

Public Document Pack

When telephoning, please ask for:

Direct dial

Email

Democratic Services

0115 914 8511

democraticservices@rushcliffe.gov.uk



Our reference:

Your reference:

Date: 17 September 2025

To all Members of the Governance Scrutiny Group

Dear Councillor

A Meeting of the Governance Scrutiny Group will be held on Thursday, 25 September 2025 at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West Bridgford to consider the following items of business.

This meeting will be accessible and open to the public via the live stream on YouTube and viewed via the link: <https://www.youtube.com/user/RushcliffeBC>
Please be aware that until the meeting starts the live stream video will not be showing on the home page. For this reason, please keep refreshing the home page until you see the video appear.

Yours sincerely

A handwritten signature in black ink that reads 'S Pregon'.

Sara Pregon
Monitoring Officer

AGENDA

1. Apologies for Absence
2. Declarations of Interest
[Link to further information in the Council's Constitution](#)
3. Minutes of the Meeting held on 19 June 2025 (Pages 1 - 8)
4. Internal Audit Progress Report Q1 (Pages 9 - 28)
Report of the Director – Finance and Corporate Services
5. External Audit Completion Report (Pages 29 - 82)
Report of the Director – Finance and Corporate Services
6. Draft Annual Audit Report (Pages 83 - 118)
Report of the Director – Finance and Corporate Services
7. Statement of Accounts (Pages 119 - 256)
Report of the Director – Finance and Corporate Services

Email:

customerservices
@rushcliffe.gov.uk

Telephone:

0115 981 9911

www.rushcliffe.gov.uk

Postal address

Rushcliffe Borough
Council
Rushcliffe Arena
Rugby Road
West Bridgford
Nottingham
NG2 7YG



8. Risk Management Progress Report (Pages 257 - 274)
Report of the Director – Finance and Corporate Services
9. Going Concern Assessment 2024/25 (Pages 275 - 282)
Report of the Director – Finance and Corporate Services
10. Capital and Investment Strategy Q1 Update 2025/26 (Pages 283 - 292)
Report of the Director – Finance and Corporate Services
11. Work Programme (Pages 293 - 294)
Report of the Director – Finance and Corporate Services

Membership

Chair: Councillor D Simms

Vice-Chair: Councillor M Gaunt

Councillors: K Chewings, P Gowland, H Om, N Regan, C Thomas, T Wells and G Wheeler

Meeting Room Guidance

Fire Alarm Evacuation: in the event of an alarm sounding please evacuate the building using the nearest fire exit, normally through the Council Chamber. You should assemble at the far side of the plaza outside the main entrance to the building.

Toilets: are located to the rear of the building near the lift and stairs to the first floor.

Mobile Phones: For the benefit of others please ensure that your mobile phone is switched off whilst you are in the meeting.

Microphones: When you are invited to speak please press the button on your microphone, a red light will appear on the stem. Please ensure that you switch this off after you have spoken.

Recording at Meetings

National legislation permits filming and recording by anyone attending a meeting. This is not within the Council's control.

Rushcliffe Borough Council is committed to being open and transparent in its decision making. As such, the Council will undertake audio recording of meetings which are open to the public, except where it is resolved that the public be excluded, as the information being discussed is confidential or otherwise exempt



MINUTES OF THE MEETING OF THE GOVERNANCE SCRUTINY GROUP THURSDAY, 19 JUNE 2025

Held at 7.00 pm in the Council Chamber
and live streamed on Rushcliffe Borough Council's YouTube channel

PRESENT:

Councillors D Simms (Chair), M Gaunt (Vice-Chair), K Chewings, P Gowland, H Om, N Regan, C Thomas, S Ellis (as a substitute) and P Matthews (as a substitute)

ALSO IN ATTENDANCE:

Gurpreet Dulay – BDO (The Council's Internal Auditors)

Max Armstrong – BDO

Jennifer Norman – Forvis Mazars (The Council's External Auditors)

OFFICERS IN ATTENDANCE:

P Linfield

Director of Finance and Corporate
Services

S Whittaker

Head of Finance

M Heald

Finance Business Partner

T Coop

Democratic Services Officer

APOLOGIES:

Councillors T Wells and G Wheeler

1 Declarations of Interest

There were no declarations of interest.

The Chair welcomed Jonathan Causton, the new Independent Person for Governance Scrutiny Group and invited him to give a brief introduction of his financial background.

Mr Causton addressed the Group informing members that he currently works in and financial operational management role at Loughborough University, has much experience in finance and is CIPFA qualified.

2 Minutes of the Meeting held on 20 February 2025

The Head of Finance advised the Group that the question raised by Councillor Birch at the previous meeting in February had been resolved.

Councillor Regan as the only Councillor from the previous committee membership, confirmed the minutes of the meeting on 20 February 2025 were a true representation.

The minutes of the meeting held on 20 February were approved and signed by the Chair.

3 Internal Audit Progress Report

Mr Armstrong from BDO, the Council's Internal Auditors, presented the Internal Audit Progress Report for Quarter 4 which reflected the progress made for the year against the annual Internal Audit programme.

Mr Armstrong highlighted the completion and issuing of two reports from the 2024/25 Internal Audit Plan as follows:

The Equality, Diversity and Inclusion (EDI) was an advisory piece of work to help ensure the council has an effective approach to Equality, Diversity and Inclusion and that this is embedded across the Council. The Group were advised that this piece of work was not rated in the same way as other audits, the executive summary provided highlighted the Council was in line with other authorities of a similar size. The Group noted management recommendations around training compliance, SMART objectives, accountability and policies and procedures.

The Disabled Facilities Grants (DFG) audit received a substantial rating for design and moderate rating for effectiveness, with two low level recommendations around administration and compliance procedures and Mr Armstrong reassured the Group that internal controls were in place in respect of audit trails.

Councillor Thomas advised that Equality, Diversity and Inclusion is reported annually to the Corporate Overview Group for consideration and comment.

Councillor Thomas asked a specific question relating to the Disabled Facilities Grant process and whether the actions raised related to officer practice or limitations of the automated system. Mr Armstrong confirmed the automated system had its limitations and highlighted audit trails had been completed out of the system. It was suggested that the system provider be contacted to provide improvements to the process.

Mr Causton, the Independent Person for Governance commented on whether 67% was a realistic target in respect of the number of completions of Disabled Facility Grants. The Head of Finance explained timeliness for completion is often down to contractor's availability and resources.

Councillor Regan commented on the low EDI training completions rates and asked whether e-guides for staff and Councillors to undertake self-assessments could be considered. Mr Dulay from BDO, the Council's Internal Auditors explained this is down to the judgement of Council Officers who can set all kinds of measures against the LGA Equality Framework for Local Government, providing an example of annual staff surveys and comprehensive induction training including EDI mandatory training.

The Chair commented on the topic being very broad with similar concerns being raised at Corporate Overview Group on 17 June 2025.

It was **RESOLVED** that Governance Scrutiny Group considered the quarter 4

progress report for 2024/25 (Appendix A) prepared by the Council's Internal Auditor.

4 **Internal Audit Annual Report**

Mr Dulay from BDO, the Council's Internal Auditors presented the Internal Audit Annual Report 2024/25, which summarised the work undertaken and management actions arising from the audit. It also provides the annual opinion of the Head of Internal Audit required by the Public Sector Internal Audit Standards.

Mr Dulay informed the Group that the Council has had another positive year, has had a sound system of internal control, that controls were applied consistently across services and has reached an overall opinion of substantial assurance which is the highest level of assurance that can be awarded and is not typical of similar authorities and is a significant achievement.

Mr Dulay continued to advise the Group that the audit had issued no high-level findings and a total of 2 medium recommendations, reflecting limited control weaknesses, adding this demonstrates the Council's positive culture for maintaining effective controls, and where recommendations have been provided these have been implemented in a timely manner throughout the year.

Councillor Gowland expressed her thanks to the finance department and fellow Councillors involved with the scrutiny of the Council's financial governance.

The Chair asked a specific question in relation to a topic covered in a recent Licensing Committee where there had been an under payment from two venues within the Borough and the time taken to discover the underpayment and whether it is considered timely for the Council's processes and systems in this area to be added to the audit programme. The Director for Finance and Corporate Services explained the audit plan is flexible and specific audits maybe added if, and when necessary. Mr Dulay added that any additional work is usually highlighted by management responses and would be followed up within the audit programme.

Councillor Om commented on the summary of findings and the yearly comparisons for Operational Effectiveness which had increased for 2024/25. Mr Dulay explained there was an increase in the number of moderate assurances across the reviews, but overall the control for Operational Effectiveness remained positive.

It was **RESOLVED** that Governance Scrutiny Group noted the Internal Audit's Annual Report in relation to 2024/25 (Appendix A)

5 **Annual Fraud Report**

Mr Dulay from BDO, the Council's Internal Auditors presented the Annual Fraud Report 2024/25 which summarised any incidences of fraud and fraud prevention activities at Rushcliffe Borough Council.

It was noted the auditors had not undertaken a full risk assessment or audited any information provided to it by Council officers.

Mr Dulay explained the report highlights the counter fraud arrangements of the Council, including preventing and detecting fraud. The Internal Audit had confirmed that no incidents of fraud directly associated with the Council had been identified. Management is aware of frauds that occur across the local government sector and engages with Internal Audit.

Mr Dulay advised that the Council had taken proactive steps in preparing a comprehensive fraud risk assessment and had initiated a bottom-up approach to identifying potential fraud risks across all services. The Council had also reviewed its policies on Anti-Fraud and Corruption and Whistleblowing and encourages all individuals to raise any concerns they may have about the conduct of others within the Council.

The Council participates in the National Fraud Initiative (NFI) which is a data matching service that matches data within and between public and private sector bodies to prevent and detect fraud. It was noted the council had conducted a review in respect of single person discounts via the NFI in November 2023, with the next review planned for 2025.

Mr Dulay highlighted the Council's Fraud Awareness and Strategy with regular communications via its internal staff matters publication. Fraud training is delivered regularly to Council employees and in particular the finance team who receive regular sector updates. It was noted that a fraud awareness training session is scheduled to take place in June 2025.

It was **RESOLVED** that the Governance Scrutiny Group considered the Annual Fraud Report 2024/25

6 External Audit Annual Plan

Ms Norman from Forvis Mazars, the council's external auditors presented the External Audit Annual Plan for 2024/25, which summarised the audit activity with regard to the final accounts process and their approach to value for money work.

Ms Norman referred to the audit scope, approach and timeline and advised the Group that Rushcliffe is not experiencing the problems other local authorities are facing with a back log of audits. the Group noted that significant work had been completed from the annual audit plan and the final review of financial statements and value for money report is also expected to be completed and signed off by autumn 2025.

Ms Norman highlighted the implementation of IFRS 16 a risk assessment around lease transactions and assesses the amount, timing and uncertainty of cash flows arising from leases and the Council is required to re-classify its lease arrangements in line with these new standards for the first time in its 2024/25 accounts.

The Head of Finance informed the Group that the Council's draft Statement of

Accounts had been published on 11 June 2025.

It was **RESOLVED** that the Governance Scrutiny Group accepted the 2024/25 External Audit Annual Plan.

7 Annual Governance Statement

The Director for Finance and Corporate Services presented the Annual Governance Statement 2024/25 which is published alongside the Council's Statement of Accounts and outlines the Council's governance arrangements.

The Group were advised the Governance Statement follows a standard format of principles and reflects the requirements of the CIPFA/SOLACE 'Delivering good governance in local government framework (20160'.

The Director of Finance and Corporate Services highlighted that currently there are no significant concerns over governance. However, the forthcoming Local Government Reorganisation (LGR) is likely to create a significant shift in governance risks as the Council manages this new work stream and the impact on workforce capacity.

Councillor Gowland asked a specific question regarding the decision process and at what extent is this followed through by Cabinet and Council. The Director for Finance and Corporate Services explained that the constitution defines the different levels of delegation for both Cabinet and Council decisions. Full Council having mainly the Council's budget, its constitution and any legislative changes from Government.

It was **RESOLVED** that the Governance Scrutiny Group reviewed and approved the Annual Governance Statement 2024/25 (Appendix 1) which incorporated actions for the forthcoming year.

8 Capital and Investment Strategy Outturn

The Finance Business Partner presented the Capital and Investment Strategy Outturn 2024/25 which summarises the transactions undertaken during the year against the Council's Capital and Investment Strategy 2024/25.

The Group were guided through the key prudential and treasury indicators detailing the impact of capital expenditure activities during the year.

The Finance Business Partner explained the Council's overall borrowing need for Capital expenditure, the Capital Financing Requirement (CFR), which represents the net capital expenditure in 2024/25 and prior years that has not yet been paid for by revenue or other resources. The Council's CFR for 2024/25 remains positive and no internal borrowing was needed in 2024/25 giving a closing balance of £9.989m.

The Finance Business Partner referred to Table 4, Ratio of Financing Costs to Net Revenue Stream and Table 5, Net Income to Net Revenue Stream and explained that due to higher income from investments throughout the year remaining above expectations, higher cash balances can be seen.

The Group were asked to note the treasury position at 31 March 2025 at table 8 in the report, which detailed a snapshot of the financial institutions that the Council had investments with at the end of 2024/25. Whilst the Council continues to ensure investments are secure, it proactively looks to maximise its rate of return and the overall rate of return for the year was 4.69% compared to the budgeted rate of 4.50%. As well as the elevated interest rates, additional S106 monies and underspends on the capital programme resulted in an increase in the amounts available to invest resulting in a net return on investments of £2,168,600 against a budget of £1,043,200.

It was noted that the Council continues to pursue Environmental Social and Governance (ESG) investments where these satisfy the principles of security and liquidity.

With regard to the Asset Investment Strategy the Finance Business Partner referred to table 13 Commercial investment income and costs and advised the Group that the Council's investments have been in industrial units and in offices and these have been very successful and whilst property income is important for the Council's budget, there is not an over emphasis upon property income.

Members of the Group commented on the recommendation to increase the counterparty limit for banks from £3m to £5m and whether this was in relation to Barclays and asked if officers were satisfied that other assets were not at risk or could funds be moved to a more secure investment. The Head of Finance explained that the Council takes advice from its treasury advisors and looks to spread any investment risk across a wide range of investments and the £5m limit is in line with recommendations.

Councillor Gaunt asked a specific question relating to S106 funding being held by Rushcliffe for Nottinghamshire County Council and who receives the interest on the funds when drawn down. The Head of Finance explained that any interest accumulated would be calculated along with the original S106 funding and released to the recipient. This was confirmed by the Chair in respect of a development in Newton Parish Council.

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

- a) Considered and scrutinised the Capital and Investment Strategy 2024/25 outturn position
- b) Agreed the change to the counterparty limit for banks (unsecured investments) from £3m to £5m.

9 Work Programme

The Head of Finance presented the Governance Scrutiny Group Work Programme. She advised that due to new regulations on IFRS 16 risk assessments on lease transactions impacting on the completion of the 2024/25 statement of accounts audit, report may be delayed. However, it is currently planned these will come to the Meeting of Governance Scrutiny Group in

September.

The Chair expressed his wishes that Governance Scrutiny Group provide a more robust scrutiny going forward and thanked the Group for their support.

It was Resolved that the Governance Scrutiny Group approve the Work Programme as follows:

25 September 2025

- Risk Management Update
- Going Concern
- Capital and Investment Strategy Update
- Internal Audit Progress Report
- Statement of Accounts
- External Audit Completion Report

4 December 2025

- Internal Audit Progress Report
- Annual Audit Letter and Value for Money Conclusion
- Capital and Investment Strategy Update

5 February 2026

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

The meeting closed at 8.07 pm.

CHAIR

This page is intentionally left blank



Governance Scrutiny Group

Thursday, 25 September 2025

Internal Audit Progress Report Quarter 1

Report of the Director – Finance and Corporate Services

1. Purpose of report

The attached report has been prepared by the Council's internal auditors BDO and is the first report for this financial year. It reflects the progress made for the year against the annual Internal Audit programme, any recommended changes to the programme, along with any significant recommendations with regard to the audits completed during this period.

2. Recommendation

It is **RECOMMENDED** that the Governance Scrutiny Group considers 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.

3. Reasons for Recommendation

To conform to best practice and Public Sector Internal Audit Standards and give assurance to the Governance Scrutiny Group regarding the Council's internal control environment.

4. Supporting Information

4.1. The Internal Audit Plan for 2025/26 was approved by the Governance Scrutiny Group at its meeting on 20 February 2025 and includes nine planned reviews.

4.2. The attached report highlights the completion and issuing of two reports from the 2025/26 Internal Audit Annual Plan. In terms of findings:

- The Council Tax audit received a substantial rating for both Design and Effectiveness with two low level findings
- The Streetwise Management audit received a Moderate rating for Design and Substantial rating for Effectiveness with two low and one medium level findings
- No limited assurance reports have been issued
- Management actions have been agreed for all recommendations
- Follow up actions from previous audits have been completed in line with recommendations.

- 4.3. At the request of the S151 Officer, BDO have conducted a separate advisory review specifically relating to the licensing of two premises within the Borough (details on page 2 of Appendix A). Following discussions between BDO, Finance and Licensing Heads of Service, it was concluded that on a risk basis, the internal audit plan should not be amended for 2025/26, with a review of licensing proposed to be included in the plan for 2026/27.
- 4.4. The audit plan is on target to be completed in accordance with deadlines.
- 4.5. There are two questions to assist the Group in their consideration of the audit plan. These are:
- Is the Group satisfied that there is sufficient assurance given for audits completed to Q1?
 - Is the Group satisfied with the progress made to date and to ensure completion of the plan?
 - Is the Group satisfied that the risk relating specifically to the licensing review, are low enough to not require an amendment to the audit plan for 2025/25?

5. Risks and Uncertainties

If recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

6. Implications

6.1. Financial Implications

There are no direct financial implications to the report. Indirectly a better internal control environment suggests risk could reduce and can result in a reduced audit workload and therefore cost.

6.2. Legal Implications

The recommendation supports good risk management.

6.3. Equalities Implications

There are no equalities implications identified for this report.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no such implications.

6.5. Biodiversity Net Gain

There are no biodiversity implications associated with this report.

7. Link to Corporate Priorities

The Environment	There are no links between the recommendations of this report and the Council's Environment priority
Quality of Life	Good health and safety processes and statistics is indicative of a good quality of life.
Efficient Services	Undertaking a programme of internal audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	There are no links between the recommendations of this report and the Council's Sustainable Growth priority

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group considers 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.

For more information contact:	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	Internal Audit Plan 2025/26 Governance Scrutiny Group 20 February 2025
List of appendices:	Appendix A - Internal Audit Progress Report Q1 2025/26– BDO

This page is intentionally left blank

Rushcliffe Borough Council
Internal Audit Progress Report
September 2025



Summary of 2025/26 work

Internal Audit

This report is intended to inform the Governance and Scrutiny Committee of progress made against the 2025/26 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Global Internal Audit Standards in the UK Public Sector. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal audit methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no' opinion. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



Internal audit plan 2025/26

We are now making good progress in the delivery of the 6 audit plan.

We are pleased to present the following reports to this Governance and Scrutiny Committee meeting:

- ▶ Council Tax and NNDR
- ▶ Streetwise Management.

Fieldwork is in progress in respect of the following audits:

- ▶ Main Financial Systems
- ▶ Business Continuity and Emergency Planning.

We anticipate presenting these reports at future Governance Scrutiny Group meetings.

Licensing

A specific question was raised at the Governance Scrutiny Group on 19 June 2025 in relation to an underpayment by two venues within the Borough (Nottingham Forest Football Club (NFFC) and Nottinghamshire County Cricket Club (NCCC)) after it was reported at a Licensing Committee meeting that additional fees had not been charged, when they were eligible, for venues holding large crowds. The question asked to us by the Governance Scrutiny Group was to investigate and report on the facts and controls and processes in place for identifying licences where additional charges were eligible to be applied but had not been.

We have consulted with the Licensing Team and the Head of Finance to obtain more details on the specific case referred to, to ascertain whether further work was required by us. Our understanding of the case is that:

- ▶ A venue submitted an application to hold a large concert. To prepare for this event, it required significantly more work for the Licensing Team ahead of the event (ie noise control, health and safety,

etc.) therefore, it was considered whether a higher fee should be charged. We understand that there have been no similar events in recent years and consequently the costs of enforcing such events have not been incurred. Until the “Take That” concert we were informed that the activities did not meet the criteria of licensable activity and consequently the additional fee was not considered applicable. The Council have confirmed that the venues have indicated going forward they anticipate additional regulated activities which meet the criteria and hence the additional fee will continue to be charged.

- ▶ The Licensing Team concluded that a higher fee should be charged to the two venues for their events. The Council considered backdating the fee increase by six years however the correct fees were recovered based on the published fees at the time.
- ▶ The Council have decided that it will continue to charge both venues for a large premises licence in the future which amounts to less than £10,000 across the two sites. This is not material given fees, charges and other income amounts to approximately £9.5m per annum (ie this fee amounts to around 0.1% of the Council’s fees, charges and rental income).

NFFC and NCCC (Trent Bridge) are the only venues to which Section 5 of the Licensing Act 2003 applies where this type of licence and associated fees applies and therefore this is the only type of licence where the Council were not applying an additional fee to a licence where it could.

Given all of the above, it was concluded, in agreement with the Licensing Team and the Director of Finance and Corporate Services, that amending the 2025/26 Internal Audit Plan would not be necessary to include licensing income based on our understanding of the risk levels.

Even though management consider this exceptional and low risk we will consider, and likely include, in our 2026/27 Internal Audit Plan, licensing fees and charges; thus giving any further assurance to the Governance Scrutiny Group.

Value added

We are also presenting the following reports to this Governance Scrutiny Group meeting:

- ▶ BDO - Global Risk Landscape

This report examines the attitudes of 500 global risk leaders to a range of emerging and evolving risks such as Artificial Intelligence (AI), cyber-attacks and supply chain, and offers practical takeaways to manage risks.

The theme and title of this year’s report is “The risk rift: why playing safe means losing growth” which highlights a big mistake in risk management - focusing too much on compliance rather than the bigger picture of risk. By shifting from a compliance-first to a risk-first mindset, organisation can take advantage of greater strategies to navigate and leverage risks for growth and opportunity.





Our research found that 69% of organisations surveyed took a risk-averse or risk-minimising approach, with 74% of Executives saying that embedding risk thinking into their organisation’s culture is a priority.

