



**MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
THURSDAY, 25 SEPTEMBER 2025**

Held at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West
Bridgford
and live streamed on Rushcliffe Borough Council's YouTube channel

PRESENT:

Councillors D Simms (Chair), M Gaunt (Vice-Chair), K Chewings, H Om,
N Regan, C Thomas, T Wells and G Wheeler and D Polenta (as substitute)

ALSO IN ATTENDANCE:

Max Armstrong - BDO (The Council's Internal Auditors)
Jennifer Norman – Forvis Mazars (The Council's External Auditors)

OFFICERS IN ATTENDANCE:

P Linfield	Director for Finance and Corporate Services
S Whittaker	Head of Finance
M Heald	Finance Business Partner
E Richardson	Democratic Services Officer

APOLOGIES:

Councillors P Gowland

10 Declarations of Interest

There were no declarations of interest.

11 Minutes of the Meeting held on 19 June 2025

The Chair noted that the Independent Person, Jonathan Causton, was not recorded as being in attendance at the last meeting and confirmed that the minutes would be updated accordingly.

With the above amendment, the minutes of the meeting held on 19 June 2025 were approved and signed by the Chair.

12 Internal Audit Progress Report Q1

Mr Armstrong from BDO, the Council's Internal Auditors, presented the Internal Audit Progress Report Quarter 1. He referred Members of the Group to the table on page 16 of the report which showed the progress made in the year to date and confirmed that audits for Q1 audit had been completed and that audits for Q2 were in progress.

Mr Armstrong referred to page 14 of the report and noted a matter raised at the previous meeting as to whether the Internal Audit Plan should be amended to

include something on licensing. Mr Armstrong said that following discussion with Officers including the licensing team, it was felt that the risk was relatively low and as such the report should not be changed for this year, but that a review on licensing more broadly would be included in the Internal Audit report for 2026/27.

Councillor Thomas asked about fees, including additional fees for events. The Head of Finance explained that these were annual fees for licences, being both a standard fee and also an enhanced fee which could be charged for circumstances which met certain triggers and required additional work by the Licensing Team, for example a large event with a large number of attendees.

Mr Armstrong referred to page 17 of the report which detailed the audit report for Streetwise management which was the first review of this quarter. He noted that an opinion of moderate on design and substantial for effectiveness had been found, with one medium and two low recommendations. He said that the focus had been on governance, performance management and the street cleansing function. He said that overall opinion was positive and that the medium finding related to documentation and audit trails for reactive requests for street cleansing.

Mr Armstrong said that the second audit completed had been in relation to Council Tax and NNDR which, due to it being a statutory function of the Council, was generally audited every three to four years. He explained that the scope of the audit included billing for Council Tax, collections and application of discounts and relief and that substantial assurance had been provided for both design and effectiveness which was consistent with the previous audit in 2020/21. He said that there were only two low findings, in relation to checks to prevent fraud of refunds for historically rebanded council tax properties and also two cases where council tax hadn't been issued in a timely manner to new build properties.

Councillor G Wheeler asked about rebanding of properties and Mr Armstrong said that when Council Tax was introduced around 1993 every property was given a banding, and that in cases where a property had had its banding since changed to a lower band, the current and any previous owners would be entitled to a refund. He explained, however, the previous owners may not know that they were due a refund and as such there was some vulnerability, with one council having an employee who had stolen those funds. The Director for Finance and Corporate Services confirmed that the revaluation was done by the Valuation Office and not by the Council.

Councillor Thomas asked whether the audit had looked at properties which had changed from Council Tax to business rates and vice versa. Mr Armstrong said that they were not included in the scope but that new properties becoming eligible for Council Tax or people moving into existing residential properties were included.

Councillor Wells asked whether charges for maintenance services affected Council Tax charges and the Head of Finance said that Council Tax was separate to management fees.

Councillor Polenta asked about Streetwise KPIs recording and Mr Armstrong replied that the recommendation was raised in relation to potentially strengthening some of the KPIs to include more quantitative measures and better documentation of activity on the system.

Mr Causton asked about management responses to recommendations and inclusion of those in the report. Mr Armstrong said that Internal Audit was flexible in terms of its reporting templates and that it had been agreed that the aim for Rushcliffe was to keep reporting streamlined.

It is **RESOLVED** that the Governance Scrutiny Group considered the quarter 1 progress report for 2025/26 (Appendix A) prepared by the Council's Internal Auditor and note the proposed inclusion of Licensing Income in the 2026/27 audit plan.

