



Auditor's Annual Report

Bassetlaw District Council – year ended 31 March 2025
February 2026

Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities
- 05** Audit fees and other services

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

01

Introduction

Introduction

Purpose of the Auditor's Annual Report

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

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



Opinion on the financial statements

We issued an audit report which includes a disclaimer of opinion. This means our audit report did not express an opinion on the financial statements and no assurance was provided. It is 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 publishes its audited financial statements.



Value for Money arrangements

We have identified a continuing significant weakness in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Council's arrangements.



Reporting to the group auditor

We are unable to issue our audit certificate until the National Audit Office has finalised work on the Whole of Government Accounts.



Other reporting

We did not use our statutory powers and have received no formal objections to the accounts.

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

We are appointed to perform the external audit of Bassetlaw District Council for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

Our audit of the financial statements has been conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the Code of Audit Practice.

Whilst our Audit Strategy Memorandum communicated to Audit & Governance Committee that we intended to undertake sufficient audit procedures in the current period to rebuild assurance, this has not been possible.

Summary of Risks

Whilst we planned our audit to address the risks of material misstatement we identified at the planning stage, we will not have completed our work in advance of the backstop date and as such do not provide any assurance over individual areas of the financial statements or the financial statements as a whole, nor do we provide assurance over any of the identified risks. These risks are summarised below.

Significant risks

1. Management override of controls
2. Valuation of Council Dwellings and Other Land & Buildings
3. Valuation of the net defined benefit liability/asset

Enhanced risks / areas of significant management judgement

1. Consolidation of the Group Accounts
2. Application of IFRS 16 - Leases

Although we are unable to provide any assurance over the areas of risks we have identified, where matters did come to our attention, we reported those to the Audit & Governance Committee in our Audit Completion Report in February 2026.

Audit conclusion

Because it was not possible to complete sufficient procedures prior to the backstop date of 27 February 2026, we will be issuing a disclaimed opinion on the 2024/25 financial statements. When an opinion is disclaimed the auditor does not express an opinion on the financial statements and, consequently, no assurance is provided on the financial statements.

03

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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



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



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



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

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

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

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

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

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

Phase 2 - Additional risk-based procedures and evaluation

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

We outline the risks that we have identified and the work we have done to address those risks on page 17.

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	16	No new matters arising. Continuation of prior year weakness as per page 17	Yes – see recommendation on page 25	Yes – see pages 20 and 21
 Improving economy, efficiency and effectiveness	21	No	No	Yes – see pages 22 and 23

VFM arrangements

Financial Sustainability

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



VFM arrangements – Financial Sustainability

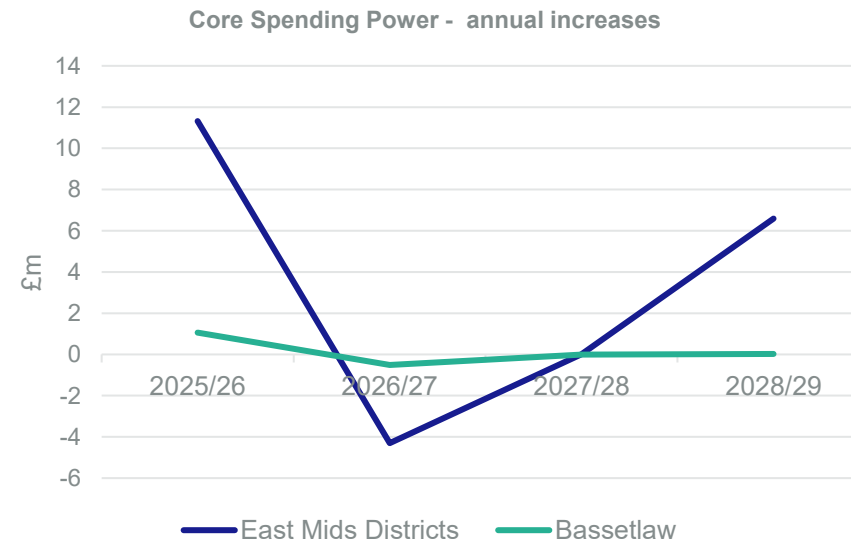
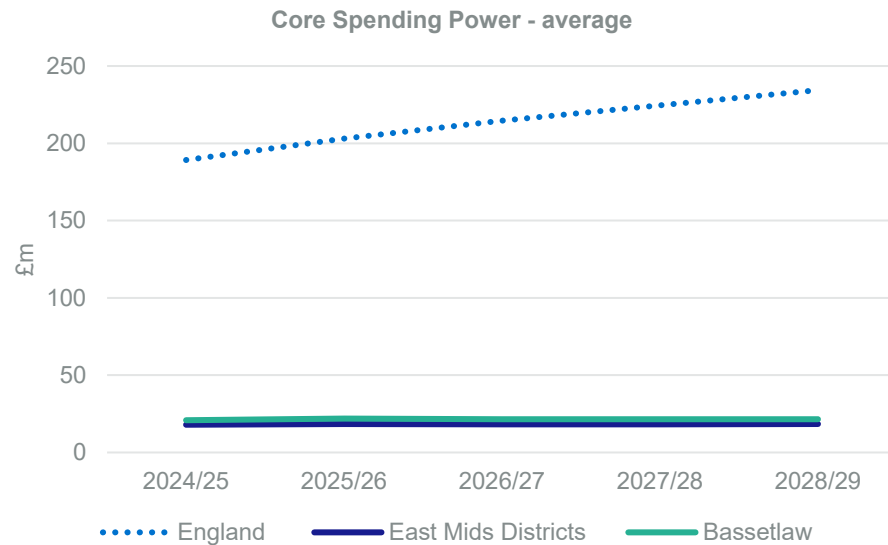
Context – Provisional Local Government Finance Settlement 2026/27