Review of 2025/26 work

AUDIT	GOVERNANCE SCRUTINY GROUP	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Fraud Report	June 2025	✓	✓	✓	Advisory Report	
Council Tax and NNDR	September 2025	✓	✓	✓	S	S
Streetwise Management	September 2025	✓	✓	✓	M	S
Main Financial Systems	December 2025	✓	✓			
Business Continuity and Emergency Planning	December 2025	✓	✓			
Asset Management and Investment	February 2026	✓				
Rushcliffe Oaks Crematorium - Operational Management	February 2026	✓				
Procurement	June 2026	✓				
Health and Safety	June 2026	✓				

Streetwise Management

CRR REFERENCE: FCS11 AND FCS21

Design Opinion	 Moderate	Effectiveness Opinion	 Substantial
Recommendations	 0	 1	 2



SCOPE

Areas reviewed

- ▶ Key performance indicators (KPIs) for the Streetwise service, ensuring that they align with and provide clarity over the strategic aims and operational performance of the service.
- ▶ The reporting and monitoring of the Streetwise service's KPIs, and how they are collated, monitored and reported on, to assess whether there is a clear structure in place for providing assurance on the service's performance.
- ▶ Policies and procedures for the service, to assess whether these assign responsibilities, set out aims and confirm the service's parameters.
- ▶ How work is planned and assigned via the use of schedules, ensuring that all responsibilities have been identified, scheduled and fulfilled and how resource efficiency has been considered.
- ▶ Whether contracts are in place with Parish Councils, clearly outlining the services provided by Streetwise and the price of these services; we also confirmed whether invoices had been raised accurately and timely, in accordance with the contracts.
- ▶ Whether litter bins under the Council's responsibility have been emptied in accordance with the collection schedule.
- ▶ Whether reactive requests for street cleansing or reports of areas being littered have been addressed and completed promptly.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ There are monthly 'Toolbox Talks' sessions delivered to the Streetwise Team. As part of the Talks, staff are given briefs to advise them on the latest best practice, Council related news and updates and tutorials on how to operate equipment.
- ▶ Income generated by Streetwise is managed via an income tracker, overseen by the Streetwise Manager. The tracker lists all contracts, specifying the contract value and the quarterly charges. Budgets are monitored in a monthly meeting between the Streetwise Manager and the Finance Business Partner, where income and expenditure are discussed using the budget summary report.
- ▶ We tested a sample of five contracts that the Council have with Parish Councils for street cleansing or grounds maintenance services and confirmed that:
 - The contract has a clear description of the services that the Council provides and the associated costs of these services.
 - Invoices for the first two quarters of 2025/26 were billed accurately and promptly to the Parish Councils based on the terms of the contract.
- ▶ There is a strong reporting framework in place to oversee and monitor the performance of the Streetwise service. The KPIs include:
 - Percentage of streets passing clean street inspections
 - Percentage of town centres restored to 'Grade A' cleanliness before 10am

- Improved Street and Environmental Cleanliness (for litter, detritus, graffiti and dog fouling).
- ▶ KPIs are firstly reported into the Neighbourhood Performance Clinic (bi-monthly), before being fed into the Total Performance Clinic (bi-monthly). The KPIs are then subsequently reported into the Executive Management Team and the Corporate Overview Members Group, as part of a broader strategic performance scorecard. This supports effective monitoring of the service's performance, allowing for underperformance to be challenged and escalated.
- ▶ There is a strong operational management framework in place to ensure that Streetwise fulfil their duties in ensuring areas that fall under the jurisdiction of the Council are regularly cleaned, free from litter and public spaces are adequately maintained. There are a series of schedules in place, covering all Streetwise activities, that dictate the workload of staff. We confirmed that these schedules are categorised into high, medium and low leaf fall areas, with the frequency of sweeping prioritised based on these categories. The sweeping schedules covered the whole year, with increased resources allocated during higher leaf fall seasons.
- ▶ The Street Cleansing Co-Ordinator performs daily and weekly checks on Operatives' packs to confirm what progress has been made against assigned work schedules. Additionally, weekly and monthly inspections are conducted by the Co-Ordinator to verify that tasks have been completed to the appropriate standard. The Co-Ordinator performs a walkthrough in designated geographical areas and scores Operatives on their performance. Where work does not meet the expected standards, interventions are put in place to ensure performance standards are improved.
- ▶ The Council has added functionality to its website to allow residents to log requests directly with Streetwise including for enviro-crime, dog fouling, street sweeping, litter and animal disposal. Once a report is logged, it feeds into the customer relationship management system (ESB) directly to the Streetwise Team for remediation.








AREAS OF CONCERN

- ▶ Documentation and audit trails for reactive requests for street cleansing were not attached to the case file on the EBS System demonstrating what had been done to solve the issue or where there were delays in closing requests, the reason for these (Finding 1 - Medium).
- ▶ While the Streetwise Team have generally performed in line with expectations, there are no KPIs in place to monitor the timeliness of responses to reactive street cleansing requests (Finding 2 - Low).
- ▶ The Streetwise Cleansing Policy and Litter Bin Policy were detailed and clear but had not been through the appropriate approval processes.

Council Tax and NNDR

CRR REFERENCE: FCS02, FCS05, FCS09, FCS11

Design Opinion	 Substantial	Effectiveness Opinion	 Substantial
Recommendations	 0	 0	 2



SCOPE

Areas reviewed

- ▶ Policies, procedures and guidance for council tax and NNDR processes to assess whether these were up-to-date and clear to support the consistency in how liabilities are managed.
- ▶ Enquired about how the Council identifies new properties that were liable for council tax or NNDR.
- ▶ A sample of new council tax and NNDR liabilities (15 of each) between 1 July 2024 and 30 June 2025 to ascertain whether:
 - The property was identified in a timely manner.
 - The correct banding/rateable value was applied to the property, per the VOA's records.
 - The liability for 2024/25 or 2025/26 (depending on when the property became liable for a charge) was calculated accurately and the occupier was billed in a timely manner, based on the notification of the new property.
- ▶ Six reconciliations between the council tax and NNDR listings and the VOA's weekly report to confirm that the records held on the Council's systems were accurate, or variances had been investigated promptly.
- ▶ A sample of new council tax and NNDR discounts, reliefs and exemptions applied (15 of each) between 1 July 2024 and 31 June 2025 to assess whether:
 - An application was submitted with sufficient evidence to support the deduction, ie evidence of student status a student exemption.
 - The deduction was calculated accurately and applied correctly to the bill.
 - Any discretionary deductions were authorised by an appropriate officer.
 - NB. Not all discounts or reliefs will require evidence (ie single person discount, SBRR, etc.) so in those cases, we only confirmed that an application was received.
- ▶ Enquired about the Council's arrangements for confirming the ongoing eligibility of discounts or exemptions. This focused on the SPD as this was a higher risk discount where the Council may not be aware of a change in the eligibility of the occupier (ie a child has turned 18 years old, or another adult has moved into the property). We also confirmed that for time-restricted exemptions and end date was entered on the system (ie for students who only occupy the property on a one-year tenancy).
- ▶ A sample of overdue council tax and NNDR debts to assess whether the debtor was issued reminders, formal enforcement letters and/or summons, where appropriate, in accordance with recovery policies. Our sample focused on higher-valued debts that were longer overdue.
- ▶ The controls in place to prevent or detect fraudulent refund payments being made when council tax properties were down-banded. We reviewed whether appropriate controls were in place at the payment phase to prevent an individual from being able to amend bank details of the recipient and detection controls for any indicators of

irregularity, ie payment reports that show multiple payments being made to the same bank account.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council have sufficiently detailed policy and procedure documents that are available to officers when needed. These documents are sufficiently detailed and easy to follow and were reviewed at the year end of 2024/25. These are due to be reviewed annually. In practice, the Council have an experienced Revenues Team who are familiar with procedures and the use of the Capita system.
- ▶ The Council have a robust process to identify new properties that should be charged council tax or NNDR, cross-checking the Council's other databases to identify any properties that should be liable for billing, ie whether occupier's have registered to the electoral register for a property. The VOA's have had system issues over the past six months which have resulted in it being unable to band new properties. The Council have proactively used other means, ie engagement with developers, to notify the occupiers that a liability will be charged for the full year to ensure they are aware that this is pending.
- ▶ The VOA send weekly schedules of changes council tax and NNDR properties, ie new properties, changes in banding, etc. Reconciliations between the VOA schedule and Capita are performed to verify that the records align and that properties are being billed accurately. For council tax, these show the total number of properties in each band and for NNDR, these show the total number of properties and the total rateable value. We reviewed the past six reconciliations for council tax and NNDR (between 8 and 29 June 2025) and confirmed that they reconciled and were performed in a timely manner.
- ▶ We reviewed a sample of new liabilities for council tax and NNDR (15 of each) and confirmed that:
 - The liability start date entered into on Capita was supported by backing evidence for the notification of the new liability.
 - The property had been banded/rateable valued correctly, per the VOA's determination, and had been charged accurately based on the number of days the occupier was liable for.
 - The occupier was sent the bill within 16 working days from which the Council were notified of the new occupier, with two exceptions identified in Finding 2.
- ▶ We reviewed a sample of discounts, reliefs or exemptions applied to council tax and NNDR liabilities (15 of each) and confirmed that:
 - The discount, relief or exemption was calculated accurately and applied from the correct date, based on the supporting evidence.
 - Sufficient evidence was provided to demonstrate the eligibility for a discount, relief or exemption. This is with exception to SPD where evidence is not required.
 - For a discount, relief or exemption that covered a specific time (ie student exemption or empty property relief) the end date was input into Capita for the discount, relief or exemption to automatically cease on that date.
- ▶ Council tax and NNDR debts are recovered in line with the Council's debt collection procedures, issuing reminder letters, liability orders and court summons to those with unpaid arrears. This also includes transferring debts to enforcement agents where necessary. We tested a sample of five council tax and five NNDR accounts in arrears, focusing on higher valued and longer overdue debts, and confirmed that appropriate action had been taken with these debtors to recover the balances.

**AREAS OF
CONCERN**

- ▶ Council tax re-banding refunds have an increased exposure to fraud as the recipient may not be aware that they are due a refund. While the Council have some preventative and detective controls to mitigate this risk, bank detail checks could be agreed to the most recent payment from the occupier for additional assurances (Finding 1 - Low).
- ▶ We identified two cases where council tax bills were not issued to new occupiers in a timely manner. This was caused by capacity constraints in the Revenues Team during the year end billing period, which is naturally a busier time for the team (Finding 2 - Low).

Sector update

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for Elected Members and Executive Directors.

CITY EXPANSION OPTION EXPLORED IN COUNCILS SHAKE-UP

Nottingham City Council is exploring further options to expand the city's boundary amid a consultation to reorganise local government.

Residents of the city and the county have been asked to share their views on proposals to replace the existing council structure with two new unitary councils.

Two core options are currently being considered in Nottinghamshire include Broxtowe, and either Rushcliffe or Gedling, combining with Nottingham.

The two core options currently being considered in Nottinghamshire are known as 1b and 1e. These options are for a new authority to be created combining Nottingham, Broxtowe and either Rushcliffe or Gedling, with a second new unitary authority covering the rest of Nottinghamshire.

However, while the preferred option of Nottinghamshire County Council is 1b (for Gedling to be part of the unitary authority with Nottingham and Broxtowe) due to financial reasons, the City Council has an alternative preferred option that would change the existing boundaries of neighbouring boroughs and districts. The Deputy Leader for Nottingham City Council confirmed the authority was in favour of an option that would effectively see only parts of neighbouring districts combined with Nottingham, not the entire district or borough.

He said: "The suggestion that the city expands into the whole of the Rushcliffe district is quite something. "There are areas and villages or towns in there that do not have a shared identity with Nottingham."

He added: "Ultimately the end goal here has to be not just lines moved on a map, but services that actually are good value for money that meet the needs of people and create new authorities that actually deliver for people."

The public consultation remains open until 14 September 2025. The deadline for the final proposal to be submitted to the Government is 28 November 2025.

Nottingham expansion option explored in councils shake-up - BBC News

FOR INFORMATION

For the Governance and Scrutiny Group and Executive Directors

MINISTERS DID NOT DO A COST REVIEW OF COUNCIL MERGERS

The UK Government did not perform its own analysis of the cost of local government reform, relying on 2020 cost estimates prepared by the County Council Network.

In December 2024, the Government announced an historic reform of local government, replacing the two-tier authority structure with unitary authorities that will be responsible for performing all the duties of local government.

The Governments reported that merging councils into 21 unitary authorities could save £2.9bn over five years. A freedom of information request submitted by the BBC has found that this figure was based on a report commissioned by the County Council Network in 2020 and that the Government did not perform its own analysis of the potential savings. The County Council Network has now revised its analysis, lowering the expectations on the savings that will be created and citing some instances where it may cost more money than it currently does.

The Chair of the County Council Network has stated that local government reform delivered at the right scale has the potential to provide billions of pounds in efficiency savings that can be invested into public services. However, he added "We are concerned over the potential costs of reorganisation where proposals seek to replace the two-tier system with multiple small unitary councils".

The District Councils' Network has raised concerns over the impact on local government, which is already facing funding pressures. It has called on the Government to commission its own analysis of local government reorganisation to consider the optimal size of the unitary authorities to maximise the potential savings.

In response, the Ministry for Housing, Communities and Local Government has said "Councils across the country have also told us that bringing services together under one roof means residents get joined-up support when they need it most, while clearer structures mean people know exactly who's responsible for delivering their services". It has also emphasised that reorganisation will be developed at a local level. Nottinghamshire is currently undertaking a public consultation on its options for local government reform.

Ministers didn't do cost review of council mergers - BBC News

FOR INFORMATION

For the Governance and Scrutiny Group and Executive Directors

LOCAL GOVERNMENT PAY: INFLATION EXCEEDS 3.2% DEAL FOR FOURTH MONTH IN A ROW

Prices rose by 3.8% in the year to July 2025, according to government's preferred measure, compared with 3.2% pay settlement for council staff in England, Wales and Northern Ireland

Inflation has outpaced the 2025-26 local government pay rise for the fourth consecutive month (between April and July 2025). Prices increased by 3.8% in the year to July 2025, according to the Consumer Price Index (CPI) measure from the Office for National Statistics. The CPI was 3.6% in June, 3.4% in May, and 3.5% in April. This was higher than the 3.2% pay increase for council staff in England, Wales, and Northern Ireland.

The Bank of England has forecasted that CPI is expected to rise to 4% in September 2025 before dropping towards its 2% target. The local government pay round was settled with an agreement for a backdated pay increase to April 2025.

Local government pay: inflation exceeds 3.2% deal for fourth month in a row - Community Care

FOR INFORMATION

For the Governance and Scrutiny Group and Executive Directors

LEADERSHIP IN LOCAL GOVERNMENT

CMI has partnered with the Social Market Foundation to explore the role that quality leadership and management can play in improving local government effectiveness

Effective leadership and management are crucial for public sector performance, including local government. The Chartered Management Institute (CMI) have partnered with the Social Market Foundation to conduct research, based on expert insights, survey data and case studies to examine the latest leadership and management challenges in local government.

We have summarised the key findings and the proposed improvements that this report by the CMI have made.

Key findings

- ▶ Only 67% think that senior leadership in their organisation is effective at ensuring the organisation succeeds, raising questions about how widespread good leadership is.
- ▶ Less than half (only 45%) of surveyed leaders and managers agreed that in 2022, the leadership in their council was effective at attracting talent.
- ▶ 40% of leaders and managers said the senior leadership in their authority were poor at motivating staff or failed to do it at all.
- ▶ Only 44% think that their organisation is performing well in ensuring accountability for failure and just under a quarter (24%) think addressing staff underperformance is poor.

Proposed improvements







- ▶ The Office for Local Government (Oflog) should prioritise leadership and management quality, adopting and sharing best practices across the sector to collectively improve leadership standards.
- ▶ The Department for Levelling Up, Housing and Communities (now the Ministry for Housing, Communities and Local Government) should establish a leadership academy to provide managers and leaders with access to high quality leadership training.
- ▶ The Department for Levelling Up, Housing and Community should create a 10-year workforce strategy for local government, supporting by an increase in funding to local authorities to improve recruitment and retention of staff.
- ▶ The workforce strategy should recognise the importance of diversifying the workforce, introducing a direct entry system for leaders from other industries to bring in fresh ideas and perspectives.

Management and leadership in local government report - CMI

FOR INFORMATION





For the Governance and Scrutiny Group and Executive Directors

Key performance indicators




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Governance Scrutiny Group meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Engagement Partner or the Engagement Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO was found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	
Quality of work	We received two responses to our audit satisfaction surveys for 2024/25 reviews, with an average score of 4.3/5 for the overall audit experience and for the value added from our work. The number of responses is lower than we would expect, and we will work with the management team to increase the number of responses to our surveys during 2025/26.	  
Completion of audit plan	We have progressed the 2025/26 Internal Audit Plan, with two audits presented to this Audit Committee meeting and other audits in the fieldwork or planning phase.	

Appendix 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

Copyright © 2025 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

This page is intentionally left blank



Governance Scrutiny Group

Thursday, 25 September 2025

Audit Completion Report 2024/25

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. This report presents the attached Audit Completion Report (Appendix 1) and Draft Management Representation Letter (Appendix 2). This document reports to those charged with Governance the key conclusions in the audit process for the 2024/25 financial year and comments upon the Statement of Accounts and their quality.
- 1.2. Forvis Mazars have substantially completed the audit in respect of the financial statements for the year ended 31 March 2025. The draft Annual Audit Report and Value for Money conclusion will be presented to this group at its November meeting. Matters which remain outstanding are outlined in section two of the Audit Completion Report although these are not expected to require modification of the audit opinion. Forvis Mazars will provide a verbal update in relation to these at the scrutiny meeting and where necessary by a follow up letter to this Group.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group:

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

3. Reasons for Recommendation

- 3.1. To ensure that due regard has been given to issues and concerns raised by the Council's external auditors; and to demonstrate compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code') and primarily the Accounts and Audit Regulations (2015).

4. Supporting Information

- 4.1. The Audit Completion Report is attached at Appendix 1, the Management Representation Letter at Appendix 2.

- 4.2. Section 4 details significant findings and risks addressed. High-risk areas for this audit were: management override of controls due to risk of fraud, land and buildings due to the complexity of valuation and number of assumptions and judgements, IFRS16 a newly applicable accounting standard for 2024/25 and pensions valuations due to the high degree of estimation and uncertainty. Page 22 details the adjusted misstatements relating to findings during the audit and page 23 details minor disclosure misstatements. These have been corrected in the final Statement of Accounts. Forvis Mazars have not identified any other significant issues during the audit.
- 4.3. Section 5 (detailed in Appendix A pages 29-31 of the Audit Completion Report) covers internal control deficiencies identified during the audit. In some cases, fully depreciated assets were still in use and some that had reached the end of their useful lives were still in the asset register. The Council does not consider this to be a concern as it is not unusual for assets to exceed their useful lives and if assets can be repaired rather than replaced, this can be beneficial to the capital programme. Forvis Mazars have not identified any significant deficiencies in the Council's internal controls.
- 4.4. Section 6 (page 22) of the Audit Completion Report identifies two unadjusted misstatements identified by Forvis Mazars during the course of the audit. These misstatement amount to £0.505m and relates to the implementation of the new IFRS16 leasing standard. The majority (£0.477m) pertains to a duplicate investment property that should have been removed from the balance sheet as it was included within the lease liabilities prior to being recognised under IFRS16. The remaining balance relates to the calculation of future lease payment calculations. 2024/25 marks the first year of adopting the new standard, key learning points have been taken and will be applied going forward.
- 4.5. Section 8 of the report refers to the Value for Money process. Forvis Mazars are currently carrying their work in respect of the Council's arrangements for the year ended 31 March 2025. They have not identified any significant weaknesses in arrangements at this stage. Commentary will be provided in the Annual Audit Report in November 2025.
- 4.6. The Council thanks Forvis Mazars for their work in completing the audit this far. Whilst the sector continues to experience challenges the Council is up to date with its audit sign-off.
- 4.7. Appendix 2 details the Draft Management Representation letter. This letter confirms for the auditors that the Council is satisfied with the validity of the financial statements provided by the Council to Forvis Mazars. If agreed, this letter will be signed at the conclusion of the meeting.

5. Risks and Uncertainties

- 5.1. There are no issues arising from this report.

6. Implications

6.1. Financial Implications

The fees for the audit of the Statement of Accounts are covered by existing budgets.

6.2. Legal Implications

There are no legal implications arising from the recommendations of this report.

6.3. Equalities Implications

There are no equalities implications connected to the recommendations of this report.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications connected to the recommendations of this report.

6.5. Biodiversity Net Gain Implications

There are no Biodiversity Net Gain implications connected to the recommendations of this report.

7. Link to Corporate Priorities

The Environment	The Council's financial statements and financial information impacts upon all Council Corporate Priorities.
Quality of Life	
Efficient Services	
Sustainable Growth	

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group:

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

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
--------------------------------------	--

Background papers available for Inspection:	Statement of Accounts 2024/25
List of appendices:	Appendix 1 – Forvis Mazars Audit Completion Report 2024/25 Appendix 2 – The Draft Management Representation Letter 2024/25



Audit Completion Report
Rushcliffe Borough Council – year ended 31 March 2025

September 2025

Members of the Governance Scrutiny Group
Rushcliffe Borough Council
Rushcliffe Arena
Rugby Road
Nottinghamshire
NG2 7YG
25th September 2025

Forvis Mazars
2 Chamberlain Square
Birmingham
B3 3AX

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2025

We are pleased to present our Audit Completion Report for Rushcliffe Borough Council (“The Council”) for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report is intended solely for Those Charged with Governance for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any exact, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

We appreciate the courtesy and co-operation extended to us by the Council throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully,



Mark Surridge, Partner

Forvis Mazars LLP

Contents

01 Executive summary

02 Status of our audit

03 Audit approach and risk summary

04 Significant findings

05 Significant control deficiencies

06 Summary of misstatements

07 Fraud considerations

08 Value for Money

A Appendix A: Internal control conclusions

B Appendix B: Draft management representation letter

C Appendix C: Draft audit report

D Appendix D: Confirmation of our independence

E Appendix E: Other communications

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 the Council. It has been prepared for the sole use of the Governance Scrutiny Group 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

Executive Summary

Executive summary

Scope

We have been engaged to audit the financial statements of Rushcliffe Borough Council for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

We have conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs'), relevant ethical and professional standards, and the terms of our engagement communicated in our engagement letter.

Audit status

Our audit procedures are now substantially complete for the year ended 31 March 2025.

Please refer to the '*Status of our audit*' section for a list of significant audit matters outstanding at the date of this report. We will provide an update to members on completion of those outstanding matters by way of a follow-up letter.

Areas of focus and audit approach, and significant findings

We have not made any changes to our initial risk assessment and planned audit approach that was communicated to the Governance Scrutiny Group in our Audit Strategy Memorandum.

Significant control deficiencies

We did not identify any significant deficiencies in internal control.

Audit misstatements

A summary of the adjusted and unadjusted misstatements above our reporting threshold we have identified to date is set out in the '*Summary of misstatements*' section.

Audit opinion

At the time of issuing this report and subject to the satisfactory conclusion of our remaining audit work, we anticipate issuing an unqualified opinion, without modification, as set out in Appendix C.

Value for Money

Our work in this area is still ongoing, with draft commentary due to be issued to management before the deadline of 30th November. We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further details have been provided in the '*Value for Money*' section of this report.

Wider reporting powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

Reporting to the group auditor

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Executive summary

Qualitative aspects of the Council’s accounting practices

We have reviewed the Council's accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 11th June 2025 and were of a good quality. Working papers to support the accounts were provided, and further documentation was requested as necessary.

The 2024/25 Statement of Accounts contained a number of accounting disclosures which could be considered to be immaterial, for example:

- Note 10 Intangible Assets and associated accounting policy xi
- Note 11 Assets Held for Sale

As a consequence, we recommend that for 2024/25, the Council should formally review the materiality and presentation of its Statement of Accounts and present its findings to the Governance & Scrutiny Group to ensure any modifications or adaptations are transparently considered prior to removing in the 2024/25 Statement of Accounts. For example, this may involve the adoption of a full set of accounting policies by the Governance & Scrutiny Group, but only including those that are relevant in the published Statement of Accounts

Significant matters discussed with management

During our audit, we have discussed the following significant matters to management:

- The implications of the 'Virgin Media Case' on the LGPS and the need for the Council to consider additional disclosures in the Statement of Accounts.
- Ongoing preparations for Local Government Reorganisation and the effect on Rushcliffe Borough Council.
- The Council's financial position, including development of the Medium Term Financial Plan.

