



**Auditor's Annual Report**  
**Rossendale Borough 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 Rossendale Borough Council. It has been prepared for the sole use of the Audit and Accounts 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

Under AGN07 we are required to issue our drafted auditor's annual report to those charged with governance by 30 November each year, this includes where we have not yet issued our auditor's report on the financial statements. We are required to reflect the work completed to date since the issue of the last auditor's annual report was issued in February 2025.

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Rossendale Borough 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 our audit report on 19 February 2026. Our opinion on the financial statements was disclaimed.



### Reporting to the group auditor

In line with instructions issued by the NAO, we have undertaken work on the Council's Whole of Government Accounts (WGA) return. 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.



### Value for Money arrangements

We have completed our procedures and we are not satisfied arrangements were in place for the Council to secure economy, efficiency and effectiveness in its use of resources. This is because we previously issued recommendations in relation to two significant weaknesses in those arrangements. We are satisfied the Council has addressed one of the significant weaknesses previously identified but one remains relevant to the 2024/25 financial year. Section 3 provides our commentary on the Council's arrangements and a summary of our previously issued weaknesses and recommendations, including the progress that the Council is making to address the remaining weakness in 2025/26.

02

Audit of the financial statements

# Audit of the financial statements

## Our audit of the financial statements

Our audit has been conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (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 2025 and of its financial performance for the year then ended.

We have issued a disclaimed audit opinion on the 2024/25 financial statements. This means our audit report does not express an opinion on the financial statements and no assurance is provided. It has been necessary to issue a disclaimer of opinion as amendments to the Account and Audit Regulations in 2024 introduced a statutory deadline for publication of the Council's financial statements for the 2023/24 and earlier financial years. 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 and as such six years of disclaimed audit opinions were issued in February 2025. There was insufficient time available to complete all the work required to issue an unqualified opinion on the 2024/25 financial statements ahead of the national deadline at the end of February 2026. The work to rebuild assurance following a disclaimer opinion is significant. Our focus through 2024/25 and into 2025/26 is on assessing the risks of material misstatement in the opening balances which are derived from the financial statements that have had a disclaimer opinion. The Council has provided information to enable us to commence our detailed risk assessment, this will drive the audit procedures necessary required to give an unqualified opinion in a future year.

# 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.

### 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?
 <b>Financial sustainability</b>	11	No – but previously reported significant weakness.	No – previously reported significant weakness has been addressed.	No
 <b>Governance</b>	14	No – but previously reported significant weakness.	Yes – continuing significant weakness relating to Rossendale Leisure Trust.	No
 <b>Improving economy, efficiency and effectiveness</b>	16	No – but previously reported significant weakness.	Yes – as above, continuing significant weakness relating to Rossendale Leisure Trust.	Yes

# VFM arrangements

## Financial Sustainability

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



# VFM arrangements – Financial Sustainability

## Overall commentary on Financial Sustainability

### Background to financial sustainability in 2024/25

During 2024/25 the Council continued to face significant challenges, against a backdrop of an adverse national economy and a cost-of-living crisis, the Council continued to see significant increase in demand for its services. The financial impact of the coronavirus pandemic on the Council continues to feature with a continuation of one year Government Settlements and additional costs. The Council has continued to work to understand the longer-term impact of the pandemic, and to adapt its financial plans over the medium term.

In response to these pressures it is essential the Council has timely and accurate financial reporting to members and senior management, and decision makers make prompt decisions to maintain the financial sustainability of the Council.

### The Council's financial planning and monitoring arrangements

In February 2024 the Council set a balanced budget for the 2024/25 financial year. The total net expenditure budget for Council services was approved at £10,599k with an increase in Council Tax of 2.99%. We have reviewed the Council's budget setting papers for 2024/25 and confirmed the budget is linked to the Medium Term Financial Strategy (MTFS). It includes details of key underlying assumptions including levels of inflation and pay increases alongside known changes to levies charged in respect of waste, transport, police and fire services. The budget setting process for 2024/25 included a greater focus on anticipating changes in demand and expected costs to provide a more accurate estimate of the cost of service delivery.