13 **External Audit Completion Report**

Ms Norman from Forvis Mazars, the council's external auditors presented the External Audit Completion Report 2024/25, which summarised the audit of the Statement of Accounts.

Ms Norman said that work had been substantially completed with areas still outstanding listed on page 40 of the report, with the colours indicating the likelihood of a material misstatement arising from those areas. She said that the pension fund auditor assurance was still pending but that it was not expected for there to be any issues for the anticipated unmodified external audit opinion.

Ms Norman clarified that the covering report mentioned a deadline of 30 September but said that the deadline was the same as the back stop and she assured Members of the Group that the statutory deadline had been met. She said that there was a new deadline specifically for value for money work and that work was being carried out under the new NAO code of audit practice which meant that they had to issue their draft conclusions by 30 November, which had been met with the report presented to Committee at this meeting.

Ms Norman referred to page 62 of the report, appendix A, and the recommendation related to an unadjusted misstatement awaiting response at the time of the report but which she could now inform Members of the Group was likely to be circa £196k which was well below the material threshold but above the reporting threshold. She explained that the recommendation related to the timely removal of assets that were no longer in use from the Council's fixed assets register. She added that there some adjusted misstatements which were cumulatively above the trigger threshold and which related to IFRS16.

Councillor Thomas asked about reference to wrong accounting under for the new standards. Ms Norman said that this related to an investment property and the Head of Finance explained that it was an asset that the Council already had in its asset register that was then brought under the scope of IFRS16 and when added to the IFRS16 asset register it had not subsequently been removed as an investment property.

Councillor Polenta asked about assets of zero value, with reference to the Council repairing rather than having a capital replacement program and asked about managing future risk associated with that. The Head of Finance said that as part of the capital program, the life of an asset was assessed and replacement would be planned into the capital program when it was coming to the end of that lifespan, however, if at the anticipated point of replacement it was determined that the asset did not need to be replaced as yet, then replacement would just be carried forward in the capital programme and would still be budgeted for.

It was **RESOLVED** that the Governance Scrutiny Group:

- a) Approved the findings of Forvis Mazars Audit Completion Report (Appendix 1)
- b) Approved the Draft Management Representation Letter (Appendix 2).

14 **Draft Annual Audit Report**

Ms Norman presented the Draft Annual Report which provided a commentary coming from the value for money work and proposed conclusions.

Ms Norman advised that no significant weaknesses in arrangements were being reported and that no recommendations were being made. She said that it was a very good report for the Council and it was anticipated that all work would be completed well before the deadline.

The Chair referred to the increased costs for external audit work and asked why they had increased so much. Ms Norman explained that the Council had signed a contract with Public Sector Audit Appointments (PSAA) which came under the Local Government Association and explained that the fees were set by the PSAA rather than Forvis Mazars and that PSAA carried out annual consultation to confirm the fees. She referred to historical incidents where many councils were not producing audited accounts on time and as such systemic reform was required and the increased fees supported that reform work.

It was **RESOLVED** that the Governance Scrutiny Group noted the receipt of the Draft Annual Audit Report at Appendix A.

15 **Statement of Accounts**

The Head of Finance presented the Statement of Accounts report and summarised the main points. She referred Members of the Group to the narrative section of the report which detailed and summarised the key points.

The Head of Finance informed the Group that total funding for the council was covered by Council Tax, business rates and grants. She said that the general fund remained stable and that earmarked reserves had risen from £20.9m to £24.3m. She referred the Group to note 4 on page 13 which showed the total transfers to reserves, mainly related to topping up the climate change reserve

and the creation of a simpler recycling reserve due to additional responsibilities for the Council arising from the Environment Act.

The Head of Finance said that the overall net increase included planned transfers to reserves, which included new homes bonus and underspends to the organization stabilization reserve. She confirmed that the Council's overall net worth had increased and that investments held by the council at 31 March 2024 totalled circa £76m, which was a slight increase from the previous year.

The Head of Finance informed Members of the Group that capital expenditure totalled £7m and that the Council had no requirement to borrow externally. She noted that the collection fund was in surplus and that this would be redistributed in 2026/27.

In relation to major service developments and key achievements for the Council through the year, the Head of Finance referred Members of the Group to the narrative section of the report. In relation to the Climate Change Reserve, she referred Members of the Group to paragraph 4.8 which provided information about some of the projects that it had funded.

The Head of Finance concluded that the Council's position remained stable, although challenges and risks still remained and were likely to continue with reviews of funding and the Local Government Reorganisation (LGR).