Significant difficulties during the audit

We have not encountered any significant difficulties and we have had the full co-operation of management.

Other matters of significance

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and Those Charged with Governance during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix E.

02

Status of the audit

Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

IT General Controls Testing is partially complete; however we are still awaiting responses to some of our requests from the Council on a number of required tests in the work programme. Depending on the evidence provided, further work may be required in our testing.	●
Income Testing is substantially complete; however we have some follow up queries still outstanding from the Council on cut-off.	●
Debtors Testing is partially complete; however we are still awaiting responses to some of our requests from the Council on two sampled items.	●
Cash and Bank Testing is partially complete; however our bank reconciliation follow up queries are still outstanding from the Council.	●
Pensions We are awaiting a response to our request for assurance from the auditor of Nottinghamshire Pension Fund. This is expected at the end of September 2025.	●
Completion procedures Procedures such as our quality control, review for post balance sheet events, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report.	●
VFM We are currently completing our fieldwork in this area and are on track to deliver our draft commentary to management by the 30 th November deadline.	●

Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.



Work on value for money arrangements

03

Audit approach and risk summary

Audit approach and risk summary

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued in June 2025.

Materiality

Our provisional performance materiality at the planning stage of our audit was set at £0.671m and overall materiality of £0.895m, using a benchmark of 2% of gross revenue expenditure as per the Audit Strategy Memorandum.

Based on the final financial statement figures, the final overall materiality we applied was £0.894m (final performance materiality: £0.715m; final clearly trivial threshold: £0.026m).

Internal audit

No reliance has been placed on internal audit for the 2024/25 financial audit. Enquiries have been undertaken to aid our understanding of the overarching control environment of the council.

Use of experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. No changes have occurred to those outlined in our ASM.

Item of account	Management's expert	Auditor's expert
Property, Plant & Equipment and Investment Property	Nick Berry and Leanne Ashmore (Internal Valuers)	None. Third party evidence is provided via the NAO to support our challenge of valuation assumptions.
Pensions	Barnett Waddingham (Actuary for Nottinghamshire Pension Fund)	PwC – Consulting actuary appointed by the NAO
Financial Instruments disclosures	Arlingclose (Treasury Management Advisors)	None

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Council and our planned audit approach. There have been no changes to our approach since we issued our ASM.

Item of account	Service organisation	Audit approach
Employee Benefits Expenses	Gedling Borough Council: The payroll entries included in Rushcliffe Borough Council's statement of accounts are significant. These disclosures derive from monthly payroll runs processed and administered by Gedling Borough Council.	We performed substantive testing of information held within Rushcliffe Borough Council and did not rely on controls/assurance from the service organisation.

Audit approach and risk summary

	Audit risk/ key area of judgement	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
Significant risks Page 43	Management Override of Controls	●	●	○	●	●	○	○	Through the audit work completed to date, no issues have been identified that would need to be brought to the attention of members. However as indicated on page 8 <i>Status of our audit</i> we are awaiting responses to some of our queries on IT General Controls, which have the potential to impact this risk area.	13
	Valuation of Property, Plant & Equipment (Land + Buildings) and Investment Property	○	●	●	●	○	○	○	No significant issues have been identified that need to be brought to the attention of members.	14
	Valuation of the LGPS Defined Benefit Pension	○	●	●	●	○	○	○	While our work in this area is substantially complete, we have not yet received the assurance required from the Pension Fund auditor. Through the work completed to date, no issues have been identified that need to be brought to the attention of members.	15
Other key areas of judgement, and enhanced risks	Implementation of IFRS 16 - Leases	○	●	●	●	○	○	○	<p>We identified some small misstatements, cumulatively above our reporting threshold, which have been adjusted by management. These are set out in more detail on page 23 <i>Adjusted misstatements</i>.</p> <p>No other issues have been identified that need to be brought to the attention of members.</p>	16

Significant findings

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

Significant risks

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Through the audit work completed to date, no issues have been identified that would need to be brought to the attention of members. However as indicated on page 8 *Status of our audit* we are awaiting responses to some of our queries on IT General Controls, which have the potential to impact this risk area.

Significant findings

Significant risks (continued)

Page 46

Valuation of land & buildings, and investment properties

Description of the risk

Land and buildings within Property, Plant and Equipment (PPE) and Investment Properties are significant items on the Council's balance sheet.

The valuation of land and buildings is complex and involves a number of management assumptions and judgements. Due to the high degree of estimation uncertainty involved, we have identified a significant risk in this area.

In the 24/25 draft statement accounts these items amounted to:

- PPE Land and Buildings - £72,859k
- Investment Properties - £23,951k per draft financial statements

How we addressed this risk

- Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
- Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
 - Assessing whether valuation movements are in line with market expectations by using third party information provided by Montagu Evans to provide information on regional valuation trends;
 - Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluation in 2024/25 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers

Audit conclusion

We identified one adjusted misstatement In respect of Investment Properties, which is detailed on Page 22.

Significant findings

Significant risks (continued)

Valuation of the LGPS defined benefit pension

Description of the risk

Rushcliffe Borough Council is an employer in the Local Government Pension Scheme, administered on a local level by the Nottinghamshire Pension Fund.

The defined benefit assets and liabilities are significant items in the Council's balance sheet. In the 24/25 statement of accounts these amounted to:

Present value of defined benefit obligation - £80,303k

Fair value of plan assets - £80,805k

Impact of Asset Ceiling - £9,167k

The Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.

How we addressed this risk

- Critically assessing the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary;
- Liaising with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;
- Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by PwC and consulting actuary engaged by the National Audit Office; and
- Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements. In the event of a pension surplus arising in 24/25, its accounting treatment will require specific consideration under IFRIC 14.

Audit conclusion

Where the Council has a net surplus on its defined benefit pension, as was the case for Rushcliffe in 2024/25, there are circumstances under which the surplus is not recognised in full in the financial statements. There is also additional liability to recognise in respect of irrecoverable past service contributions. During our audit we performed additional work to challenge the actuary's calculation and confirm which methods had been used. While our work in this area is substantially complete, we have not yet received the assurance required from the Pension Fund auditor. Through the work completed to date, no issues have been identified that need to be brought to the attention of members.

Significant findings

Other key areas of management judgement that we have determined as enhanced risks

Implementation of
IFRS 16

Description of the risk

IFRS 16 has been applicable from 1 April 2024 and is designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Council is required to re-classify lease arrangements in line with this new standard for the first time in the 2024/25 accounts.

How we addressed this risk

We reviewed the work that the Council has carried out for the implementation of IFRS 16 from 1 April 2024.

We tested lease balances and supporting disclosures and seek evidence to support that they have been correctly classified and accurately measured under the new standard.

Audit conclusion

We identified some small misstatements, cumulatively above our reporting threshold, which have been adjusted by management. These are set out in more detail on page 23 *Adjusted misstatements*.

No other issues have been identified that need to be brought to the attention of members.

Page 48

Note: the audit team have rebutted the significant risk of fraud in revenue recognition. After review of the balances which form the Council’s revenue streams, we have concluded that there is little scope for manipulation or misstatement as a result of fraud.

Significant findings

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability 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 law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2024/25 audit.

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. No such objections have been raised at this point.

05

Internal control conclusions

Significant control deficiencies

As part of our audit, we obtained an understanding of the Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Council's internal controls, we are required to communicate to the Governance Scrutiny Group any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in the Council's internal controls that we have identified as at the date of this report are set out on the following pages.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Governance Scrutiny Group.

We have not identified any significant deficiencies in the Council's internal controls as at the date of this report.

Other observations

We also record our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

The other control deficiencies that we have identified as at the date of this report are set out in '*Appendix A: Internal control conclusions*'.

06

Summary of misstatements

Summary of misstatements

Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Strategy Memorandum, issued in June 2025. Any subsequent changes to those figures are set out in the 'Audit approach and risk summary' section of this report.

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to Members unadjusted misstatements that are either material by nature or which exceed our reporting threshold. .

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Property, Plant & Equipment – Vehicles, Plant, Furniture & Equipment – Accumulated Depreciation Cr: Property, Plant & Equipment – Vehicles, Plant, Furniture & Equipment – Gross Cost/Valuation <i>We identified a number of assets within the Council's fixed asset register which should have been removed as they were no longer in use or had been disposed of. As at the time of issuing this report, we have confirmed that the impact is not likely to be material but will be above our reporting threshold.</i>	Factual			TBC at the point of issuing the report	TBC at the point of issuing the report
atAggregate effect of unadjusted misstatements					

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

Summary of misstatements

Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe Members should be made aware of.

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: CIES - Other Operating Expenditure – Gain/Loss on Disposal of Non Current Assets Cr: Investment Properties <i>This adjustment re-classifies an investment property which should have been removed from the balance sheet because, although the Council recognised it should have been accounted for as a finance lease under IFRS 16 requirements for lessor sub-leases, the adjustment was not made in the draft financial statements..</i>	Factual	477			477
Dr Property, Plant & Equipment – Right-of-Use Assets Cr CIES – Neighbourhoods – Depreciation, Amortisation and Impairment Cr IFRS 16 Opening Balance Adjustment <i>This is total of adjustments made to IFRS 16 right-of-use assets, following a review of future lease payment calculations. Other adjustments were identified in lease liabilities, but the net total was below our trivial reporting threshold.</i>	Factual	28		48	20
Aggregate effect of adjusted misstatements					

Summary of misstatements

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Note 12 - Financial Instruments - The draft financial instruments note was prepared using incorrect totals for short-term debtors and short-term creditors. Short term debtors changed from £5,114k to £6,402k. Short term creditors changed from £3,182k to £4,470k.
- Collection Fund Statement - included a reference to the incorrect year for the distribution of prior year estimated Collection Fund surplus/(deficit). This has been changed from 22/23 to 23/24. A correction was also made to the in-year deficit figure in Note 3 of the Collection Fund which had been incorrectly rounded to £0.68m instead of £0.068m
- Note 8 Capital Commitments - The Disabled Facilities Grant figure has been reduced from £424k to £377k to reflect the correct commitment for 2024/25.
- Note 34 Contingent Assets - The note has been updated to reflect the fact that there were no material contingent assets in 2024/25. This is as a result of the Council receiving a legal confirmation confirming that the truck cartel case has been settled.
- Note 30 Leases – following a review of lease liability calculations, adjustments were made to disclosures to expected undiscounted future lease payments

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required

07

Fraud considerations

Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

Your responsibilities

Management has primary responsibility for the prevention and detection of fraud. It is important that management, with the Governance Scrutiny Group oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by the Governance Scrutiny Group's active oversight.

Our responsibilities

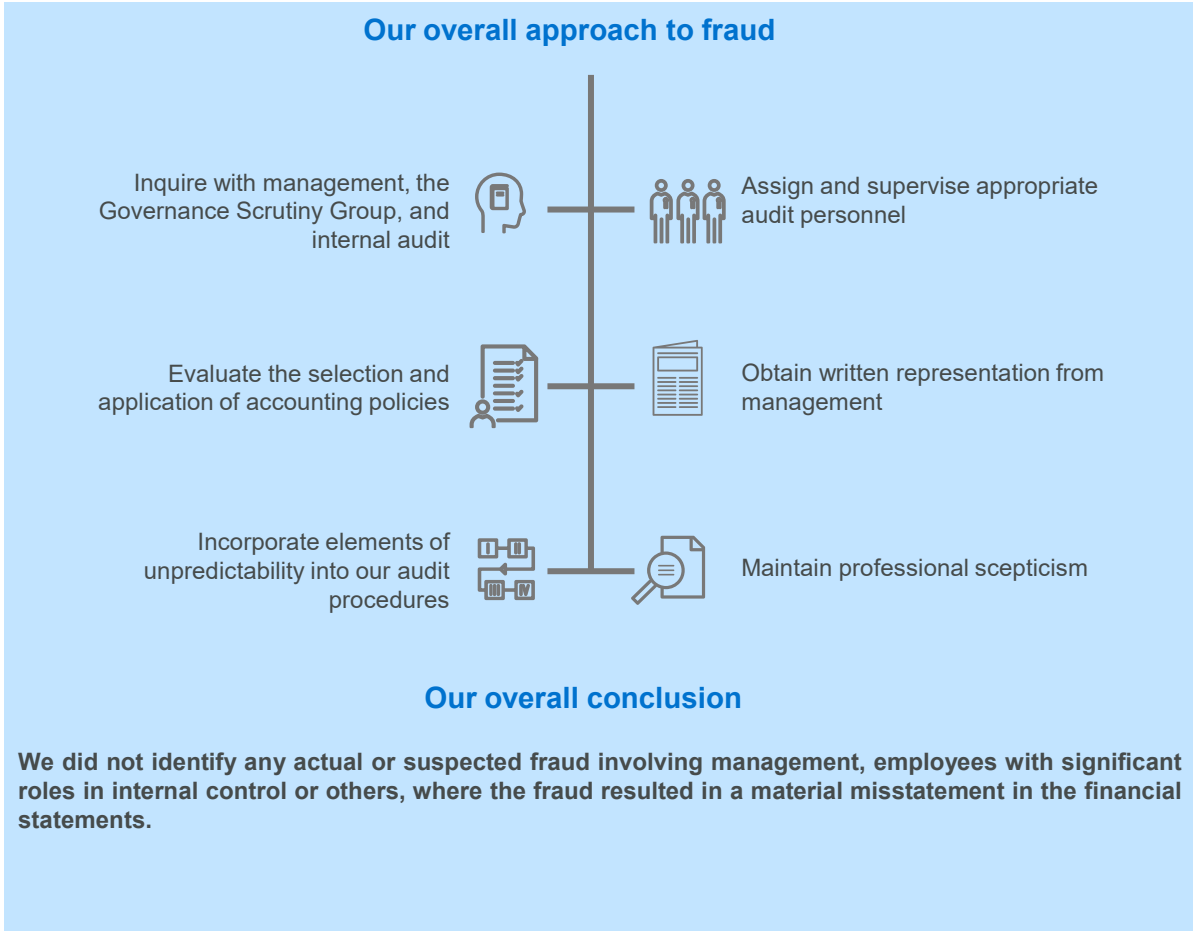
We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

ISA presumed fraud risks

As set out in the 'Audit approach and risk summary' section, the risks of fraud in management override of controls were identified as significant risks.

Other fraud risks

Risk of fraud in management override of controls was the only fraud risk identified for the 2024/25 audit.



08

Value for Money

Value for Money

Approach to Value for Money

We are required to form a view as to 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 in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

This is the first audit year where we have undertaken our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor's Annual Report).

The Code requires us to structure our commentary to report under three specified criteria:

- **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; and
- **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.

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. 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 significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception. We will also highlight emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. This commentary will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria. We intend to issue the Auditor's Annual Report in November 2025.

Status of our work

We are currently carrying out our work in respect of the Council's arrangements for the year ended 31 March 2025 and, at this stage, we have not identified any significant weaknesses in arrangements that have required us to make a recommendation.

As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in November 2025.

Appendices

- A: Internal control conclusions
- B: Draft management representation letter
- C: Draft audit report
- D: Confirmation of our independence
- E: Other communications
- F: Audit fees

Appendix A: Internal control conclusions

Other deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Council’s internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in Appendix A are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in Appendix A should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant control deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Page 61

Appendix A: Internal control conclusions

Other deficiencies in internal control

Fully-depreciated assets

Description of deficiency

We identified a number of assets within the Council's fixed asset register which should have been removed as they were no longer in use or had been disposed of. Other assets which were still in use were fully depreciated.

Potential effects

For the assets that should have been disposed of, while the effect on gross book value is likely not material for the 2024/25 accounts, it is likely to be above our trivial threshold. We will conduct further audit procedures to confirm this. If controls are not in place to identify such assets, the impact could also be material in future periods.

The assets which were still operational but fully depreciated could indicate that the Council's asset lives and depreciation policy needs to be reviewed.

Recommendation

We recommend that the Council regularly reviews its asset register to ensure those assets which are no longer operational are disposed of or reclassified as appropriate.

We also recommend that the Council continually reviews and updates its asset lives and depreciation policy and to make sure management understands the circumstances why fully depreciated assets are still in use.

Management response

Whilst there are a number of assets which are still in use by the Council despite having been fully depreciated, there is no concern regarding the estimated asset lives used for depreciation. In certain cases, assets may need to be replaced before reaching the end of their projected useful life, while others may continue to function effectively beyond their expected lifespan and can be repaired rather than replaced. Some assets which are fully depreciated in the 2024/25 accounts are due for replacement in 2025/26.

Appendix A: Internal control conclusions

Follow up on previous internal control points

We set out below an update on internal control points raised in prior periods.

Description of prior year deficiency

The accounting policies for 2023/24 were not formally approved by the S151 officer but by the Deputy S151 officer and the Senior Finance Business Partner. Retrospective approval had to be obtained from the S151 officer

Current year update:

We have confirmed that the accounting policies were appropriately reviewed by the s151 officer for 2024/25, therefore the audit team is satisfied that this deficiency has been satisfactorily addressed in the current year.

Description of prior year deficiency

We identified that whilst the Council had a de minimis level for accruals, this wasn't applied to the splitting of multi-year income/ expenditure, and judgement was used to determine whether a transaction was significant enough to require apportioning across the respective years. In addition, where multi-year contracts were split across years, they were recognised in full years, rather than being apportioned to the number of months relevant to each year.

Current year update:

As confirmed from our income and expenditure testing, we have established that the Council has applied a £5k de-minimis level for multi-year income and expenditure. We have not identified any related errors over our reporting threshold therefore the audit team is satisfied that this deficiency has been satisfactorily addressed in the current year.

Description of prior year deficiency

During the 2022/23 audit, we identified an error on the bank reconciliation, that was due to be corrected in 2023/24. We found that the £9k error was brought forward into the 2023/24 bank reconciliation and had not yet been corrected.

Current year update:

As detailed on Page 8 *Status of our Audit*, we are awaiting a response to our follow up queries on the current year bank reconciliation. Once these are received and our work in this area is completed, we will be able to conclude on this deficiency.

Description of prior year deficiency

As part of our IT General Controls (ITGC) work on the ledger system, eFinancials, we noted that a small number of privileged users within the finance team itself were able to set up new accounts and re-initialise passwords. These users do not have back-end database access.

The risk associated with this issue is mitigated by the fact that the system does not allow a previously-used password, therefore these users would be unable to log into other accounts unnoticed.

Current year update:

As detailed on Page 8 *Status of our Audit*, we are awaiting a response to some of our ITGC testing queries, including those on privileged user access. Once these are received and our work in this area is completed, we will be able to conclude on this deficiency.

Appendix B: Draft management representation letter

Forvis Mazars
First floor,
Two Chamberlain Square,
Birmingham
B3 3AX

Rushcliffe Borough Council- Audit for Year Ended 31 March 2025

This representation letter is provided in connection with your audit of the financial statements of Rushcliffe Borough Council for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance and Corporate Services that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at current and/or fair value

I confirm that the methods, significant assumptions and the data used by the Council in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

I confirm I have assessed the impact of any asset ceiling to be calculated on pension scheme assets and ensured, where applicable, that accounting adjustments have been made.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

Appendix B: Draft management representation letter continued

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance and Corporate Services for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have carried out an assessment of council buildings for Reinforced Autoclaved Aerated Concrete (RAAC) and confirmed an impairment review is not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Appendix B: Draft management representation letter continued

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and any disclosure in the Narrative Report fairly reflects that assessment

Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and any disclosure in the Narrative Report fairly reflects that assessment.

Current banking crisis

We confirm that we have assessed the impact on Rushcliffe Borough Council of the on-going Global Banking challenges, in particular whether there is any impact on the Council's ability to continue as a going concern, and on the possible balance sheet events disclosures.

We confirm that our exposure where applicable (either direct cash exposure or direct / indirect through investments) with Saxon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Director of Finance and Corporate Services / s151 officer

Appendix C: Draft audit report

Independent auditor’s report to the members of Rushcliffe Borough Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Rushcliffe Borough Council (“the Council”) for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2025 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance and Corporate Services’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance and Corporate Services with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Director of Finance and Corporate Services is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance and Corporate Services for the financial statements

As explained more fully in the Statement of the Director of Finance and Corporate Services Responsibilities, the Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Director of Finance and Corporate Services is also responsible for such internal control as the Director of Finance and Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance and Corporate Services is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance and Corporate Services is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Appendix C: Draft audit report continued

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Governance Scrutiny Group, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

We evaluated the Director of Finance and Corporate Services' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Governance Scrutiny Group on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, reviewing accounting estimates, and testing significant transactions outside the normal course of business, or otherwise unusual.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Governance Scrutiny Group. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Director of Resources and Corporate Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in this respect.

Responsibilities of the Accounting Officer

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Appendix C: Draft audit report continued

Use of the audit report

This report is made solely to the members of Rushcliffe Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack for 2024/25





Mark Surridge, Key Audit Partner
For and on behalf of Forvis Mazars LLP

Appendix D: Confirmation of our independence



We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.


Appendix E: Other communications

Other communication		Response
	Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
	External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
	Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
	Going Concern	<p>We have not identified any evidence to cause us to disagree with the Chief Financial Officer that the Council will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix E: Other communications

Other communication		Response
	Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
	Matters related to fraud	<p>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled ‘Fraud considerations’ for our fraud considerations and conclusion.</p> <p>We will obtain written representations from management and, where appropriate, the Governance Scrutiny Group, confirming that</p> <ol style="list-style-type: none"> they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> management; employees who have significant roles in internal control; or others where the fraud could have a material effect on the financial statements; and they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix E: Other communications

Other communication		Response
	System of Quality Management	<p>To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management, including:</p> <ul style="list-style-type: none">• Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership• Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities• Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.)• Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall quality• Evaluating responses and remediating control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</p>

Appendix F: Scale audit fees

Our fees (excluding VAT) as the Council's appointed auditor for the year ended 31 March 2025 are outlined below. Fee variations will be confirmed on completion of our work and are subject to the fee variation process with Public Sector Audit Appointments.