Financial sustainability remains one of the most pressing and persistent risks facing local government, with finance and resourcing risks cutting across local government activity and strategies.

To address financial sustainability risks proactively, local authorities should embed robust financial planning and scenario modelling into their medium-term financial strategies, ensuring assumptions are regularly stress tested. Integrating financial oversight into transformation programmes, strengthening governance of commercial activity. Authorities can enhanced resilience by improving the quality and use of financial data, engaging with sector stakeholders and leveraging internal audit to provide assurance over high-risk areas such as savings delivery, treasury management and commercial governance..

In December 2025, the Government provided the Provisional local government finance settlement 2026 to 2027. The finance settlement has provided certainty in funding and increases in core spending power, however the sector will continue to face challenges through the cumulative impact of inflation, rising employer costs and increasing demand on statutory services - in particular adult and childrens' social care, SEND provision and homelessness support.

We have used MHCLG data on core spending power to illustrate the impact to the Bassetlaw District Council. Bassetlaw's flat Core Spending Power profile suggests it isn't being assessed as materially above the average district on either assessed need or baseline funding, The settlement will provide some certainty to support an updated medium term financial plan that builds resilience into revenue reserves and drives the transformation and efficiencies required to be more resilient to the increase in spending power means the Council can model has some additional capacity to tackle underlying challenges and demand pressures where a proactive, whole organisation approach is essential to navigate uncertainty and build long-term financial resilience



**Per MHCLG, Core Spending Power represents the core revenue funding for local authority services through the local government finance settlement. It includes revenue grants, locally retained business rates, and council tax. Over the multi-year period, council tax assumes: (i) Band D rates rise to the maximum allowed under 2026–27 referendum principles, and (ii) each authority's tax base grows at its average annual rate from 2021–22 to 2025–26.*

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 2024/25. 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.

The Council Plan, Vision 2040, sits alongside the Medium-Term Financial Strategy, and the Corporate Risk Register sets out the threats to achieving the corporate goals as well as any opportunities that the Council may seek to take. The Council plan progress is reported quarterly to Cabinet. From the work performed there is no indication that the Council's Medium Term Financial Strategy and budget setting process is not aligned to supporting plans.

Medium Term Financial Plan

We have reviewed the Councils 2024/25 and 2025/26 Medium-Term Financial Plan (MTFP). The MTFPs demonstrate a clear commitment to maintaining financial sustainability, though challenges intensify over the planning horizon. The January 2025 MTFP projected a cumulative budget gap of £1.619m by 2029, whereas the updated February 2025 plan revised this to £2.537m by 2030, reflecting updated assumptions on pay awards, inflation, and transitional funding. Both plans set a balanced budget for 2025/26, supported by £1.073m of identified savings and a 2.99% Council Tax increase, alongside a strong reserves position of £13.12m.

The updated MTFP incorporates significant changes following the Local Government Finance Settlement and consultation on funding reform. It includes new grants such as the Recovery Grant (£453k) and Extended Producer Responsibility levy (£1.180m), choosing to exclude these from future years due to the potential for these to be one-off. The removal of the Minimum Funding Guarantee and other small grants has tightened the financial position further.

The revised plan aligns more closely with good practice by including sensitivity analysis and clearer assumptions, such as inflation at 3% in 2026/27 and annual Council Tax increases. While both plans anticipate using reserves to bridge future gaps, the Council's reserves position—including earmarked funds such as the Financial Resilience Reserve (£890k)—provides a buffer against financial shocks. This, combined with a minimum working balance of £1m and strategic reserves for development and invest-to-save initiatives, means we do not believe the Council currently faces a significant risk with its arrangements for financial sustainability.

The financial strategy, which combines savings, income generation, and prudent reserve use, is supported by robust governance and contingency planning.

