

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 25TH NOVEMBER 2025**

PRESENT

His Worship the Mayor – Councillor M. Ammer

*Councillor R. Anwar
Councillor D. Cockburn-Price
Councillor M. Stone
D. Rothwell*

Also in Attendance

<i>L. Warner</i>	<i>Mersey Internal Audit Agency, MIAA</i>
<i>S. Iqbal</i>	<i>Grant Thornton UK LLP</i>
<i>K. Spencer</i>	<i>Director of Resources, Pendle Borough Council (PBC)</i>
<i>G-L. Wells</i>	<i>Head of Finance PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>

(Apologies were received from Councillor B. Newman.)



21. APPOINTMENT OF CHAIR

As the Chair was running late and the Vice-Chair had given his apologies, nominations were invited for the appointment of Chair, for this meeting only.

RESOLVED

That Councillor M. Ammer be appointed Chair.

His Worship the Mayor Councillor M. Ammer (in the Chair)

22. DECLARATIONS OF INTEREST

Members were reminded of the legal requirements concerning the declaration of interests.

Members' attention was also drawn to the requirements of the Council's Code of Conduct relating to the disclosure of Other Registrable Interests and Non-Registrable Interests.

Councillor R. Anwar (Chair)

23. MINUTES

RESOLVED

That the minutes of 30th September 2025 be agreed as a correct record and signed by the Chair.

24. INTERNAL AUDIT PROGRESS REPORT

L. Warner highlighted the key areas of progress made against the Internal Audit Plan for the period 22nd September to 14th November 2025.

Since the last meeting the Internal Auditors had finalised 2 reviews: Payroll (substantial assurance) and IT Critical application review – IDOX system (limited assurance). The key areas from their work and actions to be delivered were set out at Appendix C. As the review on the IDOX system had received a limited assurance, this had been provided in full at the end of the report

The Director of Resources was asked about the risks regarding password security that had been flagged up in the IDOX audit. The review had also flagged up a lack of user management across the system and no monitoring activities carried out. She said that Management had agreed to review user accounts and make sure there were controls in place to keep them up to date. Initially it was thought that the findings around passwords did not pose a risk in view of IDOX only being accessed from inside the Council's network. However, this was being looked at again to ensure passwords were strengthened.

The Governance review was at draft report stage. The following reviews were in progress – VAT (fieldwork concluding); Health & Safety (fieldwork); Contract Management (fieldwork), IT Asset Management (fieldwork), Procurement (fieldwork) and Nelson Town Deal (planning). There were no proposed changes to the Audit Plan.

The Internal Auditors had also followed up on previous IA recommendations. These were set out at Appendix D. Of the 68 recommendations, 16 were not due for follow up. Since issuing the report 4 recommendations relating to the Colne Municipal Theatre audit had been implemented. This meant that of the remaining 52 actions, 33 had been fully actioned and 19 were in progress. There were no critical and 3 high priority recommendations outstanding and past their original implementation date. These were related to the Information Governance audit and were in progress with a revised date of 31st December.

The report included links to their latest briefings on AI Governance Checklist and Celebrating 10 years of the MIAA Internship Programme.

RESOLVED

That the Internal Audit progress report be noted.

REASON

To demonstrate that the Committee fully understands and is monitoring the work of Internal Audit.

25. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATES

S. Iqbal presented the External Auditor's report on progress in delivering their responsibilities. Their audit on the Financial Statements 2024/25 commenced in September 2025 and work was in progress across all identified areas of significant risk. Their testing of in-year transactions and year-end balances was also in progress.

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The value for money audit work was underway and expected to be complete by 31st December 2025. They were on track to bring this report and the Audit Findings report on the Financial Statements 2024/25 to the January meeting of this Committee.

The report also included several sector updates for consideration. She flagged up the webinar on 27th January 2026 providing updates on managing local authority debt and on preparing for local government reorganisation, which all Members of the Committee were welcome to attend.

The Head of Finance said that they were meeting the External Auditors twice a week and going through outstanding issues. She said it was very important for the Council to have a good, clear audit of the Financial Statements for 2024/25. S. Iqbal confirmed that they were working closely with the Finance Team on the audit, who were responding quickly to requests, and working towards delivering the audit before the 27th February 2026 backstop.

The report provided a sector update on the Fair Funding Review, which had looked at how local government grant system should be made fairer. It was expected that significant changes to the grant funding system would take effect on 1st April 2026 for 2026/27. The Director of Resources said it was not yet clear how this would affect the Council. Pendle had scored higher in the 2025 Index of Deprivation which could increase grant funding. However, the Government's recently published Local Government Financial Policy Statement seemed to indicate that the funding expected in the New Burdens Fund to cover the cost of introducing food waste collections in the borough would now come out of core funding. This was the Council's biggest concern.