Audit area	2024/25 Proposed Fee (Audit Strategy Memorandum)
Code Audit Work (Scale Fee)	142,471
Additional work arising from the first year implementation of IFRS 16 Leases	Estimated £10,000-£19,000 (to be updated on conclusion of the audit)

Contact

Forvis Mazars

Mark Surridge
Partner
Mark.Surridge@mazars.co.uk

Jennifer Norman
Manager
Jennifer.Norman@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 under reference number C001139861. VAT number: GB 839 8356 73



This page is intentionally left blank

Appendix 2

Forvis Mazars

First Floor

Two Chamberlain Square,

Birmingham

B3 3AX

Dear Mark Surridge,

Rushcliffe Borough Council- Audit for Year Ended 31 March 2025

This representation letter is provided in connection with your audit of the financial statements of Rushcliffe Borough Council (the "Council") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

I confirm that there is no information provided to you as part of the audit that I consider legally privileged.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at current or fair value

I confirm that the methods, significant assumptions and the data used by the Council in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework. I confirm:

- *that the significant judgments made in making the accounting estimates have taken into account all relevant information of which management is aware;*
- *the consistency and appropriateness in the selection or application of the methods, assumptions and data used by management in making the accounting estimates;*
- *that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework;*
- *that appropriate specialized skills or expertise has been applied in making the accounting estimates;*
- *that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements; and/or*

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

Tariffs

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully,

Director of Finance and Corporate Services/s151 officer

Appendix

Schedule of unadjusted misstatements

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Property, Plant & Equipment – Vehicles, Plant, Furniture & Equipment – Accumulated Depreciation	Factual				
Cr: Property, Plant & Equipment – Vehicles, Plant, Furniture & Equipment – Gross Cost/Valuation				TBC at the point of issuing the report	TBC at the point of issuing the report
We identified a number of assets within the Council’s fixed asset register which should have been removed as they were no longer in use or had been disposed of. As at the time of issuing this report, we have confirmed that the impact is not likely to be material but will be above our reporting threshold.					
atAggregate effect of unadjusted misstatements					

This page is intentionally left blank



Governance Scrutiny Group

Thursday, 25 September 2025

Draft Annual Audit Report

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached Draft Annual Audit Report from Forvis Mazars summarises progress on the audit process for the 2024/25 financial year. It reiterates the key conclusions of the Audit Completion Report on the 2024/25 Accounts and the Report to those Charged with Governance, which are considered by the Governance Scrutiny Group on this agenda.
- 1.2. Forvis Mazars have completed their work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and the attached report provides commentary on the Council's arrangements. No significant weaknesses in arrangements were identified and there are no recommendations arising.
- 1.3. Forvis Mazars will issue their conclusion to the audit once any outstanding items have been resolved.
- 1.4. The report is very positive particularly given the continued pressures on the finance team, the auditors and across the sector; and still a significant number of final accounts that have to be signed off across the sector. No major concerns have been raised and no actions are required in relation to the report.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group note the receipt of the Draft Annual Audit Report at Appendix A.

3. Reasons for Recommendation

To ensure that due regard has been given to issues and concerns raised by the Council's external auditors.

4. Supporting Information

- 4.1. The Auditors Annual Report for 2024/25 is attached at Appendix A.
- 4.2. The sector remains under considerable pressure due to a backlog of audits however the Council is in the minority and is up to date with its audit sign off. Delays in Forvis Mazars gaining assurance from the Pension Fund Accounts (Nottinghamshire County Council being the accountable body) mean that the accounts sign-off may again for the sixth year not meet the statutory deadline of 30 September 2025. However, the opinion should be issued well in advance of the Government's 'backstop' date of 27 February 2026. There were no significant issues that arose during the 2024/25 financial year.
- 4.3. Forvis Mazars are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness

in its use of resources. The table below summarises the outcomes of their work against each of the three reporting criteria, including whether they have identified any significant weaknesses in arrangements or made other recommendations. We are pleased to say that we have a clean bill of financial health once again.

Reporting Criteria	Identified risks of significant weakness?	Actual risks of significant weakness?	Other recommendations made?
Financial Sustainability	No	No	No
Governance	No	No	No
Improving economy, efficiency and effectiveness	No	No	No

5. **Risks and Uncertainties**

There is a risk that due to the aforementioned backlogs and delays in the audit of the pension fund, the Council’s accounts for 2025/26 may not meet the statutory deadline for sign-off by 30 September 2026. Particularly given the delays in gaining this assurance has once again impacted the timeliness of the final sign-off of the 2024/25 accounts.

6. **Implications**

6.1. **Financial Implications**

The existing budget covers the scale fee for audit work of £142k (£128k for 2023/24) The fees have been increasing substantially over recent years given both the challenges facing finances in the sector and technical changes such as IFRS16 (introduced for 2024/25). The fee for IFRS16 is to be confirmed and the increase will be met from in-year budget efficiencies and likely reported in the Council’s Quarter 2 finance report presented to both Corporate Overview Group and Cabinet (assuming it has been agreed). The Council can challenge the fees charged with Public Sector Audit Appointments (PSAA) if it believes it has good reason to.

The scale fee is supposed to include fees in relation to new audit requirements which are charged as fee variations (for example the IFRS16 additional charge). This has so far not materialised and our understanding is PSAA are still trying to resolve this with audit firms.

6.2. **Legal Implications**

There are no direct legal implications arising from the recommendations of this report.

6.3. **Equalities Implications**

There are no equalities implications connected to the recommendations of this report.

6.4. **Section 17 of the Crime and Disorder Act 1998 Implications**

There are no Section 17 implications connected to the recommendations of this report.

6.5. **Biodiversity Net Gain Implications**

There are no Biodiversity Net Gain implications connected to the recommendations of this report.

7. **Link to Corporate Priorities**

The Environment	None
Quality of Life	None
Efficient Services	Undertaking a programme of external audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	None

8. **Recommendations**

It is RECOMMENDED that the Governance Scrutiny Group note the receipt of the Annual Audit Report at Appendix A.

For more information contact:	Peter Linfield Director - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None.
List of appendices:	Appendix A – Forvis Mazars Annual Audit Report 2024/25

This page is intentionally left blank



Draft Auditor’s Annual Report
Rushcliffe Borough Council – year ended 31 March 2025

September 2025

Contents

01	Introduction
02	Audit of the financial statements
03	Commentary on VFM arrangements
04	Other reporting responsibilities
05	Audit fees and other services
A	Appendix A: Further information on our audit of the financial statements

Page 88

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 Rushcliffe Borough Council. It has been prepared for the sole use of the Governance Scrutiny 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 Rushcliffe 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.

Page 90

Opinion on the financial statements

We issued our audit report on [TBC]. Our opinion on the financial statements was unqualified.



Value for Money arrangements

We did not identify any significant weaknesses 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.



Wider reporting responsibilities

At the date of reporting our work on the Council’s Whole of Government Accounts return remains incomplete whilst we wait for final instructions from the National Audit Office

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was 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. Our audit report, issued on [Date TBC] gave an unqualified opinion on the financial statements for the year ended 31 March 2025

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify significant inconsistencies between the content of the annual report and our knowledge of the Council.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.
Wider Responsibilities	<p>Our powers and responsibilities under the 2014 Act are broad and include the ability to:</p> <ul style="list-style-type: none">• 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 law; and• issue an advisory notice under schedule 8 of the 2014 Act. <p>We have not exercised any of these powers as part of our 2024/25 audit.</p>

03

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary


Page 94





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 27.

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

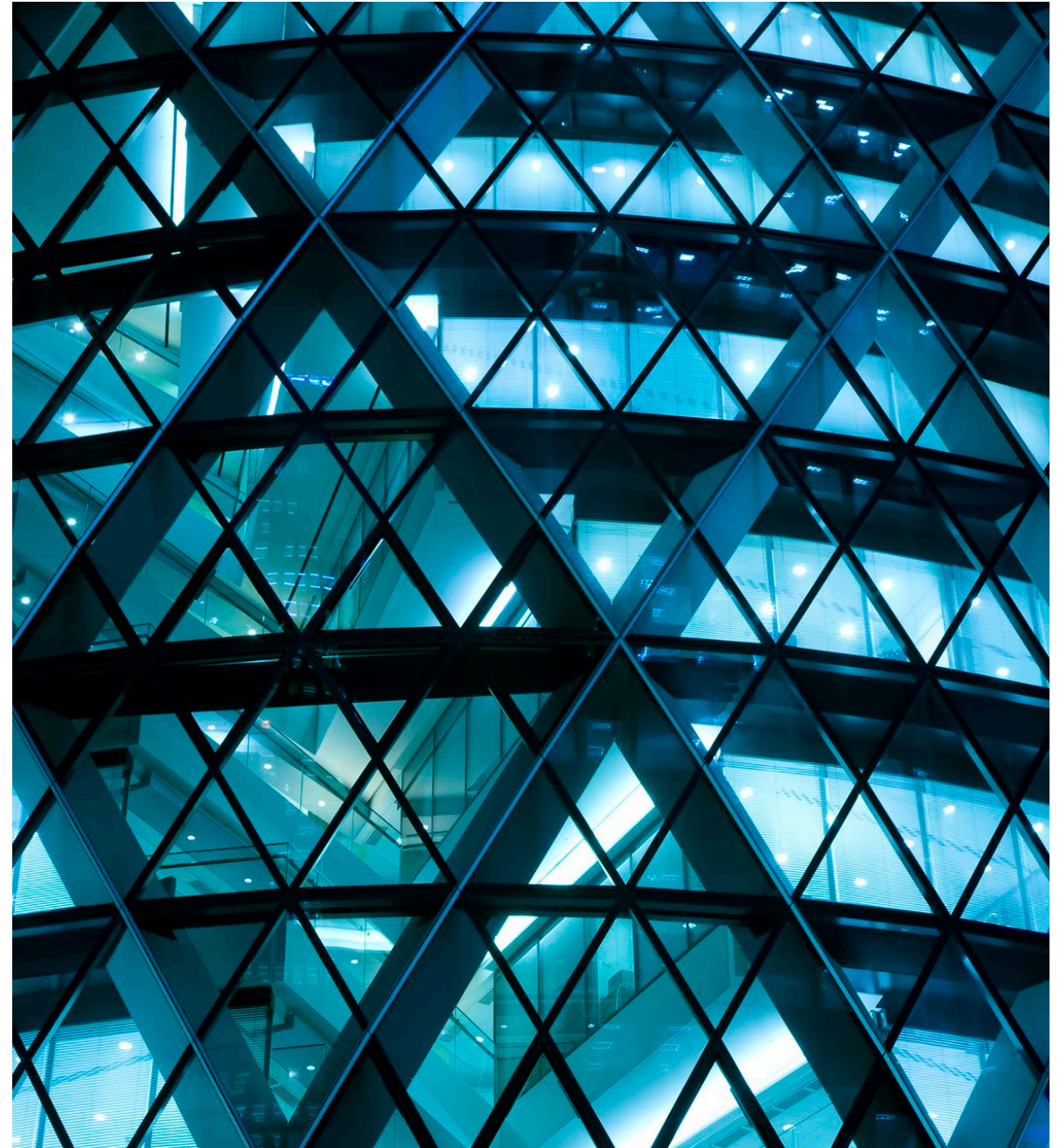
Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11-15	No	No	No
 Governance	16-18	No	No	No
 Improving economy, efficiency and effectiveness	19-21	No	No	No

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

Significant weakness in 2023/24	Nil.
Significant weaknesses identified in 2024/25	Nil.

Position brought forward from 2023/24

As set out in the table above, there are no indications of a significant weakness in the Council’s arrangements for financial sustainability brought forward from 2023/24. The Council’s underlying arrangements in relation to financial sustainability are not significantly different in 2024/25.

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, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Council’s service users.

Through our review of Council and committee reports, meetings with Officers and relevant work performed on the financial statements, we are satisfied that the Council’s arrangements for budget monitoring remain appropriate, including regular reporting to Members and well-established arrangements for year-end financial reporting.

2024/25 and 2025/26 Budget Setting and Medium-Term Financial Planning

The arrangements in place for budget setting and updating the Medium-Term Financial Strategy (MTFS) are as expected for a District Council, with arrangements for: consultation, scrutiny, evaluation of financial risk, alignment to business plans and sources of funding. The budget for 2024/25 and updated medium term financial strategy to 2028/29 went to Cabinet in February 2024 and to full Council in March 2024, in line with the provisions of the Council’s constitution for financial governance. The budget for 2025/26 and updated MTFS to 2029/30 was likewise approved by Cabinet in February and Full Council in March 2025.

The MTFS sets out the overall framework on which the Council plans and manages its financial resources to align with the Council’s vision and strategic priorities. The MTFS integrates revenue allocations, savings targets and capital investment and provides the budget for the next financial year and provides indicative budgets and future council tax levels for the period covered by the strategy.

The 2024/25 MTFS was shaped by post-pandemic recovery, inflation, and geopolitical instability, with a focus on maintaining financial resilience, delivering statutory services, and supporting discretionary services like leisure and environmental initiatives. The Council remained debt-free, relying on reserves and income from council tax, business rates, and fees. A £1.6 million deficit was projected over five years, to be managed

through the Organisation Stabilisation Reserve and a Transformation and Efficiency Plan (TEP). Capital investment of £24.8 million across the five-year period was planned, focusing on leisure upgrades, vehicle replacement, and housing support.

In contrast, the 2025/26 MTFS reflects new pressures, including a change in national government, the prospect of Local Government Reorganisation (LGR), and new statutory duties like Simpler Recycling. The Council achieved a near-balanced five-year budget, aided by a £3.55 million surplus in 2025/26 from delayed business rates reset. However, deficits return from 2026/27 due to falling business rates and rising service costs. The capital programme expands to £27.1 million, with major investments in recycling infrastructure, leisure centres, and community facilities.

Reserves are projected to fall from £21.4 million to £15.3 million by 2029/30, with new earmarked funds for recycling and climate action. The Local Government Reorganisation is expected within the five-year Medium Term Financial Strategy (MTFS) period therefore there is increased uncertainty beyond year three of the plan and it is likely that significant resources will be required for the transformation.

We read the associated reports as evidence of adequate arrangements in place for budget setting and management in reflection of changes. We were satisfied that, the Budget Report for 2024/25 adequately explains revenue and capital budgets, with a sufficient link to specific business units, as well as an explanation on the impact to the general fund balance.

The Council reported its financial outturn position in the 2024/25 Statement of Accounts which highlighted an overall revenue efficiency position of £2.407m, and an underspend on the capital programme of £5.109m. There is no indication of excessive use of capital flexibilities to support revenue expenditure, nor has our work on the financial statements highlighted any concerns regarding the Council’s policy for setting the Minimum Revenue Provision. There is no indication that the Council’s Medium Term Financial Strategy and budget setting process is not aligned to supporting plans given the Council has a track record of delivering against budget.

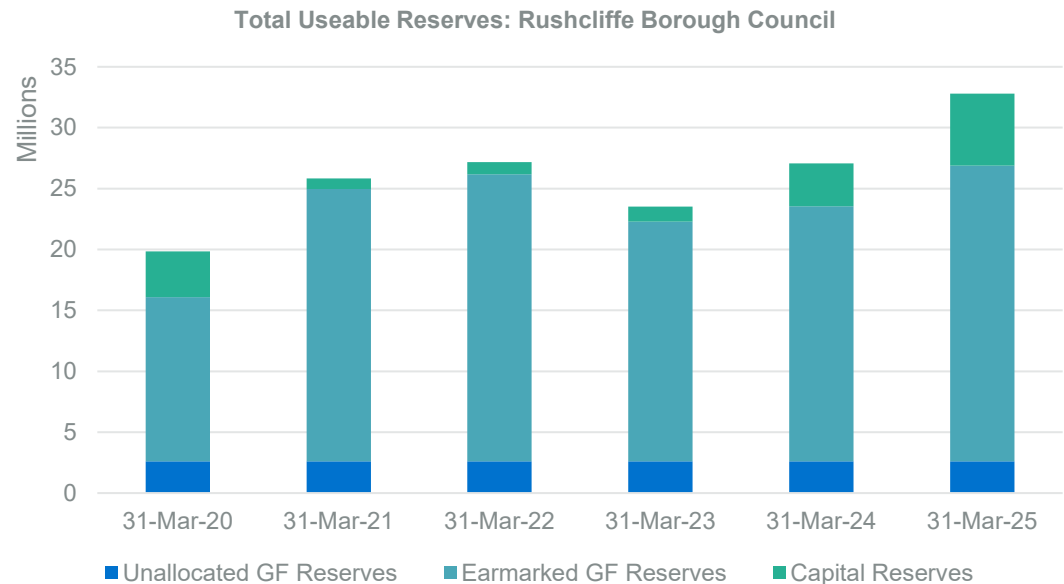
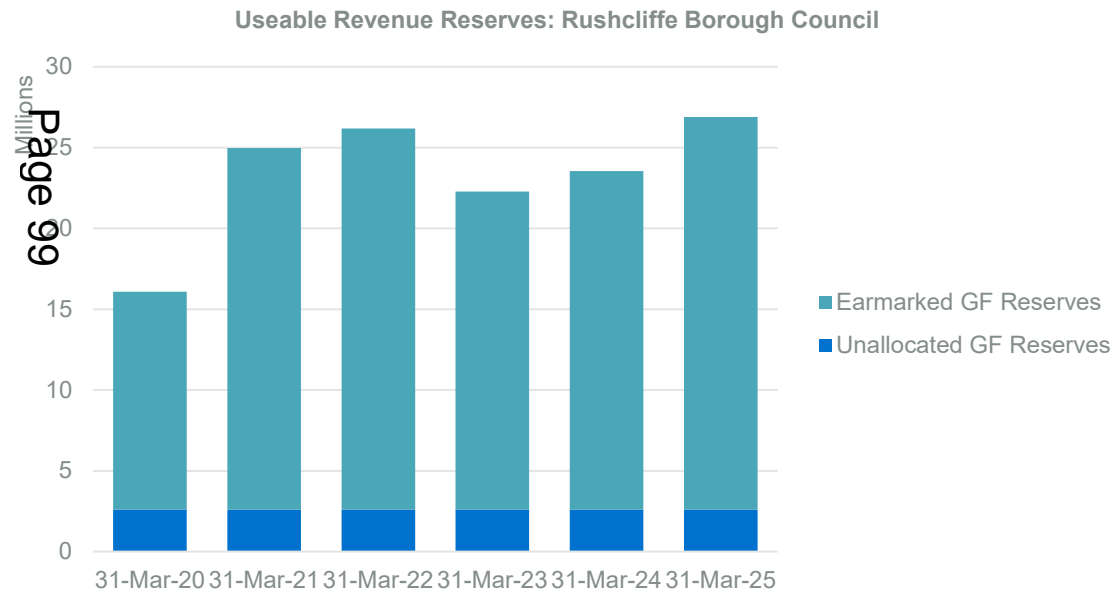
VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

Review of reserves position

The purpose of the Council's general fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Earmarked reserves are held so they can plan for the future and deal with known risks; unallocated reserves so that councils can respond to immediate events and emergencies.

We have reviewed the Council's General Fund and Useable Capital Reserves as illustrated by the charts below. The Council's Reserves position appears robust showing a consistent increase in overall general fund revenue and capital reserves since the year ended 31 March 2023. This does not give an indication of any significant weakness in arrangements to secure financial sustainability.



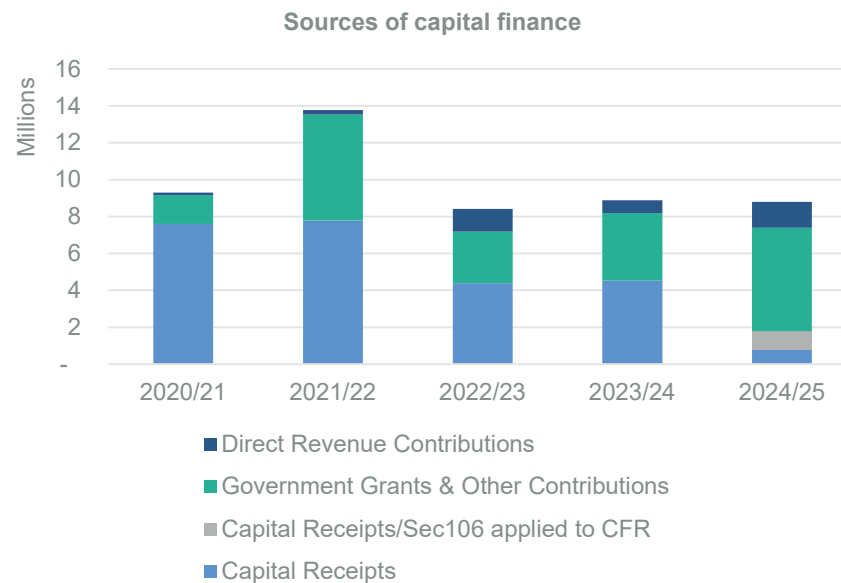
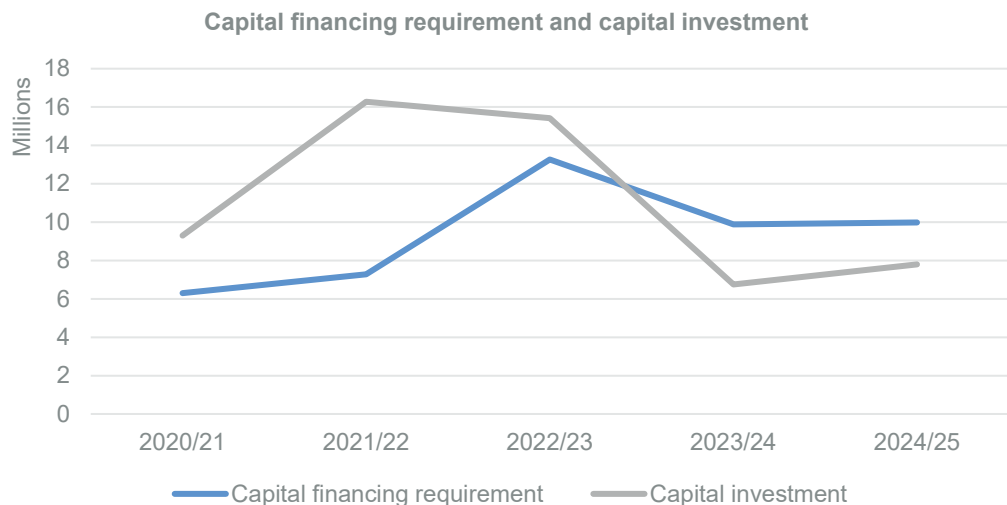
VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

Capital programme and capital financing

We also reviewed the capital programme as included within the Council's 2025/26 approved MTFS, noting that the consolidated Capital Programme for the next three years from is funded predominantly from capital receipts, capital grants and contributions, with no requirement to borrow. As shown in the chart on the following page, this is consistent with prior years. We have held regular discussions with officers regarding arrangements for the management and funding of capital programme and noted no indicators of a significant weakness in arrangements.

Page 100



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Pooled investments

In 2018, a Statutory Override on IFRS9 was introduced to allow local authorities to move the impact of gains and losses on pooled investment funds into an unusable reserve rather than impact the general fund. The Override was initially due to end in March 2023, but this was extended to March 2025. This has now been extended again for existing investments made before 1 April 2024, to 1 April 2029. The table below sets out the Council's balance sheet position over the past three years. The Council currently holds a Treasury Capital Depreciation Reserve (£1.310m) to mitigate the potential impact

£'000	22/23	23/24	24/25
Fair value of investments	13,766	14,038	13,929
Pooled funds adjustment account (unusable reserve)	-1,235	-961	-1,071
General fund balance	2,604	2,604	2,604
Earmarked Revenue Reserves	19,673	20,947	24,286

Whilst the council has made a commitment to hold these funds over the long-term, as seen by the below, they have fallen in value from the original £15m invested. The extent of financial risk associated with current and future investments needs to be monitored, and alongside updates to the capital financing regime and Minimum Revenue Provision, we would encourage the Governance Scrutiny Group to seek assurance and ensure it understands the relevance and potential impact to the Council. We are aware that the Council are monitoring the risks and have provided regular updates to the Governance Scrutiny Group, through their treasury management updates.

