

In April 2019, the two councils issued a formal notice to the project's funders to take action under the contract to progress the project. The agreement with RRS to manage the Sinfin Waste Plant was cancelled in August 2019 when the banks funding the project issued a legal notice. During 2021/22 and 2022/23 work continued to determine the condition and capability of the new waste treatment with the support of professional advisors.

The Councils and operator continued (unsuccessfully) to reach a settlement and in September 2021, RRS issued a Letter of Claim threatening court action against the Councils. Without prejudice discussions continued, again without success and RRS issued court proceedings against the Council, with the Councils issuing its own claim against RRS in response. A procedural hearing in December 2022 resulted in a timetable for actions to be taken by both parties in the run up to trial and set the matter down for trial for seven weeks from 10 June 2024.

At their respective meetings in February 2023, cabinet members at Derby City Council and Derbyshire County Council heard how the option to rectify defects and use the facility to treat waste that residents either cannot or choose not to recycle, was considered more cost-effective for Derby and Derbyshire council taxpayers to deal with household waste over the next 2 decades.

We read the minutes of full Council from February 2023 and note that an attempt was made to include in the budget setting report the following resolution; "This Council believes that the Council Cabinet should not enter any further Inter Authority Agreement in relation to the Sinfin Lane NWTF or commence the Procurement Exercise to carry out Repairs to the facility". This was put to a vote and not supported.

The parties agreed to undertake mediation in June 2023. The mediation was successful and on 23 June 2023, the councils and the parties agreed a settlement and entered into a Settlement Agreement. Payment by the councils of the Settlement Sum (£93.5m, with DCC's share being £36.6m) was in full and final settlement of the Dispute and the Proceedings, any and all Claims by RRS against the Council and their Related Parties

and any and all Claims that the Council could bring against any of the RRS Parties.

Progress on the project stalled in 2023/24 which culminated in the issuing of £94m + VAT invoice in January 2024 from Derbyshire County Council to recover its share of the costs of the project from the City Council. The City Council disputed the validity of the invoice and triggered a notice of dispute, which includes the county's refusal to formally include regular reviews of project progress, against the business case to fix and operate the facility. On 24 May 2024, both councils met to try to resolve the dispute and agree terms, however were unable to do so. We read the minutes of full Council from June 2024 where a vote of no confidence in the City Council's Leader that took place, where it was resolved that "The conduct and actions of Cllr Shanker regarding the Sinfin Waste Treatment Plant have fallen below that expected of the Leader of the Council and have resulted in potentially placing the authority in a financially dangerous position. The significance of this position is such that a majority of Derby City Councillors now have lost confidence in the Leaders ability and motives to resolve this issue without further detrimental impact to finances, services and council employees."

The dispute was resolved by August 2024 and both councils affirmed their commitment to working in partnership to get the waste treatment centre at Sinfin operational.

With regards to arrangements in place for the year ended 31 March 2024, the settlement agreement was supported by legal advice and, whilst there was substantial disruption to the February 2023 decision to proceed to rectify the plan, the Council followed a dispute resolution process and its own processes for calling for a vote of no confidence in the Leader.

"Other" Recommendation: The Council needs to maintain effective and transparent governance arrangements in the progression of the waste treatment centre, including appropriate input from technical advisors and ensure that the transactions are accurately reflected in its financial statements.

Other reporting responsibilities

Other reporting responsibilities

Matters we report by exception

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

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

We have not exercised any of these statutory reporting powers.

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

Reporting to the National Audit Office (NAO) in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the Council's financial statements, we anticipate reporting to the NAO that we are unable to complete the mandatory audit procedures specified in their Group Audit Instructions. We are awaiting confirmation of when and how this should be reported to the NAO.

Appendices

Appendix A: Further information on our audit of the Council's financial statements

Appendix A: Further information on our audit of the financial statements

Our detailed findings on the audit of the financial statements is included in the Audit Completion Report presented to the Audit & Governance Committee in February 2025, which is available on the Council's website.

Audit Adjustments

We identified, and management corrected errors in the cashflow statement and a small number of disclosure notes, which was mainly presentational in nature.

Control findings

As part of our planning procedures, we obtained an understanding of the Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to inform our audit strategy. Although our audit was not designed to express an opinion on the effectiveness of the Council's internal controls, we are required to evaluate any deficiencies in internal control that come to our attention, even though we intend to issue a disclaimer of opinion. This work identified:

	Relating to financial reporting	Relating to IT Controls
Number of significant control findings	2	5
Number of 'other' findings	2	0

Contact

Forvis Mazars

Mark Surridge

Audit Partner

Mark.Surridge@Mazars.co.uk

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2024. All rights reserved.