

## **Report to Council**

**Subject:** External Audit Fees for the 2024/25 Statement of Accounts

**Date:** 23 July 2025

**Author:** Chief Finance and Section 151 Officer

### **1. Purpose of the Report**

To request additional budget for the proposed external audit fees in respect of the 2024/25 financial year.

#### **Recommendations:**

##### **That Council:**

- Approves for the additional budget required of £88,549 for the 2024/25 External Audit Scale fees.
- Note the grants received from MHCLG in response to the Redmond review and rebuilding assurance set out in section 4 of the report.

### **2. Background**

It is a requirement that the Council's financial statements are audited on an annual basis and that in addition the auditors undertake all work necessary to support their conclusion on value for money.

At its meeting on 24<sup>th</sup> June 2025, Audit Committee notes the increase in the fees and made the recommendation that Council approve the additional amount required.

### **3. Proposal**

Mazars, the Council's external auditor, have set out their proposals for the audit work and associated fee in respect of the 2024/25 audit in the annual External Audit Fee letter as attached at appendix 1. The audit fee covers the audit of the 2024/25 financial statements and the value for money conclusion.

## **4. Financial Implications**

The current budgeted audit fee is £53,600; the letter proposes fees of £142,149, an increase of £88,549. This will require additional budget and will be funded from the General Fund.

Audit fees are set the Public Sector Audit Appointments (PSAA), who is the “appointing person” for the audit of the accounts of local government bodies that opt into its national scheme. The PSAA appoints auditors and sets the fees, which are based on a scale fee for the previous year, adapted for changes in audit requirements. The Council has no control over the scale fees that are set.

The scale fees are the standard fees for the year, and these may increase due to additional work required depending on audit requirement for that year.

External Audit Fees have increased significantly due a number of factors including a backlog of audits, increased regulatory requirements, and a limited number of qualified audit firms. These issues have led to higher costs for councils.

As with previous years, and in response to the Redmond Review, MHCLG have committed a further £15m to “opted in” authorities to support with the costs of strengthening their financial reporting, and other new requirements on auditors. Gedling has been awarded £18,041.

Due to the backstop arrangements and the recent fraud which has delayed previous years audits, the amount of fees have been unclear - an earmarked reserve amount was set aside to fund increases in fees and supplementary fees arising from the additional work required for the fraud on an interim basis. The Redmond grant award mentioned above will be transferred to this reserve to fund any additional audit fee for the 2024/25 year that may arise on top of the scale fee.

Although the Council has received this grant, it is still appropriate to ensure ongoing budget is increased by £88,549 to meet current and future audit scale fees, any surplus budget in year will be retained in the earmarked reserve for future additional work.

In addition to the grant above, MHCLG have also announced recently that they will provide up to £49m of support to help eligible bodies clear audit backlogs and cover the additional cost of rebuilding audit assurance with statutory backstop related disclaimers. Gedling has been awarded £41,621 for the year 2024/25. It should be noted that this is to fund additional work on rebuilding assurance and the scale fees mentioned above will still be required as standard.

## **5. Legal Implications**

None arising directly from this report, The Accounts and Audit Regulations 2015 mandates that Local Authorities in the UK must have external audits. It outlines the framework for audits of local authorities, including the requirement to appoint an external auditor.

## **6. Equalities Implications**

None arising directly from this report

## **7. Carbon Reduction/Environmental Sustainability Implications**

None arising directly from this report.

## **8. Appendices**

Appendix 1 – External Audit Fees 2024/25

### **Statutory Officer Approval**

**Approved by:** Chief Financial Officer  
**Date:** 16 June 2025

**Approved by:** Monitoring Officer  
**Date:** 16 June 2025