External benchmarking reinforces these findings: the LG Improve Financial Resilience Health Check confirmed that Bassetlaw's Core Spending Power per head (£130.32) is above the Shire District average (£128.06), but its low tax base and high deprivation levels present structural challenges. LG Futures analysis further supports this view, advising that scenario planning and stress testing remain critical to resilience. Overall, the Council's approach and reserves position underpin its ability to manage future uncertainties adequately.

Financial Year	Budget Gap (£m)	Cumulative Reserves Usage (£m)	Projected Reserve Balance (£m)
2025/26	0.00	0.00	15.06
2026/27	0.00	0.00	15.06
2027/28	0.00	1.61	13.45
2028/29	1.62	1.37	13.69
2029/30	0.92	4.20	10.86

We do not consider the MTFP to pose a risk to significant weakness to arrangements involving financial sustainability.

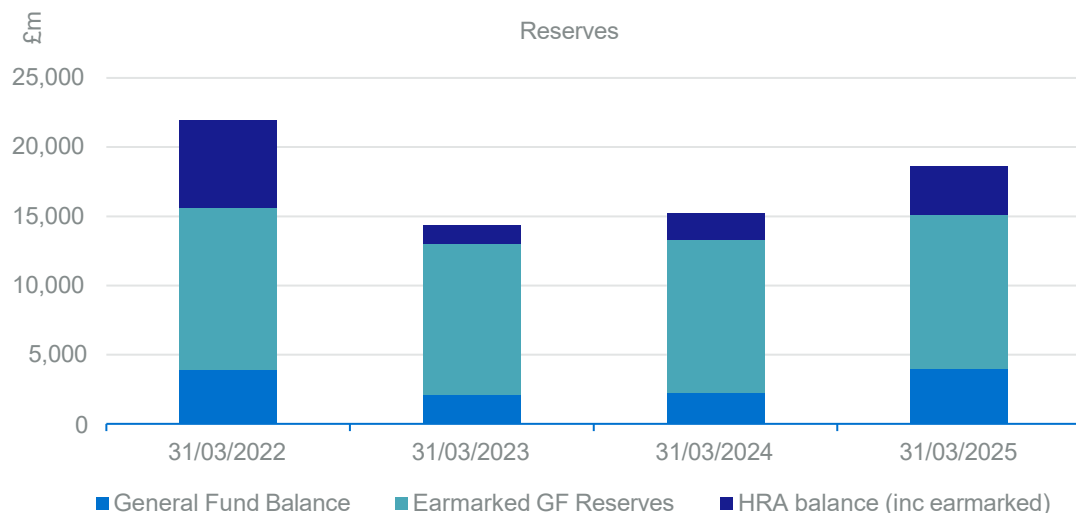
VFM arrangements – Financial Sustainability

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

Going Concern

We have reviewed the Council's going concern assessment, which confirms that it has arrangements to maintain financial sustainability. It reports general reserves of £2.474m (above the Council's internally set £1.0m minimum), earmarked reserves of £11.046m, and £13.310m in cash or short-term investments. The balance sheet shows a net worth of £372.522m, and statutory arrangements exist to manage the pension liability.



There is no evidence that governance and financial management frameworks are not compliant with CIPFA standards and continuous monitoring through Cabinet and Audit & Governance Committee. While reserves are relatively low compared to peers, the Council's track record of prudent financial management, capital strategy, and resilience planning indicates it can continue to operate as a going concern for at least 12 months and has credible plans to address medium-term challenges.

We do not believe there is a risks of significant weaknesses of financial sustainability in relation to going concern.

2024/25 Outturn Results

We have reviewed the Council's 2024/25 outturn, which demonstrates adequate levels of financial control, with a net transfer to reserves of £1.260m and an HRA surplus of £1.671m. These results indicate that the Council has effective arrangements for monitoring and managing in-year pressures, supported by proactive measures such as revising the Minimum Revenue Provision policy and maximising income streams. The integration of these outcomes into the Medium-Term Financial Plan (MTFP) reflects a forward-looking approach to financial sustainability.

We have also reviewed the revised capital programme for 2025/26 to 2029/30. While significant slippage occurred in 2024/25, the re-profiling of £55.441m into future years is underpinned by secured external funding, including Levelling Up and decarbonisation grants. The programme prioritises essential infrastructure, housing improvements, and climate-related investments, demonstrating alignment with strategic objectives and long-term service delivery. However, the scale of the programme—£180.68m over five years—introduces capacity and delivery risks that will require robust governance and monitoring to avoid financial strain.

Continued focus on transformation, income generation, and risk management will be critical to maintaining resilience, particularly given the ambitious capital programme and ongoing uncertainty around funding reforms.

We do not believe there is a risks of significant weaknesses of financial sustainability in relation to 2024/25 outturn.

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

Minimum Revenue Provision

We have reviewed the Council's Minimum Revenue Provision (MRP) for 2024/25 in the context of its capital programme. We observed that the Council has revised its MRP method for 2024/25, moving from the Regulatory Method—charging a flat 4% of the Authority's underlying need to borrow—to the Asset Life Method, which spreads repayment over the useful life of the asset. This approach aligns with statutory guidance under the Local Government Act 2003 and the CIPFA Prudential Code.