Through our discussions with the Council, we understand the accounts include a Treasury Capital Depreciation Reserve (£1.310m), to provide funding to reduce the impact on the general fund from reductions in the capital value of treasury investments. The additions to this reserve in year are £137k. The current net loss on value of the pooled investments is £1.071m and this will be crystallised if the Council redeem its investment whilst they are holding a fair value loss. The Council has therefore appropriated funds into a

reserve to mitigate the risk of the capital loss against the general fund. From the work performed on the financial statements, we considered the Council's pooled investment funds and how an earmarked reserve of £1.3m has been set aside to go towards mitigating the current loss in value of these investments. We are satisfied this does not present a risk of significant weakness in arrangements.

	Opening	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Total
Net gain/ loss on pooled investments	0.121m	0.024m	-1.238m	1.143m	0.173m	-1.457m	0.273m	-0.110m	-1.071m
Treasury Capital Depreciation Reserve balance		-	-	-	-	0.973m	1.173m	1.310m	

S106 and CIL planning agreements

As at 31 March 2025, the Council's statement of accounts showed that the Council held £40.977m of S106 and £5.347m of CIL Planning Agreement contributions on its Balance Sheet. This represents an overall decrease of £3.225m from the prior year. We have not identified any issues from our main financial statements work to indicate a significant weakness in arrangements, but the Council must maintain regular review of these funds to ensure any provisions or time limits are met to avoid risk of clawback. The Governance Scrutiny Group may wish to obtain direct assurance over the risk mitigation strategy for these funds in light of Local Government Reorganisation.

Overall, we have not identified any indicators of a significant weakness in the Council's arrangements relating to the financial sustainability criteria for the year ended 31 March 2025.

VFM arrangements

Governance

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

Page 102



VFM arrangements – Governance

Overall commentary on Governance

Significant weakness in 2023/24	Nil.
Significant weaknesses identified in 2024/25	Nil.

Position brought forward from 2023/24

As set out in the table above, there are no indications of a significant weakness in the Council’s arrangements for financial sustainability brought forward from the previous year.

The Authority’s governance structure

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. Based on our work, we are satisfied that 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. Our review of corporate governance arrangements confirms the Council has an agreed Constitution, setting out how it operates, how decisions are reached and what procedures are followed to ensure that these are transparent and accountable to local people. Any recommendations for amendments to the Constitution need to be approved by Full Council.

Our review of Council and Governance Scrutiny Group 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.

Risk management and internal control

The Council has an established risk management strategy and systems in place which are built into the governance structure of the organisation. There is an approved Risk Management Strategy which includes the Council’s approach to managing risk, guidance, the Council’s risk appetite and roles and responsibilities. The Governance Scrutiny Group (GSG) is responsible for maintaining an independent oversight of risk management issues and considering the effectiveness of the implementation of the risk management strategy. The GSG is presented with the risk register on a regular basis and provides challenge as part of the process. These arrangements are consistent with what we would expect at a local authority and are adequate for the Council’s purposes.

The Annual Governance Statement is a critical component of the Council’s governance arrangements. It is an evidenced self assessment by the Council on the Council’s governance, assurance and internal control frameworks for the financial year. The Governance Scrutiny Group are responsible for review of the Council’s Annual Governance Statement. No significant weaknesses in internal control have been identified from our work to date and Internal Audit has not identified or raised any significant concerns. We reviewed the Annual Governance Statement as part of our work on the financial statements with no significant issues arising.

Internal audit

To provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud, the Council has an out of house Internal Audit function (provided by BDO). The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by Governance Scrutiny Group prior to final approval.

We have reviewed the Internal Audit plans for 2024/25 and 2025/26 and confirmed they are consistent with the risk-based approach. Internal Audit progress reports are regularly presented to the Governance Scrutiny Group meeting including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Governance Scrutiny Group to adequately hold management to account. At the end of each financial year the Head of Internal Audit provides an Annual Report including an opinion, based on the work completed during the year, on the overall adequacy and effectiveness of the council’s control environment. The Annual internal audit report provides a summary of Internal Audit work undertaken during 2024/25 and provides an opinion on the organisation’s governance, risk management and internal control environment.

Overall, Internal Audit provided “Substantial assurance that there is a sound system of internal controls, designed to meet the Council’s objectives, that controls are being applied consistently across various services, with limited levels of non-compliance.”

We also confirmed that the Head of Internal Audit Opinion has been adequately reflected in the Annual Governance Statement. No issues arose from our review to indicate there is a significant weakness in the Council’s arrangements for governance

VFM arrangements – Governance

Governance Scrutiny Group

The Council has an established Governance Scrutiny Group that incorporates the functions of an Audit Committee. We have confirmed the Committee meets regularly and reviews its programme of work to maintain focus on key aspects of governance and internal control. We have attended Governance Scrutiny Group meetings and reviewed supporting documents and are satisfied that the programme of work is appropriate for the Council's requirements. Our attendance at Governance Scrutiny Group has confirmed there continues to be an appropriate level of effective challenge. Additionally we note that the Council has appointed an independent person to attend the Governance Scrutiny Group to help strengthen the functioning of that committee.

Arrangements for budget setting and budgetary control

Rushcliffe Borough Council operates under a 'Leader and Cabinet' model of executive governance. The Council consists of 44 elected councillors who serve four-year terms. The Full Council, comprising all councillors, is responsible for adopting major policies and the budget. The Council has an established set of arrangements in place for budget setting and control. We have reviewed the Council's constitution, which we note is regularly reviewed and updated, with the most recent update in March 2025. We confirmed that the constitution clearly sets out the budget setting process and includes the Council's standing orders and financial regulations. We have reviewed the budget setting arrangements through observation and discussions with Officers and no matters have been identified indicating a significant weakness in arrangements.

We read the assumptions underpinning the Medium-Term Financial Strategy (MTFS) as included in reports to the Cabinet. In our view, these include an adequate level of detail over the assumptions and cost pressures facing the council, which are consistent with our experience at similar sized authorities and not unreasonable. In addition, there is sufficient narrative to explain the rationale and key financial risks.

Local Government Reorganisation (LGR)

In February 2025, the Government wrote to local authorities formally inviting them to submit proposals to create new structures of unitary authorities – which is a single tier of local government responsible for all local services in an area. All nine Nottinghamshire councils collaborated on an interim submission, submitted to Government on 21st March, that outlined three core options:

1. A new unitary authority combining Nottingham, Broxtowe, and Gedling, with a second new unitary authority for the rest of Nottinghamshire.
2. A new unitary authority combining Nottingham, Broxtowe, and Rushcliffe, with a second new unitary authority for the rest of Nottinghamshire.
3. Nottingham city remains a unitary authority, with a new single unitary authority for the rest of Nottinghamshire.

Rushcliffe also debated a fourth option to create three unitary authorities: one being Nottingham City Council and the remaining two being made up of the Nottinghamshire districts. However, through our review of minutes and agendas we have confirmed that at the July 2025 full Council meeting, members resolved to pause this recommendation due to a lack of support from the other authorities.

We have held ongoing discussions with senior Council officers throughout the year as the situation has evolved. We do not consider LGR to represent in itself a significant weakness in arrangements for financial sustainability or governance. From our review of the above we have not identified any indication that the Council has not complied with its obligations in this respect.

It is well recognised that councils continue to deliver their services and duties until reorganisation is complete, including ensuring it maintains standards and exhibits the appropriate standards of governance.

With further announcements on LGR expected in winter 2025, the effect of LGR under our evaluation of VFM arrangements is a matter for our work in 2025/26, which includes consideration of potential transition planning risks, including:

- Financial Risks and Sustainability, including transitional costs, plans to bridge budget gaps and the impact to the capital programme
- Governance and legal complexity, such as asset ownership, contract novation and how the Council is assured over plans
- Workforce planning and retention strategies
- IT system compatibility, data protection and cyber risk protection
- Quality of post integration planning.

Overall, we have not identified any indicators of a significant weakness in the Council's arrangements relating to the Governance criteria for the year ended 31 March 2025.

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

Significant weakness in 2023/24	Nil.
Significant weaknesses identified in 2024/25	Nil.

Position brought forward from 2023/24

As set out in the table above, there are no indications of a significant weakness in the Council's arrangements brought forward from the prior year.

Performance Monitoring

The Council's arrangements are consistent with the prior year, which were deemed adequate, with the Council's Corporate Strategy setting out what it wants to achieve for local residents and communities and is published on its website. The Council's overall financial objectives and strategy are documented in the Council's budget and Medium-Term Financial Strategy which is reviewed and updated annually.

The Corporate Overview Group reviews the performance of the Council against the approved targets. Other reports are taken to this group and include the diversity annual report, annual customer survey and the health and safety reports. Our review of minutes and reports confirms Members receive regular reporting on performance measures. We reviewed the performance outturn for 2024/25 as evidence of the Council's approach to evaluating performance. In our view, reports contain sufficient narrative, including the appendices, to demonstrate that there are adequate arrangements to assess performance and identify areas for action.

Procurement

The Council's procurement function is outsourced to Nottinghamshire County Council.

Through our work on the financial statements, our testing of expenditure, and consideration of key financial controls, has not identified any issues relating to procurement.

The Council has a Procurement Strategy and set of Contract Procurement Rules which outlines how the procurement of goods, works and services is achieved. These documents take into account latest legislative and operational changes at the Council, and provide a corporate framework for the procurement of goods, works and services. Our work on the financial statements has not identified any significant internal control deficiencies.

Partnerships

We have reviewed the Council's Transformation Strategy and Efficiency Plans for 2024-25 and 2025-26 to gain an insight into how the Council is performing within key partnerships. We have not identified any related issues from our main financial statements audit work relating to partnerships, for example payroll with Gedling Borough Council.

The Council continues to engage with the East Midlands Freeport, with the Leader serving on its Board. The decommissioning of Ratcliffe-on-Soar Power Station poses financial and environmental risks, notably reduced business rates and the potential for a prominent derelict site. Business rates for the power station have reduced from £6m to £0.23m over the course of the last few years, now only representing 0.7% of the Council's NNDR income. To help mitigate the impact, the Freeport will receive up to £25 million in government funding by 2025/26 to support investment in green technologies, infrastructure, and employment.

The East Midlands County Combined Authority (EMCCA) is now operational. The Council is actively pursuing funding opportunities in collaboration with neighbouring authorities, as demonstrated through UKSPF allocations. Current governance arrangements preserve Rushcliffe's autonomy, pending any future local government reorganisation, and reflect a strategic shift toward regional collaboration.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

LGA Corporate Peer Challenge Progress Review

The Council invited the LGA to conduct a CPC, which took place 15-18 January 2024. The feedback report from this visit and resulting action plan was presented to Cabinet in April 2024.

Every council that has a CPC is required to have a progress review and publish its findings within 12 months of the original CPC. The Council's progress review took place on 6 November 2024 and the associated reports were presented to Cabinet in December 2024. We have reviewed the progress review feedback report and have not identified any indications of significant weaknesses. Alongside this we also noted that a RAG-rated progress report against the nine recommendations was presented to Cabinet at the same meeting, which showed that all actions as completed or in progress. Our review of meeting minutes confirms that members reviewed and discussed the associated reports.

Local Government and Social Care Ombudsman (LGSCO) – Annual Review 24/25

Our review of the LGSCO report for 2024/25 noted that between 1 April 2024 to 31 March 2025, LGSCO dealt with 6 complaints. Of these, they assessed and closed 4 complaints and none were upheld. This is consistent with performance in the prior year. We have noted that the Corporate Overview Group discussed and approved an Annual Customer Feedback Report for 2023/24 on 19th November 2024, with the 2024/25 review due in November 2025. We consider the covering report to be sufficiently detailed to allow members to scrutinise customer feedback for the year. We are satisfied there is no indication of a significant weakness in the Council's arrangements as a result of these findings.

Page 107

Overall, we have not identified any indicators of a significant weakness in the Council's arrangements relating to the Improving Economy, Efficiency and Effectiveness criteria for the year ended 31 March 2025.

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 NAO in respect of Whole of Government Accounts consolidation data

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.

Audit fees and other services

Audit fees and other services

Fees for our work as the Council’s auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Governance Scrutiny Group in June 2025. Having completed our work for the 2024/25 financial year, we can confirm that our fees (subject to PSAA approval) are as follows:

Area of work	2024/25 fees
Planned fee in respect of our work under the Code of Audit Practice (Scale Fee)	£142,471
Additional fees in respect of additional work from the introduction of new auditing standards - IFRS 16 Leases	Estimated £10,000-£19,000 (to be updated on conclusion of the audit)

Page 111

Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.

Appendices

Appendix A: Further information on our audit of the Council's financial statements

Appendix A: Further information on our audit of the Council's financial statements

Significant risks and audit findings

To follow in final Auditor's Annual Report on completion of our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Unadjusted misstatements

To follow in final Auditor's Annual Report on completion of our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Internal control observations

To follow in final Auditor's Annual Report on completion of our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Follow up on previous year recommendations

To follow in final Auditor's Annual Report on completion of our audit of the financial statements

Contact

Forvis Mazars

Mark Surridge
Partner
Mark.Surridge@mazars.co.uk

Jennie Norman
Manager
Jennifer.Norman@mazars.co.uk

Page 117

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.



This page is intentionally left blank



Governance Scrutiny Group

Thursday, 25 September 2025

Approval of the Statement of Accounts 2024/25

Report of the Director – Finance and Corporate Services

1. Purpose of Report

- 1.1 This report presents the Council's statutory Statement of Accounts (Appendix A) for the financial year 2024/25 to be approved by the Governance Scrutiny Group.

2 Recommendation

It is RECOMMENDED that the Governance Scrutiny Group:

- a) Approve the Statement of Accounts for 2024/25 (**Appendix A**) including the Annual Governance Statement at Section B page xxix
- b) Delegate 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.

3 Reasons for Recommendation

- 3.1 To demonstrate compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code') and various other legislation such as the Accounts and Audit Regulations (2015); and to help readers and stakeholders engage with the Accounts and demonstrate good stewardship.

4 Supporting Information

- 4.1 The accounts for Local Authorities are required to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code') and the Annual Governance Statement must comply with the guidance issued by CIPFA/SOLACE ('Delivering Good Governance in Local Government') published in April 2016.
- 4.2 As part of the final accounts process, Forvis Mazars, as the Council's appointed auditor, provide a detailed report on the conduct of the audit of the final accounts alongside representations on specific matters such as the Council's

financial standing and whether the transactions with the accounts are legal and unaffected by fraud. These issues are addressed in the Audit Completion Report which is considered as a separate item on this agenda.

- 4.3 The Statement of Accounts 2024/25 is included at Appendix A. This includes the Council's Annual Governance Statement (AGS) at section B page xxix which, in line with best practice, has been agreed with the Leader and Chief Executive and was approved by Governance Scrutiny Group, 19 June 2025.
- 4.4 There have been no significant issues arising from the audit regarding the work undertaken by officers. We appreciate the efficiency that the Forvis Mazars team have shown during the audit and thank them for their work. Members should not underestimate the work undertaken by primarily the Finance Team (and other officers) in not just preparing the accounts and supporting working papers, but in managing the audit process which has taken a period of three months.
- 4.5 The review work undertaken by Forvis Mazars focusses on key risks including defined benefit pensions (the Pension Fund Accounts) and Property Plant & Equipment (PPE) as required by the auditing standards. New leasing standard IFRS 16 has been applicable from 1 April 2024 and is designed to report information that better shows lease transactions. The Council is required to re-classify lease arrangements in line with this new standard for the first time in the 2024/25 accounts and therefore additional review work is required.
- 4.6 The audit is substantially complete and there are currently no matters which would require a modification to the audit opinion. The Audit Completion Report details two unadjusted misstatements identified by Forvis Mazars during the course of the audit. These relate to the implementation of new leasing standard IFRS16 and is discussed in more detail in the Audit Completion Report (separate item on this agenda). 2024/25 marks the first year of adopting the new standard, key learning points have been taken and will be applied going forward.
- 4.7 A summary of salient points from the Statement of Accounts 2024/25 is provided below:
- Net Revenue surplus of £1.933m mostly as a result of additional interest; no call on contingency; contract renegotiations and reduced expenditure on fuel as a result of EV adoption, partially offsetting lower income from planning, increased costs of appeals and loss of Housing Benefit subsidy relating to supported housing providers (page viii)
 - Overall Net Budget Variance of £2.962m surplus including additional grants, Nottinghamshire Business Rates Pool surplus as a result of growth in Business Rates £1.029 (page viii)
 - Transfer to reserves of £4.742m (£2.962m surplus plus £1.780m planned transfers less use of reserves to fund capital expenditure £1.403m giving a net transfer to reserves of £3.339m (page 13)
 - Total Funding:
 - Council Tax: £8.347m – 48.3%
 - Business Rates: £6.170m – 35.7%

- Grant Income: £2.758m – 15.9%
- Collection Fund: £0.020m – 0.1%
- General Fund remained stable at £2.604m. Earmarked Reserves increased from £20.947m to £24.287m. Total Usable Reserves rose to £32.795m
- Note 4 page 13, transfer to reserves totalling £3.339m largely reflect movements between reserves to top up Climate Change Reserve (land for carbon offsetting) and Simpler Recycling Reserve (additional responsibilities arising from the Environment Act). The overall net increase includes planned transfers £1.78m, mostly NHB and £2.962m from 2024/25 underspends mainly allocated to Organisation Stabilisation, Regeneration and Community Projects and Climate Change Reserves less £1.402m to fund capital expenditure
- Council overall Net Worth has increased by £12.1m (Total Comprehensive Income and Expenditure page 2) to £124.26m (Balance sheet Total Reserves on page 6). Of this:
 - Cash and Cash Equivalents: Decreased by £8.2 million and Short-Term Investments increased by £12.6 million, reflecting movements in short term investments to maximise interest returns
 - Property, Plant, and Equipment (PPE): Increased by £7.4 million, mainly from Assets added under IFRS 16; Upgrades at Cotgrave Leisure Centre; and Vehicle replacements
 - Pension Liabilities: Decreased by £2.25 million, due to changes in actuarial assumptions
 - Capital Grants Receipts in Advance decreased by £2.172m as a result of release of S106 monies
 - Other Long-Term Liabilities of £1.8m relate to the Right of Use Assets (technical accounting adjustment IFRS16) reflecting lease liabilities greater than one year. Liabilities arising in the next 12 months shown as an increase to short term creditors of £0.5m.
- Investments held at 31 March 2024 totalled £75.75m (increase from £71.527m 2023/24) Note 12
- Capital expenditure total spend: £7.045m (excluding IFRS 16 adjustments) Key Projects included:
 - Cotgrave Leisure Centre upgrades: £2.658m
 - Vehicle replacements (including EVs): £0.54m
 - Disabled Facilities Grants: £0.912m
 - Energy retrofit and HUG2 grants: £0.674m
- Capital Expenditure in the year was mostly funded by Government grants £3.452m (including UKSPF, DFG, HUG 2), Other contributions £1.179m (including S106 and CIL) and grants £0.229m balanced with £1.402m from reserves. There was no requirement for external borrowing

- Collection Fund 2024/25 ended with a £0.454m surplus, to be redistributed in 2026/27
- Major Service Developments include:
 - Approved a £27.1m capital programme including leisure upgrades and carbon reduction
 - Hosted Proms in the Park with over 8,000 attendees
 - Administered UKSPF and REPF grants to the community organisations and businesses and supported households with energy efficiency advice
 - Achieved Green Flag Awards for three nature sites
 - Delivered £0.824m in efficiency savings through transformation initiatives
 - Refurbished play areas with over £0.175m investments including increased accessibility features
 - Relocation of the customer contact point to West Bridgford library
 - Distributed over 1,000 free trees and expanded No-Mow areas to over 30 sites
 - Funded improvements to low energy efficiency housing
 - Installed electric vehicle charging points
 - Transitioned environmental refuse vehicles
 - Improved parking in Bingham and Bridgfield (West Bridgford)
 - £0.25m invested in solar panels at Cotgrave Leisure Centre, saving on running costs.

4.8 To support the Council's objective to be carbon neutral by 2030, the climate change reserve has been utilised to support the delivery of a number of projects; improving low energy efficiency housing; electric car charging points and the Rushcliffe Oaks Crematorium which is operationally carbon neutral. In 2025/26 this will extend to additional vehicle replacement and new dedicated, purple-lidded bins for six weekly kerbside glass collections as part of the Simpler Recycling roll-out and the Council will continue to identify further carbon reduction initiatives.

4.9 The Council's financial position at the close of 2024/25 remains stable. However, significant risks and challenges persist due to uncertainties surrounding government funding, particularly the Fair Funding Review and the ongoing Local Government Reorganisation. Additional pressures stem from legislative changes such as Simpler Recycling, the continued impact of inflation, the need to identify new efficiencies, and diminishing capital resources. These factors will place sustained strain on the budget. Balancing these demands while maintaining core services and delivering corporate priorities – which require further investment – will be essential.

5 Risk and Uncertainties

Failure to adhere to professional accounting practice could lead to potential criticism from the Council's external auditors and inadequate Financial Statements.

6 Implications

6.1 Financial Implications

The annual fee scale for cost of audit in 2024/25 is £142k. A government grant of £18k was received to offset the increased cost of audit.

6.2 Legal Implications

There are no legal implications identified for this report.

6.3 Equalities Implications

There are no equalities implications identified for this report.

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

There are no Crime and Disorder implications identified for this report.

6.5 Biodiversity Net Gain Implications

There are no Biodiversity Net Gain Implications identified for this report.

7 Link to Corporate Priorities

The Environment	The Statement of Accounts relates to the funding of the Council's Corporate Strategy and the Council achieving all of its Corporate Priorities
Quality of Life	
Efficient Services	
Sustainable Growth	

8 Recommendation

It is RECOMMENDED that the Governance Scrutiny Group:

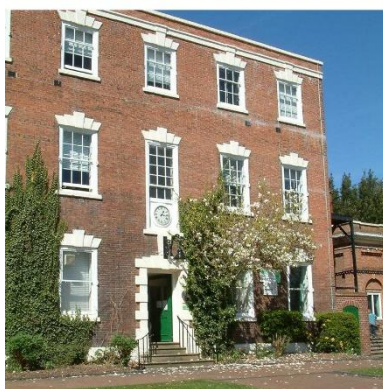
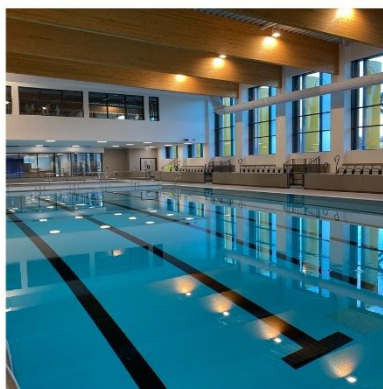
- a) Approve the Statement of Accounts for 2024/25 (**Appendix A**) including the Annual Governance Statement at Section B page xxix
- b) Delegate authority to the Director of Finance and Corporate Services to make any changes necessary resulting from the matters outstanding on the accounts and advise both the Chair of Governance Scrutiny Group and Finance Portfolio Holder accordingly, such changes to be reported to the Governance Scrutiny Group.