RESOLVED

That the External Auditor's progress report be noted.

REASON

To demonstrate that the Committee is monitoring the work of External Audit.

26. RISK MANAGEMENT UPDATE – QUARTER 2, 2025/26 & CORPORATE GOVERNANCE UPDATE

The Director of Resources submitted a report with an update on –

- the developments relating to the Council's risk management arrangements, including the updated Strategic Risk Register (SRR) based on Q2 2025/26 updates (Appendix 1);
- the Council's Corporate Governance arrangements; and
- the delivery of the Action Plan 2025/26 contained within the draft Annual Governance Statement (AGS) which formed part of the Statement of Accounts for 2024/25 (Appendix 3).

The Director of Resources said that the key point to note from the SRR in Q2 was that the score of 3 Strategic Risks had reduced (SRR-02b Organisation's Internal capacity to Deliver (Local Waste Transfer Station), SRR-04 Delivery of Local Plan and SRR-14 Joint Venture Companies). The changes were summarised in the report and detailed in Appendix 1.

She said that the Council was still in talks with LCC on seeking support to retain local facilities for the disposal of Pendle's waste, including food waste from April 2026. The risk score for SRR-04 had reduced below the target risk score as the Local Plan had now been through examination and was expected to be agreed soon.

It was noted that since the previous review, a new Strategic Risk had been added to the SRR relating to Local Government Re-organisation.

There was a question about the risk score for SRR-09 on the achievement of carbon neutral targets by 2030. It was felt that this was too high. A revised target of 2050 was recommended as more realistic, which would be in line with the Government policy on reaching net zero and the Pendle Climate Change Strategy agreed at Council in July.

The updated Local Code of Corporate Governance was presented at the previous meeting, identifying actions required to maintain or improve the Council's governance arrangements. Appendix 2 provided an update on activity during Q2.

With regard to the AGS Action Plan 2025/26 Q2, the progress was noted on actions to improve consistency with planning applications. There was now legal officer representation at Chair's briefings for area committees and meetings if it was felt necessary, and legal officer representation at Development Management Committee meetings. The final report from Anthony Collins was expected that week.

RESOLVED

- (1) That the current developments and position linked to the Council's risk management arrangements and the Strategic Risk Register be noted.
- (2) That the Director of Resources reconsider the Strategic Risk score for SRR-09 – Achievement of carbon neutral targets by 2030.
- (3) That the position on the Local Code of Corporate Governance and the Corporate Governance Framework be noted.
- (4) That the progress in the delivery of the AGS Action Plan 2025/26 be noted.

REASON

To ensure the Committee is made aware of current developments impacting on the Council's wider corporate governance framework.

27. TREASURY MANAGEMENT 2025/26 QUARTER 2 MONITORING REPORT

The Director of Resources submitted a report providing a summary of the activity undertaken in the second quarter of 2025/26 in relation to the Council's debt and investment.

At the beginning of 2025/26 the Council held loans of £18.359m, at an average interest rate of 2.89%. No additional borrowing had been undertaken during Q2. The average interest rate was 2.82% as of 30th September 2025. An analysis of the long-term debt was provided in Appendix A with a maturity profile provided in Appendix B. The borrowing position was within the boundary limits set and approved as part of the Treasury Management Strategy Statement and Annual Investment Strategy. The Council had not undertaken any short-term borrowing in this period and would be paying off £1.5m at the end of the year. No further debt needed to be repaid until 2030.

It was suggested that there might be potential value in repaying the long-term debt of £1.859m reported in Appendix A early. The Head of Finance said that it could trigger a pre-payment penalty but would look into this.

The Council started the year with investments of £33.10m. The balance of investments at 30th September stood at £34.69m. It was noted that in Q2 the average rate of return on the Council's investment portfolio was 4.194%, compared to £4.318% at the end of Q1.

In summary, there was a good return on investments and a good cash balance, mainly due to unspent grant income from Nelson Town Deal funding. There was an assurance that the capital programme was continually monitored to keep under review future financing needs.

RESOLVED

- (1) That the work on the Council's treasury management activities in the period 1st July to 30th September 2025 be noted.
- (2) That the Head of Finance check if there was potential value in paying off the long-term debt of £1.859m reported in Appendix A early and report back.

REASON

1. ***To comply with the Council Treasury Management Policy and good practice in treasury management generally.***
2. ***To utilise surplus funds strategically and avoid net costs from external borrowing.***