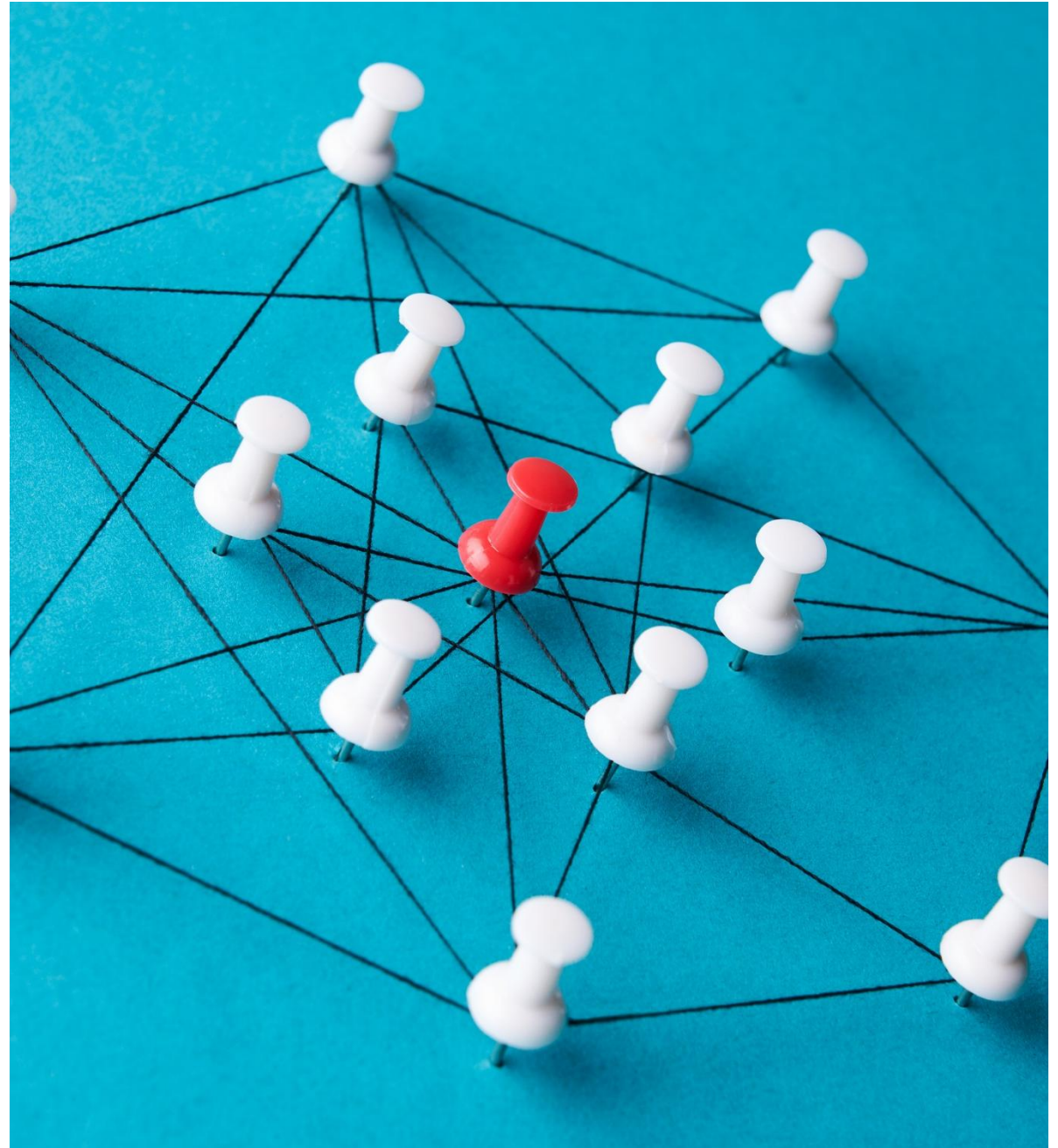
For 2024/25 the actual MRP charge is £303k, which is around 0.92% of the opening Capital Financing Requirement (CFR) of £32.907m. While this complies with statutory guidance requiring a “prudent provision,” the relatively low charge introduces risks, including deferred repayment, increased reliance on future budgets, and exposure to interest rate volatility in subsequent years. Given the Council's large capital programme of £180.7m for 2025/26–2029/30, robust forward planning will be required to ensure future affordability and to avoid over-reliance on reserves or additional borrowing.