For more information contact:	Peter Linfield Director - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Not applicable
List of appendices (if any):	Appendix A – Statement of Accounts 2024/25

This page is intentionally left blank

Statement of Accounts

2024 - 2025



Contents

A. NARRATIVE STATEMENT.....	i
B. ANNUAL GOVERNANCE STATEMENT 2024/25.....	xxix
C. INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF RUSHCLIFFE BOROUGH COUNCIL.....	xliii
D. STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	1
E. THE FINANCIAL STATEMENTS	2
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2
MOVEMENT IN RESERVES STATEMENT (MIRS)	3
BALANCE SHEET	6
CASH FLOW STATEMENT.....	7
EXPENDITURE AND FUNDING ANALYSIS AND NOTES FOR THE YEAR 1 APRIL 2024 TO 31 MARCH 2025	8
F. NOTES TO THE ACCOUNTS.....	9
1. NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS	9
2. INCOME AND EXPENDITURE ANALYSED BY NATURE	10
3. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS.....	11
4. TRANSFERS TO/(FROM) EARMARKED RESERVES.....	13
5. OTHER OPERATING EXPENDITURE	15
6. FINANCING AND INVESTMENT INCOME AND EXPENDITURE	15
7. TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE.....	16
8. PROPERTY, PLANT AND EQUIPMENT	17
9. INVESTMENT PROPERTIES.....	20
10. INTANGIBLE ASSETS	22
11. ASSETS HELD FOR SALE	22
12. FINANCIAL INSTRUMENTS	23
13. DEBTORS	24
14. DEBTORS FOR LOCAL TAXATION	24
15. CASH AND CASH EQUIVALENTS	24
16. CREDITORS	25
17. PROVISIONS	25
18. USABLE RESERVES	25
19. UNUSABLE RESERVES	25
20. CASHFLOW STATEMENT – OPERATING ACTIVITIES	32

20. CASHFLOW STATEMENT – OPERATING ACTIVITIES CONTINUED	33
21. CASHFLOW STATEMENT – INVESTING ACTIVITIES.....	33
22. CASHFLOW STATEMENT – FINANCING ACTIVITIES	33
23. MEMBERS' ALLOWANCES	33
24. OFFICERS' REMUNERATION.....	34
25. EXIT PACKAGES AND TERMINATION BENEFITS	34
26. EXTERNAL AUDIT COSTS.....	35
27. GRANT INCOME.....	35
28. RELATED PARTIES.....	37
29. CAPITAL EXPENDITURE AND CAPITAL FINANCING	38
30. LEASES	39
31. IMPAIRMENT LOSSES.....	40
32. DEFINED BENEFIT PENSION SCHEMES	41
33. CONTINGENT LIABILITIES	48
34. CONTINGENT ASSETS.....	48
35. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS ..	48
36. ACCOUNTING POLICIES	53
37. ACCOUNTING STANDARDS ISSUED BUT HAVE NOT YET BEEN ADOPTED	71
38. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES.....	72
39. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY	72
40. MATERIAL ITEMS OF INCOME AND EXPENSE.....	73
41. EVENTS AFTER THE BALANCE SHEET DATE.....	74
G. THE COLLECTION FUND.....	75
1. GENERAL	75
2. CALCULATION OF COUNCIL TAX BASE	75
3. COLLECTION FUND COUNCIL TAX BALANCE/REDISTRIBUTING SURPLUSES OR DEFICITS.....	76
4. NON-DOMESTIC RATES.....	76
5. NON-DOMESTIC RATES SURPLUS OR DEFICIT	77
H. GLOSSARY OF TERMS	78

A. NARRATIVE STATEMENT

Welcome to the Statement of Accounts

Introduction

As the Council's Chief Finance Officer, I have pleasure in presenting the Narrative Statement to Rushcliffe's 2024/25 Statement of Accounts. The Statement of Accounts is required by law and provides statutory and other information in line with professional best practice. In doing so, the Financial Statements continue to accord with International Financial Reporting Standards (IFRS) ensuring consistency with accounts produced by organisations in other sectors of the economy.

The Narrative Statement reports on the accounts by summarising key events and their financial impact as well as non-financial performance indicators against key corporate priorities and commentary on key risks. It also provides additional context on some of the issues and challenges that have faced the Council during the year. I hope that this Narrative Statement, and the information that follows, gives a clear picture of how Council Tax and our other sources of income are used to deliver a wide range of services. The Narrative Statement, along with the Annual Governance Statement and the Auditor's report, are outside the scope of the Statement of Accounts, but all the documents, as one, constitute the Council's Financial Report for 2024/25.

The financial environment continues to be volatile. Current and emerging pressures include Simpler Recycling Act, Levelling Up Act, Local Government Reorganisation (LGR), Carbon Offsetting commitments, Government policy reviews and increases in Employers National Insurance contributions. Further delays in funding reviews and one year funding settlements add another layer of uncertainty. Inflation has started to reduce but the high levels experienced in the last few years has caused the base budget to be substantially inflated. Rates continue to fluctuate, and this also affects the Council's income streams as the cost-of-living crisis impacts on residents and business. Officers have continued to facilitate the delivery of additional financial support to residents and businesses in the form of grants and reliefs. The Council has delivered the Medium-Term Financial Strategy focussing on maintaining quality services for its residents. The Council strives to grow the Borough despite the challenging economic environment and over the last year has made significant progress on large development projects. The Council Corporate Priorities below remain a focus for the Council:

- Supporting economic growth to ensure a sustainable, prosperous and thriving local economy.
- Maintaining and enhancing our residents' quality of life.
- Transforming the Council to enable the delivery of efficient high-quality services.
- Playing our part in protecting the environment today and enhancing it for future generations.

Should you have any queries regarding these accounts or suggestions as to how we could improve the information provided please forward them to me at finance@rushcliffe.gov.uk.

Peter Linfield

Deputy CEO and Director - Finance and Corporate Services

1. The Statement of Accounts

The Director (Finance and Corporate Services) is the statutory officer responsible for the proper administration of the Council's financial affairs (sometimes referred to as the Chief Finance Officer or S151 Officer). They are required by law to confirm that the Council's system of internal controls can be relied upon to produce an accurate Statement of Accounts. To do so, the Chief Finance Officer ensures that the Council maintains proper and up to date accounting records and takes all reasonable steps to prevent and detect fraud and any other irregularities. The Council's Statement of Assurance for 2024/25 (known as the Statement of Responsibilities for the Statement of Accounts) appears on Page 1 of the Statement of Accounts.

The Statement of Accounts has been produced in accordance with The Code of Practice on Local Authority Accounting ('the Code') developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Council's Accounting Policies, which are written in accordance with the Code, and are outlined on pages 52 to 70 of the Statement of Accounts.

The map below shows some key statistics for the borough of Rushcliffe



2. Delivery of the Corporate Strategy

The progress on delivery of the Corporate Strategy 2024-27 is reported quarterly to the Council's Corporate Overview Group. The Corporate Strategy was approved by Council 7th December 2023.

The Council has ambitions to deliver major projects that align outcomes with four corporate themes:

Supporting economic growth to ensure a sustainable, prosperous and thriving local economy

Maintaining and enhancing our residents' quality of life

Transforming the Council to enable delivery of efficient high-quality services

Playing our part in protecting the environment today and enhancing it for future generations.



UKSPF

Last year we supported 60 organisations including small businesses, community groups and parish councils with over £400,000 of grants



Rushcliffe Oaks

Rushcliffe Oaks Crematorium continued to give families comfort and support in their time of need with the help of Maisie the Comfort Dog



Proms in the Park

Over 8,000 people attended Proms in the Park to celebrate Armed Forces Day



Leisure Centres

£5.2m investment in refurbishments and energy efficient improvements at local leisure centres continued



Home Alarms

Supported nearly 1,000 elderly or vulnerable people to live independently with one of our home alarms.



Council Tax & NDR

Typically collection rates are amongst the highest in the country. For council tax 99.1% and business rates 98.8%



Popular Events

Another very popular Lark in the Park attracts thousands of families



Community Awards

Celebrating Rushcliffe Awards receives record number of nominations



Energy Support

Over 300 energy efficient measures to around 250 homes



Pension Credit

Continued to maximise Pension Credit take up providing much needed support to residents



Playgrounds

Over £279k of investment in playgrounds, refurbishing popular existing play areas and introducing new inclusive features



Green Flag Awards

More sites receiving Green Flag awards than ever before including a first at The Hook Nature Reserve

As well as achieving all of this, we also:



Emptied **3.2 million** bins



Delivered updates to over **27,000** followers on social media



Helped **261** individuals who were at risk of becoming homeless to find somewhere to live.



Answered over **73,000** calls from our residents



Dealt with over **116,000** enquiries to our Customer Services team



Helped dozens of businesses with over **£340,000** of business support grants



Supported nearly **1,000** elderly or vulnerable people to live independently with one of our home alarms. This service has achieved a **100%** satisfaction rate over the last nine years.



Conducted nearly **500** food hygiene inspections, including over **100** new food businesses, keeping you safe when eating out in the Borough



Maintained council tax rates lower than **75%** of all local authorities in the country

3. Risk Management

The Council's 2023-2026 Risk Management Strategy was approved by Governance Scrutiny Group February 2023. During 2023/24 officers completed an evaluation of risk descriptions to improve articulation and quality of risk information. The revised risk descriptions were adopted into 2024/25 Service Plans. Reports to Governance Scrutiny Group contain updates on the risk management arrangements, and the Group's responsibility is "to oversee and scrutinise the effective management of risk by officers". The strategy is reviewed every three years by the Risk Management Group (RMG) and Governance Scrutiny Group provides scrutiny of risk registers.

The Executive Management Team has met as the Council's RMG in order to oversee the management of risk across the organisation and review, where necessary, strategic, operational and opportunity risk. The number of risks within the registers will fluctuate throughout the year as active risk management is undertaken.

Changing pressures facing local government and the proactive work of managers to identify risks as they emerge, will continue to influence new risks added to the register. This demonstrates the Council's aim to be proactive to mitigate risk as soon as possible after identification. There are currently 38 corporate risks, 21 operational risks and 4 opportunity risks. Risks are reviewed each year as part of the Service Planning process and changes to risks are referred to RMG for approval.

Risks added:

- Difficulty recruiting and retaining staff – reduced ability to recruit or retain staff as a result of Local Government Reorganisation leading to an impact on service delivery, staff morale and reputation
- Break in service delivery - risk to the ability of the Council to seamlessly deliver services during reorganisation leading to potential negative impact on residents due to a break in delivery of critical services
- Risk to MTFS - risk to the Medium-Term Financial Strategy (MTFS) as a result of changes in the structure of local government and on transition to a new authority leading to destabilisation of the budget
- Loss of Housing Benefit (HB) subsidy – New Supported Accommodation provided by non-Registered Provider (Charity / CIC's) resulting in loss of HB subsidy



The Council's Medium-Term Financial Strategy highlights key financial risks; the higher rated risks are as follows:

Risk	Likelihood	Impact	Action
Impact on resources to transition to a new authority as part of LGR	High	High	Engage in relevant working groups and report back to Cabinet or Full Council.
Lifespan of this MTFS likely to be curtailed, for example 2027/28 could be the last year for this Borough Council's budget	High	High	To update the MTFS in future years and report to Full Council
Environmental carbon reduction and Carbon Neutral commitments leading to greater pressure on revenue and capital budgets.	High	Medium	Climate Change Reserve being replenished (including for potential land acquisition for carbon reduction), ongoing review of significant projects and outcome of scrutiny review. A vehicle replacement reserve which will help fund, for example, electric vehicles. Apply for external funding where possible.
Risk of increased capital programme costs due to either increased demand (e.g., DFGs, Traveller's site) or inflation.	High	High	Continuation of the waiting list for Disabled Facilities Grants (DFGs). Working with Notts authorities on a more equitable distribution of resources. Further resource in capital reserves to be appropriated if efficiencies are identified.

4. Revenue Expenditure and Income

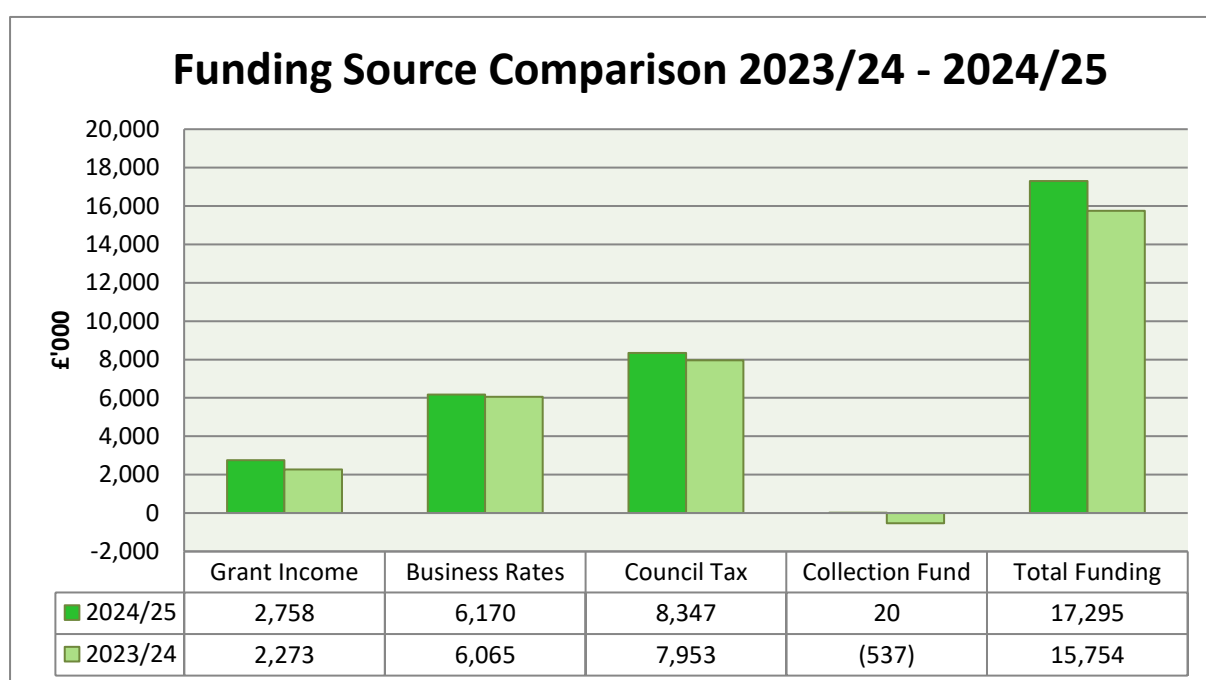
The Council receives money from various sources. The income comes primarily from local residents in the form of Council Tax, and local businesses as Business Rates. Each year the Council spends its money on key services, delivered in accordance with our local priorities and legal requirements.

The following table demonstrates where money was spent in 2024/25, showing a net underspend on direct costs of £1.933m against budget. This underspend is increased by additional grant income and business rates grants to give an overall underspend of £2.962m. This is earmarked to meet ongoing service pressures, challenges and opportunities such as climate change, LGR, Simpler Recycling, West Bridgford Town Centre regeneration and Disabled Facilities Grants.

Interest rates remained high during the year, and this has delivered £1.1m of additional interest. Other underspends come from contingency not required (£0.5m) diesel/HVO savings (£0.169m) reduction in price of fuel and usage due to more EV vehicles, IT contracts due to delays in rollout and moving to cloud solutions (£0.206m), contract renegotiation; Leisure (£0.109m), Eastcroft Depot (£0.049m). Main overspends include £0.380m in planning due to reduced income and costs of appeals and enforcements and rent increases from supported housing providers (£0.205m), both of these are covered by release from reserves.

2024/25	Original Budget £'000	Revised Budget £'000	Revised Outturn £'000	Revised Variance £'000
Chief Executive	1,525	1,539	1,541	2
Finance and Corporate	4,952	4,985	3,598	(1,387)
Development and Economic Growth	482	530	664	134
Neighbourhoods	7,824	8,149	6,993	(1,156)
Sub Total	14,782	15,203	12,796	(2,407)
Capital Accounting Reversals	(1,895)	(1,895)	(1,895)	0
Minimum Revenue Provision	1,178	1,178	1,652	474
Total Net Service Expenditure	14,065	14,486	12,553	(1,933)
Grant Income (including New Homes Bonus)	(2,125)	(2,125)	(2,758)	(633)
Business Rates (including SBRR)	(5,763)	(5,763)	(6,170)	(407)
Council Tax	(8,347)	(8,347)	(8,347)	0
Collection Fund Deficit	(32)	(32)	(20)	12
Total Funding	(16,267)	(16,267)	(17,295)	(1,029)
Net Transfer to/(from) Reserves	2,202	1,781	4,742	2,962

The main sources of revenue funding are detailed below. The table demonstrates the Council's reliance on local taxation to fund net council expenditure. Of the grants funding, £1.509m is New Homes Bonus, which was extended for an additional year, this has been used to top up reserves for Regeneration and Community Projects £0.759m and Climate Change £0.750m. There has yet to be any announcement on the 2021 consultation and consequently NHB has again been extended with £1.478m due for 2025/26, this will be used towards future Minimum Revenue Provision (MRP) payments, this is a requirement by legislation to make a charge to the revenue budget for the recovery of internal borrowing for capital expenditure. The remaining 'grant income' is minimum funding and services grants £0.516m; £0.230m relating to food waste collection which will be appropriated to reserves to cover expenditure relating to this; and other grants not ringfenced for specific purposes.



Source: Financial Outturn Report 2024/25

The deficit position on the Collection Fund (page 73) at 31 March 2024 (£1.917m) has been recovered from Rushcliffe Borough Council and the major preceptors. The balance as at 31 March 2025 is a surplus of £0.454m this will be redistributed during 2026/27.

The Movement in Reserves Statement (MIRS) on page 3, demonstrates prudent financial management throughout the year, with the Council having had few reasons to call on its reserves. The original planned net transfer to reserves of £2.202m was adjusted to £1.781m to reflect carry forward commitments. At the end of the year there was a net transfer to reserves of £3.339m, a net increase of £1.558m (£2.962m revenue underspends, £1.402m utilised on capital projects). Details of reserve balances can be seen in Note 4 to the accounts.

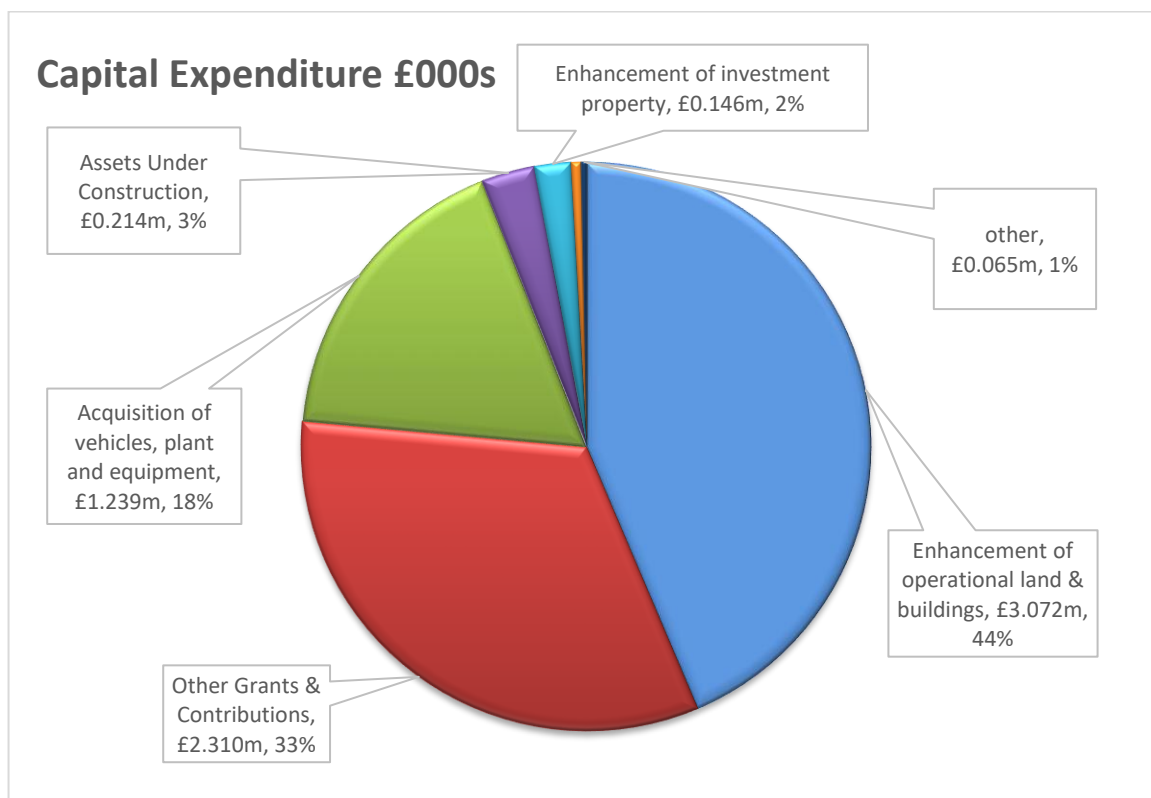
General Fund Reserve Balance therefore remains unchanged from 2023/24 at £2.604m. Reserves are available to meet future cost pressures thus:

- Enabling delivery of the transformation programme by which the Council will balance future budgets and continue to deliver high quality services;

- Smoothing saving requirements between financial years;
- Enabling the Council to deal with the volatility from changes to central government funding methodology (such as Fairer Funding Review and retained business rates which have been further delayed);
- Enabling the Council to minimise the impact of Government Policy such as LGR, Extended Producer Responsibility for Packaging and Simpler Recycling;
- Funding capital expenditure including enhancement of property, plant and equipment and vehicle replacement;
- Ensuring the Council's IT infrastructure and equipment is of sufficient quality to facilitate the delivery of modern services;
- Ensuring the Council is equipped to deal with unforeseen reductions in income or increased spending pressures such as the current cost of living; and
- Allowing the Council to facilitate growth and pursue opportunities.

5. Capital Expenditure and Income

The following chart shows the breakdown of Capital Expenditure in 2024/25:



Source: Capital Expenditure and Financing (Note 29) (this excludes £0.749 relating to IFRS16 adjustments which is included in note 29 as offsetting income and expenditure)

The chart above shows the main area of capital expenditure relates to enhancement of operational land and buildings £3.072m, 44%, with the release of Capital Grants and Contributions as the next highest £2.310m, 33%. These are discussed further below.

As well as delivering day to day services, the Council also spends money on capital works, creating or enhancing assets which are shown on the balance sheet primarily as Property, Plant and Equipment, or as Investment Property. Key areas of capital expenditure in 2024/25 comprise:

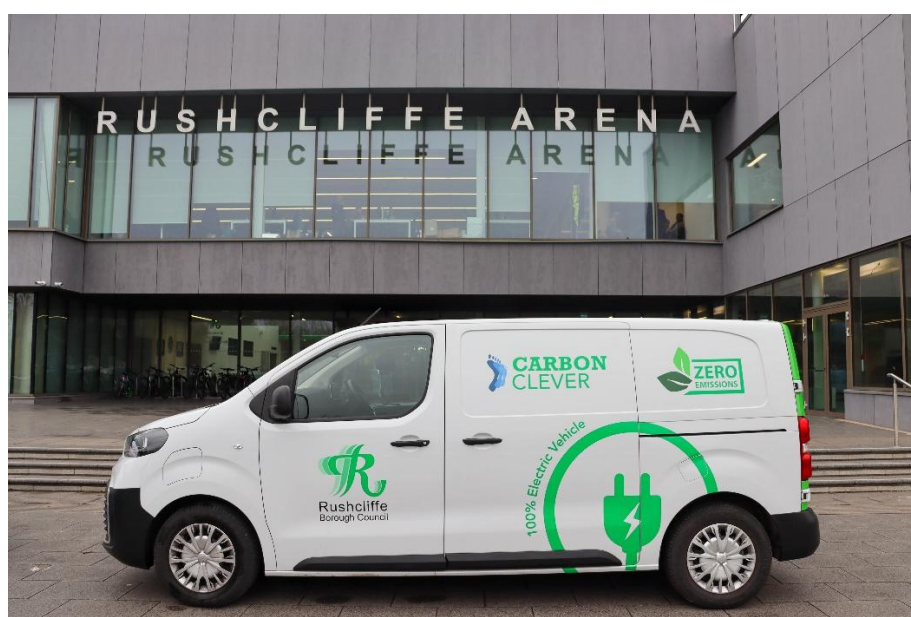
Enhancement of Operational Land and Buildings - £3.072m. The majority of which relates to Cotgrave Leisure Centre £2.658m, works completed in year are upgrades to the youth centre, spin and fitness studio and wet side changing village, works to the sports hall, reception and main entrance are also nearing completion.