The tables below demonstrate the key financial information and performance across the last three years.

As the tables demonstrate, the Council has made good progress in 2024/25 against the significant weakness in financial sustainability arrangements previously reported. The Council has underspent against their budget and contributed £230k to reserves. The favourable key variances were due to additional interest income (£500k), staff cost savings (£166k), lower than budgeted spending on the Empty Homes scheme (£106k) and additional grant funding. The Council fell short of their in-year savings target of £123k, achieving £86k.

	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)
<b>Budgeted revenue net expenditure</b>	8,991	10,256	10,599
<b>Actual revenue net expenditure</b>	10,002	9,361	9,806
<b>Overspend/(Underspend)</b>	1,011	(895)	(793)

	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)
<b>Budgeted use of reserves</b>	56	756	564
<b>Actual use of reserves</b>	775	(1,206)	(230)
<b>General Fund reserves</b>	1,000	1,000	1,000
<b>Earmarked reserves</b>	7,484	9,326	11,743
<b>... of which relate to Transitional Reserve and Business Rates Retention Reserve</b>	4,091	5,893	9,022

Although the Council has underspent in year, the Housing directorate had an adverse variance of £158k. This was primarily driven by overspends on temporary accommodation, of £450k which arose due to demand being higher than was anticipated in the budget and an increase in placements outside of the borough. The Council is focusing efforts in 2025/26 on establishing longer term solutions to the increased costs arising from demand for temporary accommodation.

The approved Capital programme for 2024/25 was £19.6m. Total capital spending in 2024/25 was less than half of the budget at £9.5m. A large proportion (£3.9m) of the slippage related to projects funded through the Levelling Up Funds where programme deadlines have been extended to 2027. All of the capital spend slippage from 2024/25 has been rephased into future years. Slippage of the capital programme is commonplace in local authorities, but the Council should work to improve the accuracy of its forecasting to ensure annual budgets are realistic and deliverable.

The Council's financial and budget planning processes include a range of activities and consultations. The budget setting process involves engagement with senior Council officers and incorporates discussion about the delivery of statutory services and priorities. Where additional resources are required to deliver services, these are scrutinised and challenged before they are included in the budget estimates. Service area business plans are updated annually to align with the Council's overall corporate priorities. The service area business plans are used to highlight areas of potential savings and are monitored quarterly by the s151 officer. Any under-performance or budget variances are identified and brought to members attention through quarterly reporting. The Council's medium term financial sustainability must be based on a strategy of spending within available resources.

# VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria – continued

We have reviewed a sample of the budget setting and monitoring reports and they clearly report the impact of the current financial position and projections on the future financial sustainability. These reports set out a planned use of reserves over the medium term to bridge funding gaps. The continued use of reserves to support the costs of service delivery is unsustainable.

### The Council's arrangements for identifying, managing and monitoring funding gaps and savings

The Medium Term Financial Strategy (MTFS) is a three-year plan which the Council reports sets out its commitment to provide services that meet the needs of people locally and that represent good value for money within the overall resources available to it.

A key part of the strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years. The Council do this by forecasting the level of resources and budget pressures, relating to both capital and revenue spending. The Council also assess whether sufficient reserves and provisions are held for past and unknown events which may impact on the Council's resources. The MTFS is closely interlinked to other Council plans and strategies such as the Corporate Strategy, Capital Programme and Annual Revenue Budget.

Quarterly financial monitoring reports are taken to Cabinet which give members an update on the Council's financial position against budget. Departmental overspends and variances are reported and any changes are given a risk rating. Savings are identified as part of the budget setting process.

### Council's approach to 2025/26 financial planning

The Council adapted their arrangements for the 2025/26 budget setting process by establishing a more comprehensive budget approach, specifically involving more input from individual budget holders. This has allowed the Council to more accurately understand the cost of delivering Council services and produce annual budgets that are realistic and achievable.

The budget for 2025/26 was approved at the March 2025 Council meeting. The Council set a balanced budget with total net expenditure for Council services of £11,535k with an increase in Council tax of 2.99%. The 2025/26 budget includes £179k of identified savings and efficiencies. The Council budget was balanced through the use of £574k of the transitional reserve.