Councillor Thomas asked about risks to the Council's reserves with LGR, including s106 and CIL funds and New Homes Bonus (NHB). The Head of Finance said that LGR was a complicated process and expected that this would be determined in the future. The Director for Finance and Corporate Services added that much of the NHB funding was earmarked for projects and thought that amounts would be small by the point of LGR. He said that the reserves from all councils coming together would be combined under the new authority and that detail about how this would be managed was to be confirmed.

The Chair asked about the increase in reserves for the financial year and the Head of Finance explained that the balance varied annually but that this year reflected the delay in business rates reform and consequently higher level of business rates and confirmed that the annual budget would be determined by Cabinet and Full Council.

Councillor Thomas asked about £25m Freeport seed funding for 25/26 and the Director for Finance and Corporate Services said that the seed capital was allocated for infrastructure projects to help facilitate the development of the site and was due to be spent within this financial year.

Councillor Thomas asked whether land had been purchased for carbon capture and the Head of Finance confirmed that this had been carried forward.

It is **RESOLVED** that the Governance Scrutiny Group:

- a) Approved the Statement of Accounts for 2024/25 (Appendix A) including the Annual Governance Statement at Section B page xxix

- b) Delegated authority to the Director of Finance and Corporate Services to make any changes necessary resulting from the matters outstanding on the accounts and advise both the Chair of Governance Scrutiny Group and Finance Portfolio Holder accordingly, such changes to be reported to the Governance Scrutiny Group.

16 Risk Management Progress Report

The Head of Finance presented the Risk Management Progress Report. She confirmed that the Risk Management Group met on 9 September 2025 and reviewed and made recommendations on the risk register. She noted that the last audit was conducted in 2022 by BDO when the Council had received a substantial rating for design and operational effectiveness.

The Head of Finance said that training was provided for Councillors in 2023 and that refresher training had been arranged for early 2026, when the next Risk Strategy would be brought to the Group.

The Head of Finance took the Group through changes to the risk register. She noted that a new risk relating to loss of housing benefit subsidy for charity and non-registered providers had been added, that no risks had been increased and that risks that had reduced related to inadequate services resulting from LGR, difficulty recruiting and retaining staff linked to LGR, reducing new homes bonus, reductions in business rates base and interest rates risk. She said that risks removed from the register were the Flintham compulsory purchase order, borrowing costs and risk related to the Crematorium opportunity.

Councillor Chewings referred to the risk relating to the Crematorium generating new income to pay back its cost being removed from the risk register but noted that the risk relating to the Crematorium meeting its business models remained. The Head of Finance said that the removed risk related to the opportunity risk presented before the Crematorium had been built and that the risk of the Crematorium not meeting its business plan was a current ongoing risk.

Councillor Polenta asked about the risks related to charities and non-registered providers and asked about differences between the services. The Head of Finance said that it was for the charities to determine whether they became housing providers and explained that they may provide additional specialised services, such as mental health services, which could result in a higher benefits claim to the Council but that the Council could only claim housing benefit subsidy up to the weekly rental value of the residence as determined by the rent officer, which may result in a loss to the Council.

Councillor Thomas asked how much this risk amounted to and the Head of Finance said that this risk related to the possibility of a new facility in the Borough and that it could amount to around £200k per year dependent upon what the rent was set at. She said that the risk was deemed to be low but had been included on the risk register so that there was visibility on it.

Councillor Regan asked about the reduction in risk relating to staff morale and loss of staff due to LGR and the Head of Finance explained that the Council

was not experiencing a high turnover of staff and was experiencing high applications for vacancies but said that the risk was fluid and may change.

Councillor Thomas asked about the reduction in NHB to yellow rather than green if there was no budget. The Head of Finance said that there was still the possibility that the government could consult or replace it with something else, so the risk remained to keep sight of it. Councillor Thomas asked whether it would be an opportunity rather than a risk and the Director for Finance and Corporate Services agreed and said the Council would look at changing it to an opportunity.

Councillor Thomas asked whether there was opportunity for business rates to be generated from the Ratcliffe on Soar power station site and the Head of Finance said that whilst there may be future opportunity, the Council was not aware of any at this current time.

It was **RESOLVED** that Governance Scrutiny Group:

- a) Scrutinised the changes made to the Council's Risk Registers during this period
- b) considered and made recommendations on risks that have red alert status.

17 **Going Concern Assessment 2024/25**

The Director for Finance and Corporate Services presented the Going Concern Assessment which assessed whether the Council remained a going concern for the next 18 months. He was pleased to report that the Council was considered to be a going concern and reflected on the Council's positive financial situation which supported that position.