Section conclusion: From the work performed, there is no evidence of a risk of significant weaknesses in financial sustainability arrangements

VFM arrangements

Governance

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



VFM arrangements – Governance

Prior year significant weakness in arrangements in relation to Governance

In the prior year, we reported a significant weakness in arrangements and the table below sets out the work undertaken in 2024/25 to follow up on those matters.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>Governance arrangements in relation to the financial reporting process</p> <p>Our work on the 2020/21 financial statements took longer than would ordinarily be expected because of issues in preparation of the Council's draft statutory financial statements. Recommendations to address the underlying issues were raised as internal control weaknesses in the 2020/21 Audit Completion Report. Despite these recommendations being made, during the 2021/22 financial audit, material errors and internal control weaknesses have been identified, with a continuation of issues from 2020/21. In our view, the combination of new and ongoing issues in financial reporting, compounded by a lack of action in relation to previously-raised recommendations, is a significant weakness in arrangements that support the council's statutory financial reporting requirement that leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the body's reputation.</p>	<p>Work undertaken</p> <p>From the audit work performed to date, we are aware that the 2024/25 draft financial statements contain a material error.</p> <p>In addition, whilst we commenced our audit, we had to delay and revisit timelines because there were insufficient working papers (approximately .20% received) available to support the financial statements.</p> <p>As a result, we are not satisfied that the significant weakness has been addressed for 2024/25. The long-standing nature of this weakness across multiple financial years requires urgent and sustained remedial action to ensure statutory compliance and improve the accuracy of financial reporting.</p> <p>Conclusions</p> <p>The Council has not addressed the previously identified significant weakness. We have raised an 'other' recommendation where we expect the Audit & Governance Committee to carry out a more robust role in overseeing the Council's financial reporting arrangements.</p>

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Arrangements for monitoring and assessing risk

Risk management

We reviewed the Council's Risk Management Strategy and Framework as outlined in the 2024/25 Annual Governance Statement (AGS). The framework continues to align with CIPFA principles, ensuring robust governance linkage, systematic risk identification and scoring, and clear roles and responsibilities across the organisation. Oversight is maintained through the Corporate Governance Working Group, Corporate Risk Management processes, and quarterly reporting to the Audit & Governance Committee. The Council operates an electronic risk register, updated regularly to escalate significant risks, supporting transparency and informed decision-making. These arrangements demonstrate a strong commitment to embedding risk management within corporate governance.

During 2024/25, several high-rated risks persisted, notably procurement compliance, cyber risk, and financial resilience. Progress is reported in these areas, including strengthening ICT security controls, implementing compliance strategies, and enhancing financial planning through assumption analysis within the Medium-Term Financial Plan. However, the Council identifies that resource constraints and external factors mean residual risks remain significant. The AGS identifies procurement and cyber risk as key governance issues, with actions agreed to strengthen controls, including finalising the Cyber Incident Response Plan and reviewing the SLA with the external procurement provider.

Internal Audit

The Head of Internal Audit's opinion for 2024/25 confirms that the Council maintains an "adequate and effective" framework for risk management, governance, and internal control, though further enhancements are required. This conclusion is based on 13 audits completed during the year:

- 38% provided substantial assurance
- 31% reasonable assurance
- 31% partial assurance, notably in procurement, safeguarding, landlord licensing, and sickness absence.

A total of 135 management actions were agreed, including nine high-priority items. Follow-up reviews showed mixed progress—two with reasonable progress and two with little progress—highlighting delays in implementing some agreed actions. Overall, internal audit work supports that governance arrangements are adequate, but timely completion of outstanding actions remains critical to sustaining assurance and addressing areas of weakness.

Annual Governance Statement

Our review of the AGS for 2024/25 confirms that the Council's governance arrangements broadly align with CIPFA/SOLACE principles. The AGS acknowledges areas for improvement and sets out a Governance Action Plan to address these. Key issues include:

- Procurement compliance and SLA review
- Cyber risk and network security
- Asset review and commercialisation governance
- Management review processes for statutory reporting
- Local Government Reorganisation preparedness

Actions are assigned to responsible officers, monitored through the Audit & Governance Committee, and supported by milestones and progress updates. Completed actions include revised Contract Procedure Rules and strengthened governance for the Council's trading company through the Shareholder Sub-Committee. Progress is also evident in cyber security improvements and financial planning enhancements, such as stress testing and assumption analysis within the Medium-Term Financial Plan.

The structured AGS process and monitored Governance Action Plan demonstrate an approach to identifying and addressing governance weaknesses. While some actions remain in progress—such as finalising the Cyber Incident Response Plan and reviewing the SLA with the external procurement provider—the framework for oversight and accountability is adequate. Regular reporting to the Audit & Governance Committee and integration of these actions into strategic governance processes indicate that the Council has appropriate governance arrangements in place, with a commitment to continuous improvement and compliance with best practice standards.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

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.

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.

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.