The Quarter 2 financial report for 2025/26 shows a forecasted underspend of £519k for the year against the original net expenditure budget. This favourable variance is a result of reduced staffing costs and additional bank interest income. The Council are forecasting a contribution to reserves in 2025/26 of £38k.

The MTFS that was presented alongside the 2025/26 budget demonstrates clearly the Council's challenging financial position. The MFTS projects funding gaps in 2026/27, 2027/28 and 2028/29 of £827k, £904k and

£934k respectively which are planned to be met through the use of reserves. The Council currently projects a level of the transitional reserve at the end of 2027/28 of £1,063k. Whilst the use of reserves is not sustainable over the long term, the Council has demonstrated a good track record since 2023/24 of identifying additional savings and raising income to deliver balanced budgets.

### Rossendale Leisure Trust

Rossendale Leisure Trust (RLT) is a Community Benefit Society that manages a portfolio of the Council's leisure and sports facilities. The Council and the Trust have a close working relationship. Until May 2023 the Council had a long-standing arrangement to pay the Trust's pay and non-pay expenditure and the Trust would repay this. In May 2023 this changed and the Council now limits this arrangement to just the pay expenditure costs. This financial arrangement exposes the Council to a significant risk if the Trust is unable to reimburse the Council for their expenditure, further depleting the Council's available resources. During the COVID-19 pandemic and subsequently, RLT have been financial supported by the Council which has resulted in a significant balance currently being owed to the Council. There is no repayment plan in place to repay the debt owed and the Council have not yet accounted for any impairment of this balance, working on the assumption it will be repaid in full. Consequently the Council's reserves position reported to members does not include the impact of any uncollectable debt owed to the Council. The debt at the end of March 2025 was £1,284k, this is the same level reported as at the end of March 2024. The Council needs to assess, manage and mitigate the risk that it will not receive the full amount owed.

The Council have commissioned an independent strategic review which commenced in the autumn of 2025. The review will provide the Council with recommendations on:

- The leisure need within the Borough and recommended leisure portfolio,
- A Service Level Agreement/management agreement between the Council and RLT,
- Future trading models and a five-year business plan, specifically outlining the timetable for the Trust to repay the debt owed to the Council, and a
- Financing structure for all current loans and debt.

The Council expect to receive the outcome of the strategic review in February 2026, this will allow them to include appropriate expectations within the 2026/27 budget.

***Based on the above considerations we are satisfied that there is not a significant weakness in the Council's arrangement in relation to financial sustainability.***

# VFM arrangements

## Governance

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



# VFM arrangements – Governance

## Overall commentary on Governance

### The Council's risk management and monitoring arrangements

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.

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. The Council's Constitution details that the Audit and Accounts Committee is responsible for reviewing and monitoring those arrangements.

The Council has adopted a Risk Management Strategy which sets out the approach to managing risk. The strategy was last updated in 2016. We reported an 'other recommendation' within our 2022/23 Value for Money reporting highlighting the need to update key policies. The Council have not yet addressed this recommendation and it is relevant also to 2023/24, further details of this recommendation are on page 18. The Council has a Corporate Risk Register, risks are reviewed on a quarterly basis and reported to the Audit and Accounts Committee. At the September 2025 meeting the quarterly report categorised 2 risks as low, 8 as medium and none as high. This shows a decrease in the RAG rating of the Council's medium term financial sustainability and the Council's owned leisure assets which were reported as being high risks during 2024/25.

The Committee review the risks and challenge officers on the actions taken to address the risks. The role in taking decisions to reduce the risk levels lies outside of the Audit & Accounts Committee, with the Council, the Cabinet, or the Senior Leadership Team under delegated powers.

The Council's Internal Audit is provided by Lancashire County Council. The annual Internal Audit plan is developed by the Head of Internal Audit, agreed with management at the start of the financial year and is reviewed by the Audit and Accounts Committee prior to final approval. The audit plan is based on an assessment of risks that the Council faces and is designed to ensure that there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work can be supplemented if necessary by ad hoc reviews on suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plan for 2024/25 and confirmed that it is consistent with the risk-based approach.