Decarbonisation & Enhancement works approaching completion at Cotgrave Leisure Centre

Other Grants and Contributions - £2.310m. Monies released to finance capital assets owned by third parties. Primarily this expenditure was on Disabled Facilities and Better Care Funding Grants £0.912m, UKSPF and REPF grants to Businesses £0.6m, retrofit energy saving Grants £0.511m and Home Upgrade Grants (HUG2) 0.163m.

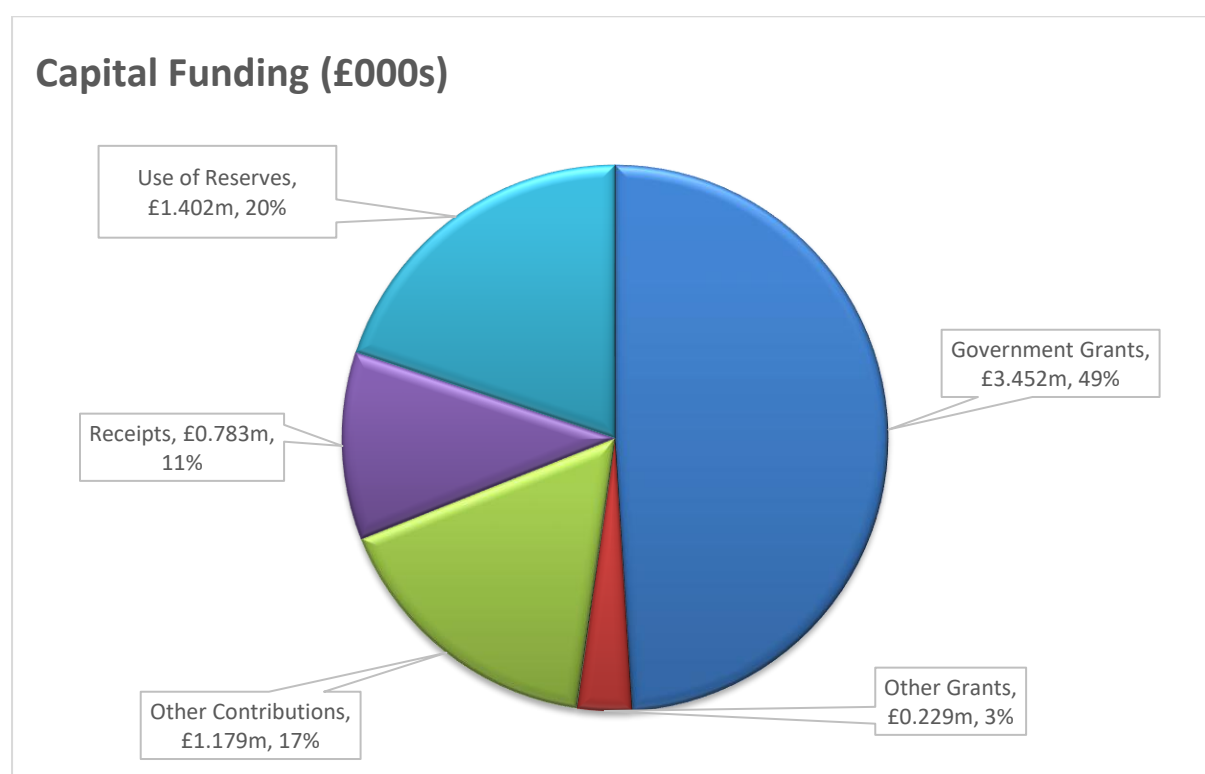
Vehicle, Plant and Equipment - £1.239m. The majority of which relates to the vehicle replacement programme £0.540m. This includes the replacement of a Tanker, a sweeper and, two electric vehicles at Rushcliffe Country Park and the replacement of two transit vans with electric equivalents which were part-funded by £10k Government Grant.



Replacement of Fleet with Electric vehicle

The Council must ensure its Capital Programme is affordable and sustainable. In 2024/25 the Council spent £7.045m (£7.795m including the IFRS 16 ROU assets which had no budget) compared to an overall Capital Programme of £12.145m giving rise to a variance of £5.125m. This is mainly due to programme rephasing and the carry forward commitments, a net total of £4.3m. The most significant of which are; £1.5m for land acquisition for carbon offsetting; Home Upgrade Energy Grants (HUG2) of £0.727m (This scheme is 100% grant funded and managed by the East Midlands Net Zero Hub with works carried out by EON, and RBC acting only as agent); Rushcliffe Oaks Crematorium £0.488m, this includes £0.15m for potential VAT liability which is not required and represents a saving the remainder is carried forward for mechanical works; Cotgrave and Keyworth Leisure centre upgrades £0.398m will be carried forward for completion of works. Other underspends to be carried forward include £0.297m Disabled Facilities Grants (DFG) to meet commitments on approved works, £0.286m contingency to support unforeseen pressures as they arise.

The chart below shows the breakdown how Capital Expenditure in year was funded.



Source: Capital Expenditure and Capital Financing - Note 29 (excluding £0.749m relating to IFRS16 adjustments and items used to bring down internal borrowing; application of capital receipts £1m, and MRP £1.652m which are included in note 29)

Capital resources available in 2024/25 allowed for all capital expenditure to be met without recourse to external borrowing. The key elements of funding comprise:

Government Grants - £3.452m 44% of expenditure, of this, £1.559m UKSPF and REPF grants in addition to supporting local business £0.871m of this was used towards RBC capital projects including Cotgrave Leisure Centre and Land for the new Edwalton Community Centre.

£0.848m awarded to the Council under the 'Better Care Funding' arrangements used specifically to fund Disabled Facilities Grants; and £0.674m came from the Department for Energy Security and Net Zero in relation to HUG 2 (Home Upgrade Grants) and Retrofit Grants to improve energy efficiency for qualifying residents.



Solar Panels funded by Green Energy Grants

Other Contributions £1.179m and Grants £0.229m - 28% of expenditure: £0.969m Section 106 and CIL funds were able to be utilised, this was mainly on Cotgrave Leisure Centre and also on play area upgrades; £0.339m was received in the form of grants from Lottery, English Cricket Board and Football Foundation.

Use of Reserves - £1.402m 18% of expenditure: £0.618m for Cotgrave Leisure Centre from Regeneration and Community projects and Climate Change reserves; £0.298m for ICT projects from Regeneration and Community projects and OS reserves; and £0.350m for vehicle replacements.

When the Council uses internal resources (internal borrowing) to temporarily finance capital projects (Rushcliffe Arena, Bingham Arena and Enterprise Centre and Rushcliffe Oaks Crematorium), Government legislation requires the Council to make a charge to its revenue budget over time (Minimum Revenue Provision or MRP), to replenish the Council's resources. The charge for 2024/25 was £1.652m, which includes voluntary MRP of £0.750m until the balance of internal borrowing on Rushcliffe Arena is recovered. (See the Capital Financing Requirement note 29). The MRP charge to the revenue budget has been covered by the release of New Homes Bonus reserves to wholly mitigate any impact for Taxpayers. In 2024/25, the Council was able to apply £1m capital receipts and £0.97m Developer Contributions to reduce the Capital Financing Requirement. This will reduce MRP charges in future years.

At 31 March 2025, the balance in the Usable Capital Receipts Reserve stood at £5.762m (2023/24 £3.422m). The Council can generate resources through the planned disposal of assets deemed surplus and also from preserved rights to proceeds from sales of ex-Council House Stock. During 2024/25 £0.530m of capital receipts were received, mainly relating to right to buy clawbacks. £0.783m of capital receipts has been used to fund the 2024/25 capital programme and a further £1m to reduce the capital funding requirement (CFR)

Looking ahead, the Council has approved a Capital Programme for 2025/26 of £8.3m which includes vehicle replacement and the purchase of new fleet to fulfil Simpler Recycling requirements. The Council intends to support this expenditure through the continued application of Capital Receipts, use of Reserves, Government and Other Grants and Contributions. As the available capital resources are depleted, there may be a need to undertake some further 'internal borrowing' which will potentially increase the Minimum Revenue Provision (MRP). The future levels of 'internal borrowing' and the potential need to undertake external borrowing will be dependent upon future capital income streams and receipt of monies that can be set aside into reserves versus future capital demand.

6. Major Service Developments and Future Challenges

The Council has again met the many challenges the financial year posed, crucially building on opportunities despite continued rising and inflationary costs against the backdrop of local government reorganisation (LGR).

There is a high probability that within three years' time the Council will become part of a larger principal authority as part of LGR, and the Council is collaborating quickly and effectively as part of the process.

Despite ongoing financial pressures, it is able to continue to support economic growth in the borough, developing and enhancing equipment and facilities with the investments planned in line with a focus on achieving net zero carbon as part of its environmental priorities.

Continued rising employment costs pressures linked to a combination of recruiting and retaining staff and implementing national pay agreements such as the National Living Wage have been among the key challenges, helped by Council income streams remaining largely resilient. This will continue to be closely monitored with ongoing cost-of-living challenges reducing disposable income that could mean households use Council services less.

Higher interest rates have also benefitted the Council with greater investment income returns which help offset expenditure pressures. Importantly the Council remains debt free and therefore does not have debt repayment liabilities.

The Council continues to identify efficiencies and has had to do so given inflation pressures outstripping growth in Council Tax income and has only received an increase in its Core Spending Power of 0.9%. This matched with anticipated business rates, the Council chose to increase council tax by a low level of 8p a week for a Band D property, to keep it within the lowest quartile nationally for its element of the bill. Whilst this is capped it will remain the case until, as expected, the Council becomes part of a larger authority as part of LGR.

The Council still retains an ambitious capital programme of £27.1m over the next five years to deliver its corporate objectives.

The focus in 2025/26 will include investment in maintenance of the Council's properties, leisure centre upgrades and carbon reduction initiatives using the Council's Climate Change Action Plan and Reserve, vehicle replacement and other Simpler Recycling capital costs such as new bins and ICT development.

Going forward the Council is aware there are further significant financial challenges that lie ahead with the implications of both the devolution and levelling-up and environment acts such as with ongoing evaluation and macro-economic uncertainty.

Quality of Life

The Council continues to balance the demands and opportunities for growth in the borough and providing excellent services against a backdrop of rising costs. Achievements include:

- £4.5m budgeted over five years for Disabled Facilities Grants and support for Registered Housing Providers
- Thousands of residents once again attended Council events such as Lark in the Park, Taste of Rushcliffe and Sunday Cinema Experience, with the standout being Proms in the Park, which attracted a record attendance of over 8,000 visitors throughout the day.



Proms in the Park attracted a record crowd

- All items on the 2024 events calendar received positive feedback including the annual Christmas Lights Switch-On in West Bridgford, despite inclement weather
- Bingham Arena continued to hone its reputation as a regional centre to host significant swim galas.
- The annual Celebrating Rushcliffe Awards, in conjunction with Parkwood Leisure were again hosted by the Council, bringing together finalists chosen from a record number of hundreds of nominations across 10 categories, each sponsored by a local business. It shone a light on amazing people and businesses impact on life within the borough, capped by the prestigious Pride of Rushcliffe award.
- The Council secured UKSPF and REPF grants for community groups and Parish Councils. Around £0.700m of business and community grants local groups and organisations have now been awarded since 2022 and 260 households were supported with energy efficiency advice, over 83,000 kg of carbon dioxide equivalent reductions made, 67 community events held, and 129 volunteer roles created.



Supporting local businesses with UKSPF grants

- More play areas benefitted from refurbishments with investment reaching over £0.175m. The popular Rushcliffe Country Park, Boundary Road and Greythorn Park sites in West Bridgford and Adbolton Lane Playground in Lady Bay sites have all seen new features to increase accessibility options.
- Rushcliffe Oaks Crematorium hosted a visit from The Ministry of Health and Welfare in South Korea to highlight sector standards in the UK and raised over £11k for a local Rainbows Hospice to highlight its corporate and social responsibilities in the wider community.
- Rushcliffe Country Park celebrated its eighteenth consecutive Green Flag Award Sharphill Wood received its second and the Hook Nature Reserve in Lady Bay its first as the Council sought to work with local volunteers to maintain brilliant local open spaces.
- Redevelopment of an old air raid shelter in West Bridgford to enable visits from schools and community groups learn more about the WWII history.
- A poignant and sensitive creation of a memorial garden in the shopping centre in Cotgrave also has become a focal point for local residents.
- Investment in new cricket nets in conjunction with the England and Wales Cricket Board at West Park to give further opportunities to all cricketers and a possible new enhanced base for the emerging women and girls game.
- Local groups have been supported via the Rushcliffe Community Wellbeing Fund with grants between £500 and £5,000 to tackle cost of living pressures, loneliness and isolation.
- Partnership work between Nottinghamshire Police, the Police and Crime Commissioner's Office and the Council saw a reduction in anti-social behaviour in

West Bridgford and seven new CCTV cameras in Bingham town centre as part of the Home Office Safer Streets programme help to improve local safety.

- Home Alarms service secured its ninth consecutive exceptional customer satisfaction rating with an average 100% rating over this time and a successful migration to digital home alarms is continuing.



New digital home alarms continue to provide reassurance for residents.

Efficient Services

Despite reduced and uncertain funding and increased commitments such as carbon offsetting, LGR and simpler recycling, the Council maintains a relatively stable financial position going into the next five-year budget cycle and the Council's sound financial management continues to balance its books. Unlike many in the sector, the Council is not making service reductions and looks to improve services, grow the borough economically with a commercial culture that generates financial efficiencies, appreciative of the stark challenges many peers are facing.

Detailed budget proposals for 2025/26 included a Transformation and Efficiency Plan (TEP) to deliver the anticipated efficiency and savings requirement, with an additional £0.824m of savings included in the 2025/25 budget and a further £0.938m by 2029/30.

Over the five-year period the budget shows a net £0.172m deficit which can be accommodated by the Organisational Stabilisation Reserve; however, it is likely that LGR will impact during this time. The budget allows for 4% growth in staffing costs for 2025/26 with salary costs rising due largely to the impact of the rising minimum national living wage impacting national wage settlements. Inflationary pressures continue with increases assumed for fuel (2%), contracts (3%) and utilities (10%). These pressures demonstrate the cost-of-living challenges facing residents, businesses and the Council.



Rushcliffe Arena

- For the fourth consecutive year the Council received a 'Substantial' overall opinion in its annual internal audit report (for 2024/25) which is the highest level of assurance and is rarely awarded. The Council's external auditors have approved the 2023/24 accounts and, in their assessment of the Council's arrangements for securing Value for Money, found no evidence of any significant weaknesses.
- Rushcliffe's element of Council Tax for 2025/26 increased by £3.89 (2.46%). This means that Rushcliffe's Council Tax remains the lowest in Nottinghamshire and amongst the lowest in the country. In line with changes in Levelling-Up legislation, the Council continued to apply a premium for properties classified as unoccupied with 100% of the amount of Council Tax now charged after one year of a property being empty, further assisting bringing properties back into use at a time of increased housing shortage. We have commenced charging premiums on second homes adding a 100% premium after one year in line with current legislation from April 2025.
- For residents there was vital refocus on pension credit take-up and Household Support Fund referrals to help mitigate any Winter Fuel Allowance and promotion of external support through other agencies and councils.
- Relocating the West Bridgford in person customer contact point to the library resulted in savings and the former Customer Service Centre premises now houses a local business to further boost the high street. Further development of online forms on the Council website has also saved substantial officer hours.
- The move to bring street cleansing and ground maintenance functions back in-house in September 2022 continues to be a successful one. The Council expects this initiative to continue delivering financial efficiencies over the coming years - as profiled in the Council's Transformation and Efficiency Programme. Market conditions and trading have still been challenging, and the Council's focus remains on delivering key frontline

services to Rushcliffe residents whilst gradually introducing other services such as additional bulky waste collections.



Streetwise teams keep the high streets clean and blooming

- Digital projects to increase the number of self-serve actions residents can complete on the website have reduced waste and increased efficiency. These are compliant with Shaw Trust accreditation for website accessibility and inclusivity.
- Devolution, in terms of the election of a Mayor for the East Midlands took place in May 2024. The Council's Elections teams and officers also quickly responded to deliver EMCCA Mayoral, Police and Crime Commissioner elections in May 2024. They successfully delivered the Tollerton Neighbourhood Plan Referendum and completed the EU citizens review, keeping briefings relevant and up to date for prospective Candidates and agents for polling. In addition, just two months later a surprise General Election was efficiently managed with all staff rising to the challenge and delivering the usual efficient service.

Sustainable Growth.

2024/25 saw the preparation of a Design Code and consultation on a final draft that will be a cornerstone on standards for developments borough wide and a key milestone of the Greater Nottingham Strategic Plan that will focus further where new homes are built across the wider conurbation.

Key achievements include:

- Successfully defending three planning hearings and inquiries and enforcement policy applied to protect residents from unauthorised development
- Publication of the Solar Farm Landscape and Sensitivity Capacity Study
- Implementation of Enterprise software to support officers in the management of cases within the team and meet the demands of a contemporary Planning Service.

- Comprehensive response to a number of Government consultations and continued work on the Gamston Supplementary Planning Document (SPD) with specialist consultees to ensure the project moves forward in line with the 2014 Local Plan.
- Planning permission for a key community centre and focal point for the large new development at Sharphill was granted and work will begin on site in summer 2025.
- The Council have supported businesses, spearheaded by the publication of its first Economic Growth Strategy and Plan, refocussing its priorities with the economy.
- Rushcliffe Business Partnership, working with the East Midlands Chamber, continued the Council's role to provide free support and advice for business owners across the borough and a free business high street advisor, supported by a new website and membership package to boost the network.
- Work is ongoing on Freeport proposals for the development of East Midlands Airport, East Midlands Intermodal Park and Ratcliffe-on-Soar Power Station after the site was decommissioned in September 2024. The Council is taking a proactive approach to secure the long-term future of the site through the adoption of a Local Development Order (LDO). This grants planning permission for a range of modern industrial uses and will set the parameters for a site which is expected to provide innovative energy for the future and set up procedures and further training has been implemented for team members to be able to deal with the LDO work moving forward
- There was early participation in the regional EMCCA Homelessness task force to assist in mapping out options and development of a revised model for affordable housing negotiations and participation in roundtable events to identify affordable housing delivery options, including a national prototype clearing house service.



Future growth opportunities for the site of the former power station

- There was successful delivery of UKSPF (UK Shared Prosperity Fund) and REPF (Rural England Prosperity Fund) including:
 - 26 grants to community organisations
 - 260 households given energy efficiency advice
 - 27 facilities improved
 - 21 supporting business grants awarded
 - 40 small business grants awarded
 - 350 businesses supported
 - 25 training courses for local residents delivered
 - 11 promotional videos produced for local businesses

The Environment.

The Council's target is carbon neutral by 2030 for its operations and for the whole Borough by 2050. It has a detailed action plan with the Climate Change Reserve helping achieve this target. One challenge will be the future funding of carbon reduction schemes given other competing priorities and as the Climate Change Reserve reduces.

Climate Change reserve has been utilised for a number of projects including:

- improving low energy efficiency housing
- electric car charging points and the Rushcliffe Oaks Crematorium which is operationally carbon neutral.
- In 2025/26 this will extend to additional vehicle replacement and new dedicated, purple-lidded bins for six weekly kerbside glass collections as part of the Simple Recycling roll-out.

Other notable enhancements include:

- Environmental refuse vehicles and around a dozen smaller vehicles across the waste and Streetwise fleets have switched to operate on electric or hydrogenated vegetable oil, cutting their carbon dioxide emissions by 90%. 21 initial lorries made the switch to the cleaner option and in 2025/26 over 80% of the total fleet will no longer be powered by diesel or petrol.



Moving towards a more carbon clever fleet

- Improvement to parking options in Bingham to help free up spaces for motorists, complimented by an active travel initiative to encourage walking and cycling into the town and access and car parking improvements at Bridgfield in West Bridgford.
- Sharphill Woods and Edwalton Golf Club commissioned woodland management plans and allotment owners in West Bridgford, Keyworth Leisure Centre users and Compton Acres residents have also benefitted from land drainage improvement works
- Work continues on the carbon sustainable Abbey Central housing development in West Bridgford, a low-energy, 'gas-less' sustainable development comprising of 71 new modern homes. The project achieves the Council's environmentally friendly aims whilst also keeping within the goal of 30% affordable housing.
- £250k was also invested in solar energy at Cotgrave Leisure Centre where new solar panels have been installed to enable the site to run more efficiently whilst also saving up to £25k on running costs. The Council has also proactively identified further suitable projects for funding from the reserve and include Photovoltaic (PV) panels on operational buildings, replacement heating plant and a fleet and infrastructure audit.
- In partnership with the private sector, Waste Investigations Support Limited (WISE) have continued to enforce the full range of environmental crimes, keeping fly-tipping low and at zero cost to Council taxpayers.
- The Council tops the recycling and composting league in Nottinghamshire and provides a garden waste service to over 30,000 subscribers.



No-mow areas expanded to over 30 sites

- No-Mow areas act as summer pollinator sites and encourage wildlife and habitats to thrive, expanding to over 30 sites in May 2025 covering three hectares and the approved Public Space Protection Order which ensures dog owners must carry a bag.
- For the fifth year, the successful free tree scheme has seen the project supply over 1,000 further free trees to local residents and community groups, meaning more than 12,000 have to date been distributed as part of the Council's strategy to provide sustainable environments.
- Revocation of the Borough's only two air quality management areas, highlighting commitment to reduce vehicle emissions at two of the busiest road junctions.
- Flood Grant and Resilience Reserve was utilised to help residents in the wake of storms Babet, Henk and Cleves
- Thousands more residents signed up to electronic billing of Council Tax to further reduce printing and postal needs and improve the Council's carbon footprint.
- More empty homes were brought back into use in line with its revised Empty Homes Policy and the Council's focus attracted national press coverage on BBC Radio 4

7. Financial Statements

The financial activities of the Council can be split between revenue and capital, and in general terms, the definitions are as follows: -

Income and expenditure within the revenue accounts of the Council relate to items consumed within the year; and

Income and expenditure within the capital accounts relate to items with a life in excess of one year.

The Council's accounts consist of:

Comprehensive Income and Expenditure Statement - CIES (Page 2) - The net cost of service has decreased by £0.885m. There have been a number of changes, most significantly expenditure is lower in 2024/25 due to Borough Council Elections and a property related legal claim increasing expenditure in 2023/24. Additional income in 2024/25 from planning applications and costs raised for Council Tax in addition to UKSPF and REPF funding have further reduced the net cost of service.