The Director for Finance and Corporate Services summarised the key areas that had been considered as part of the assessment, which were detailed at paragraphs 4.3 to 4.8, including that the Council remained on course to meet its budget and to deliver its capital program for the year and that its overall net worth had increased. He confirmed that the Council had continued to invest in its assets and had healthy reserves and a healthy projected financial position.

The Director for Finance and Corporate Services referred to the projected financial position and said that the MTFS gave a largely balanced position over the next five years, although with LGR and the Fairer Funding review the situation may change. He said that the Council had a healthy level of cash and cash equivalents, strong governance structures, good regulatory controls and strong financial management as confirmed by the Internal and External audit reports.

The Chair commented that the Council was an excellent council and an exemplar of good practice and he thanked Officers for their hard work.

It was **RESOLVED** that the Governance Scrutiny Group noted the positive outcome of the assessment made of Rushcliffe Borough Council's status as a

18 Capital and Investment Strategy Q1 Update 2025/26

The Finance Business Partner presented the Capital and Investment Strategy Q1 Update for 2025/26.

In relation to the economic forecast, the Finance Business Partner said that inflation had increased over the quarter and interest rates had fallen to 4% and were expected to fall further in quarter 4. She said that the UK economy had marginally expanded but that growth was expected to slow.

In relation to investment income, the Finance Business Partner referred to paragraphs 4.4 to 4.7 and said that interest receipts were projected to exceed what had been budgeted and that the Council exceeded the budgeted average interest rate of 4.06%. She referred to Appendix B which detailed diversified funds which had seen significant fluctuation over the last few years and Appendix C which detailed prudential indicators which showed a current projected underspend.

The Finance Business Partner said that the CFR was the council's underlying need to borrow for capital expenditure and noted the forecast reduction in internal borrowing. In relation to net income from commercial and service investments to net revenue streams, she noted a marginally lower projected figure than expected. In relation to the financing cost to net revenue streams indicator, she said that this indicated that interest receipts exceeded financing costs.

The Finance Business Partner noted that the liability benchmark showed a credit balance which indicated that the Council did not need to borrow over the medium term.

In relation to commercial investments, the Finance Business Partner circulated an updated version of Table 3, as listed below, and explained that it demonstrated a reliance on commercial income which was projected to account for 12.5% of the Council's total income.

Table 3: Commercial Investments

	2025/26 Full Year	2025/26 Actual	2025/26 Budget	2025/26 Projected
	£'000	£'000	£'000	£'000
Commercial Investments	0	0	0	0
Commercial Property Income	(1,979)	(515)	(495)	(1,979)
Running Costs	465	95	107	487
Net contribution to core functions	(1,514)	(420)	(388)	(1,492)
Interest from Commercial Loans	(59)	(15)	(15)	(59)
Total Contribution	(1,573)	(435)	(403)	(1,551)
Total Income	(12,537)	(3,000)	(2,998)	(12,411)
Total Contribution/Total income	12.5%	14.5%	13.4%	12.5%
Sensitivity +/- 10%	(198)	(52)	(50)	(198)

In conclusion, the Finance Business Partner said that the UK economy was still very fluid, with falling interest rates and inflationary pressures and trade tariffs.

Members of the Group asked about the change to Table 3 and the Finance Business Partner explained that the original table had erroneously included the net position on the Crematorium which should not have been included and which was rather calculated as part of the prudential indicator calculations in Appendix C.

It was **RESOLVED** that Governance Scrutiny Group noted the Capital and Investment Strategy update position as of 30 June 2025.

19 **Work Programme**

The Head of Finance presented the Governance Scrutiny Group Work Programme. She informed the Group about two changes to the work programme, in that the Annual Audit Letter and Value for Money Conclusion would be removed from the 4 December work programme and that the Statement of Accounts would be removed from the 5 February work programme.

The Head of Finance said that Risk Management training was likely to take place prior to the 5 February 2026 meeting and would likely commence 6pm.

It was **RESOLVED** that the Governance Scrutiny Group approved the Work Programme as follows:

4 December 2025

- Internal Audit Progress Report
- Capital and Investment Strategy Update
- RIPA Review

5 February 2026

- Internal Audit Progress Report
- Internal Audit Strategy
- Risk Management Update
- Risk Management Strategy
- Capital and Investment Strategy Update
- Capital and Investment Strategy 2026/27
- External Annual Audit Plan
- Asset Management Plan

The meeting closed at 8.11 pm.

CHAIR