Internal Audit progress reports are presented to Audit and Accounts Committee meetings including follow up reporting on recommendations. At the end of each financial year the Head of Internal Audit provides an Annual Report including an opinion on the Council's governance, risk and control framework based on the work completed during the year. The Annual Report is presented at the July Audit and Accounts Committee, in July 2025 the Head of Internal Audit's overall opinion on the Council's control environment in 2024/25 was "moderate assurance". There are no significant issues highlighted from our review of the annual Internal Audit reports.

### Decision making arrangements and control framework

The Council has an established governance structure in place which is set out within its Annual Governance Statement (AGS). The AGS is a critical component of the Council's governance arrangements. It is an evidenced self-assessment by the Council on its governance, assurance and internal control frameworks for the financial year. The AGS is formally signed by the Chief Executive and Leader of the Council. The governance structure, as described in the AGS includes amongst other things the Constitution which sets out the approach to decision making. The Constitution is kept under review and updated as required. The Overview and Scrutiny Committee are in place to formally challenge the Council's decision-making process.

As commented on in the financial sustainability section, the Council have a close working relationship with Rossendale Leisure Trust (RLT). Within our 2023/24 VFM reporting we recommended the Council should put in place a comprehensive signed agreement with RLT. The Council is currently working with the Trust on a strategic review of the current arrangement, the detail of which is included on page 13, but there is not yet a signed agreement in place. This agreement would serve to protect the Council from risks associated with the partnership especially relevant given the significant level of debt owed by RLT. It is our view that this is evidence of there being a continued significant weakness in the Council's arrangements with regards to properly informed decision making of the Council.

### Financial Statements

Prior to 2023/24 the Council had significant delays in producing their draft annual financial statements. The Council has strengthened the resources in the finance team and the team have continued to develop their knowledge and experience of local government accounting and reporting. The Council published its 2024/25 draft financial statements on 27 June 2025, before the national deadline and in line with its closedown plan.

***We reported a significant weakness in arrangements for governance in 2023/24 relating to the arrangements with Rossendale Leisure Trust. Based on the work completed for 2024/25 we consider the significant weakness to still exist. We have included details of this continuing significant weakness on page 20.***

# VFM arrangements

## Improving Economy, Efficiency and Effectiveness

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



# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on Improving Economy, Efficiency and Effectiveness

### The Council's arrangements for assessing performance and evaluation service delivery

The Council prepares performance monitoring and financial monitoring reports which are regularly reported throughout the year. Quarterly performance management reports are presented to the Overview and Scrutiny committee. These reports are presented alongside narrative reporting of actual performance, progress to achieving targets, current and known future challenges and an assessment of how the Council is performing. The Council reports on a quarterly basis how they are performing against their KPI's, any underperformance would be raised to members. We have reviewed a sample of the reports and can confirm that the information within is presented in an understandable format for committee members to make informed decisions.

The Council's objectives are set out in its Corporate Plan 2021-2025. The Council's strategy focuses around the following core areas:

- Thriving local economy
- High quality environment
- Healthy and proud communities
- Effective and efficient Council

The Council's Medium Term Financial Plan ties into the Corporate Plan to ensure that funding is targeted as appropriate towards the Council's priorities. The monitoring of the achievement of the Corporate Plan priorities is considered during the Council's quarterly reporting. Additionally, a Operations Service Improvements board has been set up as a direct result of the financial and operational performance.

### The Council's arrangements for effective partnership working

The Council has a number of partnerships with a range of organisations which is consistent with the sector in which they operate. These include service delivery partnerships, statutory partnerships and commercial partnerships, examples of key partnerships are set out below.

Rossendale Connected is coordinated by the Council and is a partnership of over 80 organisations from various sectors working together to make a positive impact on the health and wellbeing of Rossendale residents, focusing on the delivery of the Rossendale Health and Wellbeing Plan. Capita is another of the Council's key longstanding partnerships, with Capita providing revenue and benefits services to Rossendale residents. The Council's Service Assurance Team has a close working relationship with Capita colleagues. The success of the partnership is evidenced by high Council Tax and Business Rates collection rates. Other key partnerships include Together Homes, Rossendale Heritage Network, Plan for Neighbourhood, Rossendale Works and other Community Partnerships.