Governance Structure & Constitution

We have reviewed the Council's governance arrangements are clearly defined in its Constitution, which was updated again in September 2025. The Constitution establishes a layered framework of accountability and decision-making. Full Council retains ultimate responsibility for adopting the Constitution, approving the policy framework and budget, and designating statutory officers, while the Cabinet manages executive functions within those parameters. Under the Council's Constitution, the Overview and Scrutiny Committee is required to monitor the Council's budget position and finances, providing an additional layer of oversight. Independent assurance is provided by the Audit & Governance Committee, which oversees risk management, internal control, and standards of conduct. Statutory roles—the Head of Paid Service, Section 151 Officer, and Monitoring Officer—carry core responsibilities for organisational leadership, financial stewardship, and legal compliance, supported by detailed schemes of delegation and procedural rules. Scrutiny committees, regulatory bodies, and officer delegations embed checks and balances, ensuring transparency, lawful decision-making, and continuous improvement. Overall, the Constitution demonstrates that the Council has robust governance arrangements in place, with clear accountability for maintaining and monitoring them.

Audit & Governance Committee

For Bassetlaw District Council, the Audit & Governance Committee is a critical component of good governance. We have attended numerous meetings of the Audit & Governance Committee during the year

and have considered minutes of meetings and supporting reports. Based on this evidence, we are satisfied the Audit & Governance Committee performs in line with expectations, is adequately serviced and attended by officers as required.

Arrangements for budget setting and control

The Council prepares its budget through a structured process aligned with its Medium-Term Financial Plan (MTFP). This includes zero-based budget reviews, contract and procurement efficiencies, and service reviews to identify savings and cost reductions. Income generation measures cover council tax increases within referendum limits, growth in the tax base, retained business rates, and new income streams. A cross-cutting programme of change engages senior officers and Cabinet members in workshops to challenge spending and explore alternative service delivery models. The process incorporates statutory consultation with businesses, public engagement through surveys, and scrutiny by the Overview and Scrutiny Committee. The Section 151 Officer ensures compliance with the Local Government Act 2003 by reporting on the robustness of estimates and adequacy of reserves, enabling the Council to set a legally balanced budget. Specific Cabinet budget meetings were held in January and June 2025, supported by quarterly budget monitoring reports and capital programme updates reviewed by Overview and Scrutiny and Cabinet throughout the year.

The 2024/25 outturn demonstrates that the Council's revenue budget was broadly accurate and effectively managed, with a net cost of services underspend of £0.332m (1.41%) and an overall £1.260m transfer to reserves, compared to a balanced budget target. Variances were mainly due to staffing underspends, premises savings, and additional income, offset by specific pressures such as CCTV and Housing Benefit recovery, all addressed in the 2025/26 budget. The Housing Revenue Account also delivered an underspend of £1.671m, aligning closely with expectations and strengthening reserves above the prudent level. While the capital programme showed a significant underspend of £57.259m (73%), this was largely due to project re-profiling rather than inaccurate cost estimates, indicating delivery timing issues rather than weaknesses in financial planning. Overall, the outturn reflects strong financial control and accurate revenue forecasting, with capital requiring improved phasing and capacity planning.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Arrangements for financial reporting

Regulation 9 of the Accounts and Audit Regulations 2015 requires the responsible financial officer to sign and date the statement of accounts and confirm they present a true and fair view before being published for public inspection.

The Council prepared its draft accounts in time for the 30 June 2025 deadline and made them available for public inspection within the required period. However, the Council has had persistent control weaknesses in its financial reporting processes, first identified in the 2021/22 audit and recurring in subsequent years that have been previously reported in our 2021/22, 2022/23 and 2023/24 Annual Auditor's Reports. The timing of our reports, relative to the preparation of subsequent years' draft accounts, meant management did not have an opportunity to address the matters raised; for example, the 2021/22 Annual Auditor's Report was presented in July 2024 after the 2022/23 and 2023/24 accounts had already been prepared.

The significant weakness in financial reporting arrangement in 2023/24 has persisted into 2024/25. We have reviewed the draft accounts and commenced the 2024/25 audit, which:

- identified incomplete and insufficient working papers to support the financial statements, so much so that the audit was paused by three weeks (from 19 September to 13 October) to give the Council more time to prepare
- Encountered difficulties in officer capacity to respond to audit queries being raised
- confirmed a material error existed in the balance sheet
- identified inconsistencies and incomplete evidence to support material financial reporting disclosures
- raised new control weaknesses, including deficiencies in IT general controls.

Despite the additional time given to the Council to provide sufficient and appropriate working papers, the Audit & Governance Committee were informed of the inability to complete sufficient work on the 2024/25 statement of accounts on 13 November 2025. Without action, the Council is exposed to significant risk of further material misstatements and further disclaimed audit opinions.

Immediate and urgent remedial action is required, including a more robust role of the Audit & Governance Committee, to ensure published accounts are materially accurate and supported by good quality working

papers before they are published.

Accordingly, we consider there to be an ongoing weakness in governance arrangements surrounding the preparation of the draft accounts.

“Other” Recommendation: The Audit & Governance Committee needs to take greater responsibility in the oversight of financial reporting and ensure all financial reporting control weaknesses are being addressed in a timely manner.