In our view the partnership working with Rossendale Leisure Trust, as detailed on page 13, is evidence of an

ineffective partnership working arrangement. Whilst the basis for the Council's relationship with Rossendale Leisure Trust is to provide services to the local community; the Council does not have appropriate controls or operating arrangements to deliver effective services to service users. The lack of controls is evidence that there is a significant weakness in the Council's arrangements. The Council has commissioned a strategic review, as detailed on page 13, which aims to address the weaknesses in the arrangement.

### The Council's arrangements for procurement and commissioning services

The Council's Constitution contains a chapter on the Contract Procedure Rules. The Council also sets the detailed process the Council must follow when procuring goods and services. The Procurement Strategy was due to be updated in 2020. This update is in progress to bring the policy in line with the Procurement Act 2023 but is yet to be completed. The Council have appropriate controls in place to ensure compliance with the Act from February 2025. It is important that the Council has clear and up to date policies to ensure that procedure is clear and the Council is protected when entering into agreements with third parties.

We have raised this as an 'other recommendation' since our Value for Money reporting on the 2020/21 financial year in March 2024. We are aware the Council is undertaking a full review and refreshing their policies but this has not yet been finalised. We have therefore raised this as an 'other recommendation' in 2024/25.

### Other recommendation

Description	Recommendation
The council has a number of policies that are out of date and require reviews and updating.	The Council should ensure it has a programme in place to review the Council Policies and update as necessary. This ensures management are acting in a lawful and compliant way to provide services or the local community.

***We reported a significant weakness in arrangements for improving economy, efficiency and effectiveness in 2023/24 relating to the arrangements with Rossendale Leisure Trust. Based on the work completed for 2024/25 we consider the significant weakness to still exist. We have included details of this continuing significant weakness on page 20.***

# VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in a prior year

As part of our audit work in previous years, we identified the following significant weaknesses, and made recommendations for improvement in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council's progress against the recommendations made, including whether the significant weakness is still relevant in the 2024/25 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Council progress in 2024/25	Overall conclusions
<p><b>Financial Sustainability</b></p> <p>The Council's budgets for 2020/21, 2021/22 and 2022/23 all relied upon the use of reserves to bridge funding gaps. In addition, the Council's outturn position for each of these years were overspent. The Medium Term Financial Strategy (presented to Council in February 2023) projected funding gaps in 2024/25, 2025/26 and 2026/27 of £857k, £1,514k and £1,564k. The growing deficit is forecast to exhaust the Council's General Fund reserve by 2025/26, which is evidence of an unsustainable reliance on reserves and a lack of action to address the underlying reasons for persistent overspending.</p> <p>In our view the failure to address the underlying deficit is evidence of a significant weakness in the Council's arrangements for financial sustainability (how the Council plans to bridge its funding gaps and identify achievable savings) in 2020/21, 2021/22 and 2022/23.</p>	<p>Financial Sustainability</p>	<p>The Council should develop sustainable financial plans to ensure services can be provided within available resources. Specifically, the Council should:</p> <ul style="list-style-type: none"> <li>• undertake a baseline assessment of the affordability of services and funding available against Council priorities;</li> <li>• develop a detailed plan to address the deficit; and</li> <li>• ensure sufficient information is available to monitor and deliver planned savings.</li> </ul>	<p>The Council has made good progress against this recommendation in 2024/25. There was an underspend of the budget by £800k. This has allowed a positive contribution to reserves of £230k. 2024/25 is the second year of underspends and contributions to reserves the Council has delivered.</p> <p>The Council has performed an assessment of the affordability of their services and improved their budget setting process.</p> <p>Where funding gaps are identified the Council has identified additional savings and income to mitigate the use of reserves.</p> <p>Quarterly finance updates are reported to Cabinet which clearly set out the forecasted outturn, savings and impact on reserves.</p>	<p>We conclude the Council has addressed the recommendation and has proper arrangements in place for 2024/25.</p>

# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in a prior year - continued

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Council progress in 2024/25	Overall conclusions
<p><b>Partnership with Rossendale Leisure Trust</b></p> <p>Rossendale Leisure Trust (the Trust) manages a number of the Council's leisure facilities and has done since 2004. During the period 2020/21, 2021/22 and 2022/23, the Council paid for pay and non-pay expenditure incurred by the Trust.</p> <p>During and following the COVID-19 pandemic the Council gave revenue financial support to the Trust including lease payment holidays and grant allocations, this has resulted in a significant balance currently being owed to the Council by the Trust. We have seen no evidence of a repayment plan to repay the debt and the Council has not accounted for any impairment of the balance.</p> <p>Officers have confirmed there is no formal overarching agreement or contract between the Council and the Trust. For a partnership of this size and nature we would expect to see a comprehensive, signed agreement in place that aims to protect the Council's interests. This deficiency in arrangements for the provision of leisure services is evidence of significant weaknesses in the Council's arrangements for governance (how the body ensures it makes properly informed decisions, supported by appropriate evidence) and for improving economy, efficiency and effectiveness (how the Council ensures that commissioned services realise the expected benefits), in 2020/21, 2021/22 and 2022/23.</p>	<p><b>Governance &amp; Improving the three Es</b></p>	<p>The Council should:</p> <ul style="list-style-type: none"> <li>ensure that there is a comprehensive signed agreement in place to formally document the working relationship with Rossendale Leisure Trust;</li> <li>put in place arrangements to recover the debt owed by Rossendale Leisure Trust; and</li> <li>carry out an impairment review of the debt and recognise an expected credit loss where appropriate.</li> </ul>	<p>The Council has commissioned a strategic review to assess the terms of the current arrangement. The Council plans to put in place an operational agreement following the conclusion of this review.</p> <p>The balance owed to the Council has remained static in 2024/25, £1.3m as at March 2025 and there is no repayment agreement in place. The Council plans to incorporate this in the agreement with RLT following the strategic review.</p> <p>No impairment of this balance has been accounted for, following the Trust forecasting a small surplus.</p> <p>Whilst the Council has taken some action against the recommendation previously issued, by setting up a strategic review. In our view the action taken to date does not address our recommendation.</p>	<p>We consider this weakness has not been addressed and still exists for 2024/25.</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 completed the statement at the conclusion of the audit of the financial statements. 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 and we have therefore been unable to issue our Audit Certificate for 2024/25.

05

Audit fees and other services

# Audit fees and other services

## Fees for work as the Council's appointed auditor

Public Sector Audit Appointments (PSAA) determine the scale fee for the Council's audit and publish this each November. The scale fee covers the work required as the Council's appointed auditor under the NAO Code of Audit Practice. The scale fee for 2024/25 was set at £151,432 (£137,043 for 2023/24).

As we have been unable to complete the required procedures to complete our audit before the backstop date, we have proposed a reduction in the scale fee in line with previous years.

Final fees are subject to review and approval by PSAA.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Work to support the financial statements audit including time to plan the audit and issue the disclaimer opinion.	£26,727	£24,188
Work completed to assess the Council's value for money arrangements and issue our value for money commentary	£49,147	£44,477
Additional work on value for money risks of significant weaknesses	£5,960	£10,000
<b>Total</b>	<b>£81,834</b>	<b>£78,665</b>

## Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section '*Confirmation of our independence*'.

Area of work	2024-25 Agreed Fee	2023-24 Actual Fee
Housing Benefits Subsidy Assurance	£29,250	£28,500

# Contact

## Forvis Mazars

### **Alastair Newall**

Director

Tel: +44 (0)161 238 9248

[alastair.newall@mazars.co.uk](mailto:alastair.newall@mazars.co.uk)

### **Katie Kingston**

Senior Manager

Tel: +44 (0)161 238 9253

[katie.kingston@mazars.co.uk](mailto:katie.kingston@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](http://www.auditregister.org.uk) under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2026. All rights reserved.