Section conclusion: From the work performed, there is no evidence of new risk of significant weaknesses in governance arrangements, with one matter unresolved.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

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



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the reporting criteria

Corporate planning and performance management arrangements

Progress against the Council’s Vision 2040 and Council Plan is monitored through a robust Performance Management Framework (2023–27), which aligns with best practice principles and ensures a clear “golden thread” from strategic priorities to service delivery. We have reviewed quarterly reports to Cabinet and Overview & Scrutiny, which provide transparency and challenge, supported by governance structures such as regeneration boards and town partnerships. The framework uses a balanced scorecard of Key Performance Indicators (KPIs) and Service Performance Indicators (SPIs) that are SMART, outcome-focused, and tracked via the Pentana Risk system. These indicators cover financial stewardship, customer service, internal processes, and strategic outcomes—for example, invoices paid within 30 days (83.41% vs 85%), Gas Safety Checks (100%), and start-up businesses supported (235 vs 120).

Our review confirms that most Council Plan actions are reported to be on track, with measurable outcomes across economic development, housing, skills, environment, and community wellbeing, although a few areas—such as the Local Area Energy Plan and project management standardisation—are behind schedule. Recent KPI and SPI results show strong performance in financial indicators, housing safety, and customer responsiveness, but highlight challenges in void management, waste contamination, and some tenant satisfaction measures. Overall, the framework provides adequate arrangements to achieve value for money by linking strategic objectives to measurable outcomes and enabling early intervention. To strengthen assurance further, additional efficiency metrics (e.g., cost per transaction) and targeted recovery plans for underperforming areas should be introduced.

Review of regulatory reports

We have reviewed the 2024/25 Housing Service reports, which demonstrates the Councils compliance with statutory landlord obligations, achieving 100% in gas, fire, asbestos, water, and lift safety, while electrical safety stands at 78% with a plan to reach full compliance by March 2026. Significant investment is required, including a £2.25m fire door replacement programme and new processes to meet Awaab’s Law and Building

Safety Act requirements, alongside enhanced ICT systems for compliance data integration. Complaints have risen due to regulatory changes, but performance compares well with peers, and lessons learned are driving service improvements and transparency through published reports.

Procurement

The Council has an established procurement framework under its Contract Procedure Rules (CPR), recently updated to comply with the Procurement Act 2023. While the framework is robust in design, internal audit work during 2024/25 gave Partial Assurance, highlighting weaknesses in compliance and contract management. Issues included purchases without proper delegated approval, missing competitive quotes or waiver documentation, incomplete contract records, and insufficient supplier due diligence. Additionally, the Service Level Agreement with the external procurement provider (Welland Procurement) was unsigned, and formal reporting on value for money was absent. Eight management actions were agreed to strengthen controls, improve documentation, and formalise the SLA.

Follow-up reviews during the year found mixed progress, with two reviews concluding “reasonable progress” and two “little progress,” meaning several procurement-related actions remain outstanding. The AGS identifies procurement as a significant governance issue, noting that while revised CPRs have been approved and waiver processes strengthened, further work is required to embed compliance and secure assurance over external procurement arrangements.

Overall, the Council’s procurement arrangements demonstrate a commitment to value for money through updated rules and alignment with national legislation. However, the effectiveness of these arrangements depends on timely implementation of agreed improvements, stronger contract oversight, and assurance reporting from Welland Procurement. Until these actions are fully embedded, procurement remains an area of governance risk requiring close monitoring by management and the Audit & Governance Committee.

“Other” Recommendation: The Council should fully implement the agreed procurement improvements by embedding compliance checks, centralising documentation, and formalising oversight of Welland Procurement through a signed SLA and regular performance reporting.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the reporting criteria

Partnerships

The Council has produced a Partnership Toolkit, which sets out how partnership arrangements should be managed and the clear governance expectations to be followed. The updated version was presented to the Audit & Governance Committee in November 2024, the toolkit provides a consistent approach for introducing new partnerships and reviewing existing ones, ensuring defined objectives linked to Vision 2040, measurable outcomes, robust financial controls, risk management, and performance monitoring. It underpins the Council's commitment to securing value for money by requiring partnerships to demonstrate added value and alignment with strategic priorities. Alongside this, the Partnership Register records all key partnerships, detailing their purpose, milestones, financial scale, and governance arrangements. Updated annually and reported to Audit & Governance Committee, the register enables corporate oversight and challenge, ensuring partnerships are properly governed and delivering outcomes proportionate to investment.

The Council provides services through its wholly owned subsidiary, S80, which is governed under the Constitution by the Company Governance Sub-Committee acting as shareholder. This Sub-Committee oversees company performance, approves business plans, and makes decisions on reserved matters, meeting quarterly with support from the Section 151 Officer and Monitoring Officer. S80 delivers services such as CCTV and property management, generating income from commercial activities and reinvesting surpluses into local services while maintaining democratic accountability. This trading company model diversifies revenue streams, reduces reliance on government grants, and has already produced early surpluses aligned to its business plan, strengthening financial resilience.

Partnerships: Local Government Reorganisation

Local government reorganisation (LGR) is a complex undertaking that requires strategic foresight, collaborative leadership, and robust planning. It presents both opportunities and challenges for councils seeking to improve service delivery, financial sustainability, and democratic accountability. Effective planning is essential to ensure a smooth transition and long-term success.

Bassetlaw District Council worked with districts and boroughs in Nottinghamshire to prepare an interim plan, with a final option for consideration in November 2025.

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

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

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

- Robust financial planning, managing transition costs, but also addressing existing deficits and future funding uncertainties.
- Supporting the workforce, including engagement, morale and more detailed determination of employee contracts, redundancies and retention. This includes Ensuring there is sufficient resources available to implement programme management on the delivery of the finally agreed case.
- Maintaining continuity in services, but identifying opportunities/threats on duplication, gaps and service delivery models. This would also include effective consultation and engagement with residents, service users and other stakeholders.

Considering the impact of technology as a barrier and enabler, including data protection, cyber resilience and ability to integrate systems.

“Other” Recommendation: The Council needs to maintain effective and transparent governance arrangements in the progression of plans for local government reorganisation, including effective leadership and the audit & governance committee should seek specific assurance, once plans are finalised, over the key controls in place to support the transition to a new organisation.

Section conclusion: From the work performed, there is no evidence of a risk of significant weaknesses in arrangements to improve economy, efficiency or effectiveness

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work, we have not identified any new significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. There is a continuing significant weakness from the prior year however:

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p>Governance arrangements in relation to the financial reporting process</p> <p>Our work on the 2020/21 financial statements took longer than would ordinarily be expected because of issues in preparation of the Council's draft statutory financial statements. Recommendations to address the underlying issues were raised as internal control weaknesses in the 2020/21 Audit Completion Report. Despite these recommendations being made, during the 2021/22 financial audit, material errors and internal control weaknesses have been identified, with a continuation of issues from 2020/21. In our view, the combination of new and ongoing issues in financial reporting, compounded by a lack of action in relation to previously-raised recommendations, is a significant weakness in arrangements that support the council's statutory financial reporting requirement that leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the body's reputation.</p>		●		<p>We recommend that:</p> <ul style="list-style-type: none"> • Management review process in place to support the preparation of draft financial statements to ensure sufficient quality review procedures are in place to support accurate statutory financial reporting that is reflective of the underlying transactions. • Management implements the recommendations made in our 2021/22 Audit Completion Report and 2021/22 Audit Completion Update Letter to address identified weakness in financial controls and provide the Audit & Governance Committee with regular updates on the progress made to implement those recommendations. 	<p>This issue is a recurring weakness previously reported in our 2021/22, 2022/23 and 2023/24 Annual Auditor's Reports. The timing of those reports, relative to the preparation of subsequent years' draft accounts, meant management did not have an opportunity to address the matters raised; for example, the 2021/22 Annual Auditor's Report was presented in July 2024 after the 2022/23 and 2023/24 accounts had already been prepared.</p> <p>For 2024/25, the Council had more time to respond to those actions with accounts published in June 2025. The Council has recruited permanent officers to the finance team to reduce previous reliance on interim staff who contributed to the 2024/25 financial statements. However, our work has confirmed inconsistencies and errors in the financial statements and our audit progress was halted by the absence of quality of working papers and slow responses to our audit queries.</p> <p>The Council has not therefore taken sufficient action to address the previously identified significant weakness in arrangements.</p>

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

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

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

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

Reporting to the group auditor

Whole of Government Accounts (WGA)

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

05

Audit fees and other services

Audit fees and other services

Fees for our work as the Council's auditor

Based in the work performed our fees are as follows:

Area of work	2024/25 fees	2023/24 fees
Planned fee in respect of our work under the Code of Audit Practice	£174,266	£159,126
Adjusted fee based on work completed on the financial statements, including costs of a disclaimer audit report	£75,000	£25,648
Adjusted fee based on work completed on the VFM commentary	£54,000	£48,893
Adjusted fee based on work completed on the financial statements and VFM commentary	£129,000	£74,541
Additional costs associated with new accounting standard IFRS 16	Partially performed:£3,500	-
Additional costs associated with quality and preparation issues: Material errors in the financial statements, audit commencement and subsequent delay, aborted procedures, working paper incompleteness and delays, resolution of errors in the financial statements, and costs associated with evaluation and reporting of control deficiencies.	£49,000	-
Additional fees in respect of VFM Significant Weaknesses	£9,000	£6,234
Total fees	£190,500	£80,775

Contact

Forvis Mazars

Mark Surridge

Partner

mark.surridge@mazars.com

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.