The increase in Financing and Investment Income and Expenditure £1.210m relates to the favourable movements in Fair Value of Investment Properties £1.203m, pension interest costs £0.243m (all technical in nature) and increased investment income £0.146m and partially offset by a reduction in the capital value of the Council's Treasury Investments £0.109m.

There is a favourable movement in Taxation and Non-Specific Grants of £3.999m in 2024/25 due increase in Business Rates and section 31 grants £1.448m, increase in Council Tax £0.497m due to growth in the taxbase and 3% increase in charge, additional non-ringfenced government grants £0.485m, and increase in capital grants applied of £1.569m (mainly UKSPF funding £0.780m and £0.749m relating to IFRS16 entries which is notional income and offset by increase in PPE on the balance sheet)

The movements above have resulted in an overall surplus on the Provision of Services of £7.272m compared to a surplus of £1.669m in 2023/24.

Revaluations on non-current assets gain of £3.038m compared to a loss of £0.884m in 2023/24, the largest increase being £2m in car park land which is valued based on rental income, the remainder is increases to Bingham and Rushcliffe Leisure Centres and Rushcliffe Oaks Crematorium due to increased build costs.

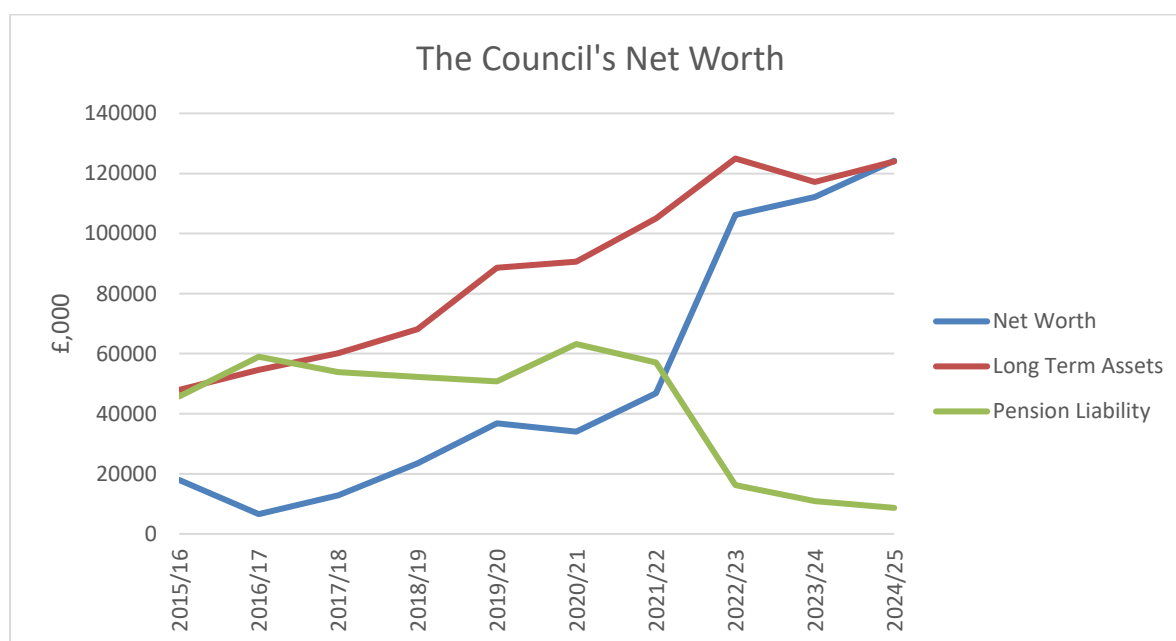
There have been pension adjustments due to changes in actuarial assumptions (A net gain of £1.814m has been charged to the Comprehensive Income and Expenditure Statement in 2024/25 compared the £5.077m gain in 2023/24). The 2024/25 actuarial gain (technical adjustment), particularly relating to financial assumptions, was higher than that seen in 2023/24 due to the increased discount rate used in the actuary's calculations which would have put the councils pension scheme into a net asset position. This gain has been offset by an asset ceiling calculation in-line with IAS19 and IFRIC 14 accounting standards, demonstrating the council's additional liability and that there is no unconditional right to a refund of pension surplus (see note 32).

Movement in Reserves Statement (Page 3) – this shows the movement in the year of the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure) and 'unusable reserves' (those that an authority is not able to utilise to provide services).

Balance Sheet (Page 6) – This is a snapshot of the Council's Assets, Liabilities and Reserves at the year-end date (31st March). The Council's overall net worth has increased by £12.1m to £124.26m. In the year, the cash and cash equivalents have decreased by £8.2m and short-term investments have increased by £12.6m these are directly linked with more funds invested short term to maximise interest. PPE has increased by £7.4m (mainly due to assets brought onto the balance sheet under IFRS16, works to Cotgrave Leisure Centre and replacement of

vehicles). The Pension Liability accounts reflect the valuations by the actuary and as mentioned above, a change in actuarial assumptions with a net decrease of £2.52m in liabilities.

The following graph shows the change in the Council's net worth over the past ten years. Over the last ten years there has been a positive trend of an increase in net worth, the net worth has increased in 2024/25 to £124.71m. There is an inverse relationship between net worth and pension liability, in previous years (namely 2022/23) this is represented by a significant increase in net worth and a corresponding reduction in pension liability. The long-term assets include investment properties reduction in 2023/24 due to the sale of Hollygate Lane and the increase in 2024/25 is due to PPE as discussed above.



Source: Balance Sheet

Cash-flow Statement (Page 7) – this shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Notes (pages 9-51) – these provide supporting context to the above Statements.

Accounting Policies (Pages 52-70) – these explain the bases of the figures presented in the accounts.

8. Supplementary Financial Statements

Collection Fund (pages 73-75) – this reflects the statutory requirement for the Council to maintain a separate account providing details of receipts of Council Tax and Business Rates and any associated payments to precepting authorities and central government. For 2024/25 there was a surplus of £3.057m on the Business Rates section of the Collection Fund (£0.356m 2023/24) and a surplus on Council Tax of £0.06m (£0.1m at the end of 2023/24) The surplus and deficit position fluctuates year on year as this is based on estimates for the year compared to the outturn position and the extent to which these differ.

9. Summary

There is an increasing pressure on the Councils budget, from the recent high levels of inflation increasing the base budget and the impact that the cost-of-living is having on Council income, to the additional pressures from government policy including Simpler recycling and LGR and the commitment by the Council to meet net zero targets. Additionally delays to funding reviews and single year settlements make for a turbulent environment. Although the Transformation and Efficiency plan is delivering savings year on year, it is increasingly challenging to find new ways to reduce expenditure and increase income.

Although LGR will change the landscape in the next 2-3 years, the Council is committed to delivering the services our residents value, focussing on economic growth, and change for the Borough through the delivery of its key strategies: and business as usual will aim to be maintained, providing an environment to support both businesses and the community in these most challenging of times. The challenges that face Rushcliffe are ones which both members and officers of the Borough Council are determined to meet.

10. Further Information

Further information about the Statement of Accounts is available from the Financial Services section at the Rushcliffe Arena, Rugby Road West Bridgford, Nottinghamshire NG2 7YG, telephone 0115 9819911 or by e-mail: finance@rushcliffe.gov.uk. In addition, members of the public have a statutory right to inspect the accounts before the annual audit is completed. The availability of the accounts for inspection is advertised on our website at www.rushcliffe.gov.uk.

Peter Linfield

Director - Finance and Corporate Services

10th June 2025

B. ANNUAL GOVERNANCE STATEMENT 2024/25

1. SCOPE AND PURPOSE

1.1 Scope of responsibility and Explanatory Foreword

Rushcliffe Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Rushcliffe Borough Council also 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 economy, efficiency and effectiveness.

In discharging this overall responsibility, Rushcliffe Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

Rushcliffe Borough Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*.



The seven principles (A-G) are highlighted at various points within the statement. This statement explains how Rushcliffe Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, 2011 and 2015, in relation to the publication of a statement on internal control.

In the recent past there have been no significant issues concerning governance at the Council. This statement re-affirms this position notwithstanding the seismic shift in governance that Local Government Reorganisation will bring once the Council morphs into a new organisation. There is an Action Plan included which is both backward and forward looking confirming that in 2024/25 actions were completed and has similar actions for 2025/26 and also focuses on the reporting of progress regarding Local Government Reorganisation.

1.2 The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Rushcliffe Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Rushcliffe Borough Council for the year ended 31 March 2025 and up to the date of approval of the statement of accounts.

2 THE GOVERNANCE FRAMEWORK

Principles C & D – *Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining interventions to achieve them*

2.1 Vision and priorities

Long term strategic planning has enabled Rushcliffe to address its immediate financial pressures, develop a medium-term financial strategy to 2029/30 to resource the Corporate Strategy covering the period 2024 to 2027. The document is a 'living strategy' – one which will grow and evolve over its lifespan to adapt to the change needs of the authority. The four key priorities, contained within the Strategy, are:

- Quality of Life
- Efficient Services
- Sustainable Growth
- The Environment.

The integration of service and financial planning continues year on year and is resourced by the financial strategy.

The Council continues to work towards the delivery of its Transformation and Efficiency Strategy, its plan to address the financial pressures facing all public bodies. This outlines how the Council will meet its financial challenges until 2029/30. As Local Government Reorganisation (LGR) takes shape over the next 2 years Council transformation will be dominated by this as the Council moves to becoming part of a new authority. The Transformation and Efficiency Strategy focuses upon three key elements – income generation, transformation and business cost reduction and aligns to the Productivity requirements (Service Transformation, Technology and Reducing Waste). The Council will continue to review its services to identify improved or alternative methods of delivery which will enable it to meet its financial targets without eroding the high quality of service for which Rushcliffe is known.

All key tasks within the current service delivery plans have been linked directly to the Council's strategic objectives.

2.2 Improvement and Efficiency

As with other public bodies, the Council continues to face significant financial pressures. The 2025/26 Medium Term Financial Strategy (MTFS) predicts a net budget deficit over 5 years of a relatively small £0.172m taking into account, and the delivery of, the existing Transformation Strategy. The Council's priority will be to identify and deliver robust plans to transform processes and deliver efficiencies; and focus on opportunities to grow the Borough and manage the impact of growth and the changing socio-political, financial and environmental climate, which includes preparing for LGR. Their remains international geo-political uncertainty whether through international conflict or economic policies of nations such as the USA and the introduction of tariffs and any potential trade war. This could particularly impact fuel and energy prices and the level of Government funding with regards to future local government finance settlements. Other significant risks relate to changes in Government Policy, such as the impact of Simpler Recycling over the next 2 years and beyond.

Whilst pay increases are expected to decline, the salaries base budget has increased significantly over the past 4 years. This undoubtedly presents risk to the Council's budget position. That said the Council has a Contingency budget of £0.3m and will look to any further revenue budget efficiencies to support budget pressures. Other pay and service challenges arise from the ability to attract and retain staff. Inflation does have an impact on council contracts which in turn impacts supplies and services, transport and premises budget lines.

A combination of cost control and income generation (including treasury income) and better than expected local economic performance and increased Nottinghamshire Business Rates Pool Surplus linked to prudent management of the Council's finances, resulted in a projected budget efficiency position in 2024/25 (at Quarter 3) of £2.164m. Much of which is committed with carry forward requests to meet service challenges. Going forward there remain significant financial risks, and these are commented on below. Use of the Organisational Stabilisation reserve will ensure the Council continues to deliver its main corporate objectives. The impact of ongoing high inflation linked to both rising employee and energy costs means the trajectory of wider economic recovery remains uncertain and will continue to be closely monitored along with the associated changes to the Council's projected financial position.

Going forward, the Council will review the Transformation Programme as part of its ongoing financial governance arrangements but undoubtedly as LGR progresses this will be a 'game changer' and the Council will have to refocus resources and at the same time continue to deliver the Corporate Strategy. The latter will be subject to a review later in 2025/26. The Business Rates, Fair Funding and New Homes Bonus reviews have been delayed although the Government is that these will take place in 2025/26 to take effect from 2026/27. The MTFS will be updated accordingly.

The budget will still focus on the following thematic areas to be balanced in future years:

- (a) Service Efficiencies – focusing on both the customer and streamlining services;
- (b) Management budget control – challenging base budgets each year;
- (c) Transformational Projects – projects such as a new crematorium, Bingham leisure hub facilities and bringing Streetwise back in-house; and
- (d) 'Thinking big' reviews – the emergence of the Development Corporation and Freeport area around Ratcliffe-on-Soar power station.

To secure a medium-term financial position, the Council will maintain progress and focus on managing budget reductions where appropriate, managing inflationary pressures on its operational costs, whilst increasing income to deliver balanced

budgets annually. Additional resource will be required to deliver LGR and the Organisational Stabilisation Reserve will be used to smooth the impact of this.

The Council continues to promote a commercial culture, although the Council has taken the strategic decision to realign its financial commitments focusing on investment in significant assets such as the Bingham Leisure Hub and the Crematorium and no longer investing in commercial assets for a financial return and its Climate Change agenda with the acquisition of land for carbon offsetting. The Council's Capital and Investment Strategy incorporates reporting on existing commercial investments. Over the term of the MTFS, the income generated from such investments is estimated to over £2m by 2029/30 (11.1% of fees and charges and other income) and performance is reported to Governance Scrutiny Group throughout the year. The Council no longer invests in assets specifically for a commercial return.

2.3 The Constitution

Principle A - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law*

A comprehensive document detailing the Council's constitution clearly sets out the defined structure for the Council's organisational arrangements based upon a cabinet executive model. In essence, the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere, including the setting of the council tax;
- Cabinet is allocated authority by Council to take executive decisions and approve policies not reserved for consideration by Council. Cabinet and Council works to a Forward Plan of forthcoming decisions for up to three months ahead;
- The work of Cabinet has been supported by four scrutiny groups. The Council now has a Corporate Overview Group, which manages corporate performance and financial control as well as the work programmes for the three additional scrutiny groups of Governance, Growth and Development, and Communities;
- Separate committees exist for Standards, Planning, Employment Appeals, Licensing, and Interviewing; and
- Delegation arrangements to officers are set out in detail within the Constitution.

The Constitution also provides detailed guidance on standing orders, financial regulations and the conduct of meetings. In addition, it contains codes of conduct applying to members and officers as well as a protocol for councillor/officer relationships. The codes include reference to the need to declare any interests which may conflict with the individual's role at the Council. The registers for councillors and officers are maintained by the Council's Monitoring Officer and the Strategic Human Resources Manager respectively. The Council has in place a confidential reporting code (whistleblowing policy) and any referrals under the policy are investigated.

The Constitution, as a whole, is reviewed when necessary and appropriate. Amendments have been taken to Governance Group in February 2025 and thereafter approved at Full Council. These covered:

- Part 1 – Clarification that the Local Government and Social Care Ombudsman will only consider complaints where the Council's formal complaints procedure as been followed.

- Part 3 - Clarification that the delegation to the Director for Development and Economic Growth in respect of development management extends to determination of approvals and consents under the Local Development Order.
- Part 4 – Amendments to the Standing Orders – Council to ensure the efficient running of council business, to take account of best practice and ensure the Council complies with its equality duty in respect of accessibility

2.4 Policies, Procedures, Laws and Regulations

The Council has three statutory officer roles: the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer. The Chief Executive is the Head of Paid Service and has overall corporate management and operational responsibility including overall management responsibility for all officers. The Chief Executive has the special responsibility to report if insufficient resources are available for the Council to discharge its legal duties. In March 2025 the Council appointed a new Chief Executive, Adam Hill.

The Monitoring Officer ensures lawfulness and fairness in decision making and ensures the Constitution is current.

The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources.

The Council's financial management arrangements should conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010). During 2024/25, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2024/25, the Director Finance and Corporate Services held the post of Chief Finance Officer. The post holder is a professionally qualified accountant with direct access to the Chief Executive, Leader of the Council and other Cabinet members. The post holder also has direct access to the Governance Scrutiny Group and the Council's internal and external auditors.
- The Chief Finance Officer has a line of professional accountability for all finance staff and for ensuring that the finance function is 'fit for purpose'. The Council has established robust arrangements to manage its finances, including a Medium-Term Financial Strategy, annual budget process and compliance with CIPFA's Codes and Guidance on the Prudential Framework for Capital Finance, Treasury Management and the management of reserves.
- Internal audit services are provided to the Council by BDO. The effectiveness of this service is monitored by the Governance Scrutiny Group.
- The Chief Executive and three Directors are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice. Oversight of these arrangements is provided by the Director for Neighbourhoods.

2.5 Risk Management

Principle F – Managing risks and performance through robust internal control and strong public financial management

The Council's risk management arrangements are regularly reviewed. In the last twelve months, the Governance Scrutiny Group reviewed the Risk Register twice, in

September 2024 and February 2025. At the last meeting in February there were 38 corporate risks and 21 operational risks on the risk register. In addition, there were 4 opportunity risks.

The Council also reports on risk as part of its reporting framework to Full Council, Cabinet and Scrutiny.

Risk managers have worked to evaluate risk descriptions as proposed by Zurich in the Risk Health Check in 2020. This work is complete, and the exercise resulted in new risks being identified and old risks being removed and reported and agreed by Governance Scrutiny Group. The Risk Management report in September 2024 contained the new risks and reworded risk descriptions, building on the Council's focus to address the ongoing impact of the cost-of-living and inflationary pressures, compounded by national living wage increases and pay negotiations and more recently LGR and the challenge this will present.

2.6 Development and training needs

Principle E – *Developing the council's capacity including the capability of council leadership and staff*

The Council has a cross party Member Development Group (MDG) to oversee the development and delivery of Councillor learning and training. This Group meets to review the delivery of the annual training programme and looks at the Councillors' Community Grant Scheme before each election.

Learning and Development is an essential part of being a Councillor. The Council adopted a Councillors' Learning and Development Policy in July 2021, and is in the process of reviewing that document for approval at Council later this year.

The Council has an annual training programme with topics delivered in-person, virtually and via the Council's e-learning platform. Engagement with training activities has been more positive this year with 55% of councillors attending in-person training events and 40% participating in e-learning modules. Specific in-person training has been delivered in Cyber Security, Licensing, Planning, Domestic Violence, Audit, the Council budget, Treasury Management, and Working effectively with Officers.

All mandatory training (a prerequisite for acceptance of some committee positions) has been undertaken. Topics which are mandatory include planning, licensing and standards, together with courses on GDPR, understanding local government finance, risk management, motions at Council and scrutiny. Councillor Individual Training Records continue to be updated and periodically sent to each Councillor for their information.

The MDG did not meet during the 2024/25 municipal year having met shortly before the end of the previous year.

The identification and delivery of appropriate training for officers is overseen by the whole of the Executive Management Team who ensure that organisational Learning and Development Plans linking to individual annual Performance Development Reviews are effectively managed and delivered. The Council recognises the importance of training to its workforce.

2.7 Communication

Principle B - <i>Ensuring openness and comprehensive stakeholder engagement</i>
--

Rushcliffe Reports magazine – the Council’s newsletter for residents – was circulated to over 52,000 households on three occasions with the chance to respond to the triennial Residents’ Survey and information on free popular music, food and children’s events and setting out key updates on investment in local leisure facilities.

Further projects included developing a refreshed Communication and Engagement Strategy responding to previous feedback with a dedicated refreshed engagement focus. It should be noted 82% of respondents were either satisfied, or very satisfied, with their local area as a place to live, 7% higher than the Local Government Association national survey. The feedback received from these exercises will continue to be used to improve services to all customers.

In a more hybrid and digital driven era, the Council has continued strong regular updates through developing effective relationships with the local media matched with tailoring relatable content on its social media channels to its key demographics to engage more subscribers across, passing 20,000 followers on all channels.

During 2024/25, the Council continued developing its electronic free subscription newsletter to stakeholders with the launch of a dedicated Garden Waste update to service users, another communication method that now sees over 25,000 residents receiving gardening hints, tips and updates on the service direct to their inbox.

Customer satisfaction surveys also continue with key customer facing services such as the Home Alarms service, averaging a remarkable 100% for the last nine years with users.

The Council will continue to communicate to all stakeholders on Local Government Reorganisation working with the other Nottinghamshire councils with much more planned in 2025/26 as more certainty on the direction of travel is known.

2.8 Partnerships

The Council has put in place strong governance arrangements around the major leisure services, garage services, and car parking contracts. We have also entered into a partnership to improve resilience surrounding procurement advice working with Nottinghamshire County Council. Work continues with regards to the Freeport with the Leader of the Council sitting on the Board for the Freeport.

Ratcliffe on Soar Power Station has been decommissioned. This could have a significant impact on the Borough both financially (loss of business rates, although

mitigated as the site is an ever-decreasing proportion of the overall business rates base) and with the potential to have a very large derelict site at the entrance to the Borough from the A453. The role of the Freeport is critical with regards to this key gateway into the Borough. The East Midlands Freeport was approved by the Government on 30 March 2023. It will receive up to £25million in seed funding from the government to help drive investment in local businesses to be spent by 2025/26. The Freeport presents great opportunities for a world-class green and blue environmental investment programme with research and development in climate change and zero carbon technology and will enable employment opportunities and infrastructure investment.

East Midlands County Combined Authority (EMCCA) is now functioning. The Council will aim to leverage funding where it can, working with other Derbyshire and Nottinghamshire authorities. A good example of this is attaining funding with regards to UKSPF. Current arrangements mean Rushcliffe as a Borough retains its sovereignty (until LGR takes place). There is a clear direction of travel for Councils to work more collaboratively for the benefit of their local communities.

2.9 Transparency

Principle G – Implementing good practice in transparency, reporting and audit to deliver effective accountability

All reports to meetings of Council, Cabinet, Scrutiny Groups and other committees are publicly available on the Council's website. Minutes are also published providing a record of the meeting and any decisions taken, and the Council provides public access to audio and video recordings of meetings. Other forms of public accountability reporting include the Annual Statement of Accounts, the Council's Annual Report and in-year financial and performance monitoring reports which are reported to the Governance Scrutiny Group and Corporate Overview Group respectively. Reports from the Council's internal auditors (BDO) and external auditors (Mazars) are published online, including their annual reports.

The Corporate Overview Group monitor performance against targets on a quarterly basis. BDO are compliant with the requirements of the Public Sector Internal Audit Standards and has direct access to councillors and staff in order to discharge their duties.

The Council publishes information in accordance with the Local Authorities Data Transparency Code.

3 REVIEW OF EFFECTIVENESS

3.1 Introduction

Rushcliffe Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. This review is considered by the Governance Scrutiny Group.

3.2 **The Council**

The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including:

- The Constitution
- The Corporate Strategy
- The Capital Programme and Revenue Budget
- The Housing Strategy
- The Local Development Framework
- The Capital and Investment Strategy

3.3 **The Cabinet**

The Cabinet carries out the executive functions of the Council as required by the legislation and the Council's constitution. It accordingly:

- Takes key decisions
- Takes other executive decisions
- Approves policies other than those reserved for Council
- Recommends to Council policies and budgetary decisions.

3.4 **Scrutiny groups - Governance Scrutiny Group**

The Governance Scrutiny Group (GSG) is charged with Governance and has a number of responsibilities including:

- Overseeing financial governance arrangements
- Overseeing strategic risk management
- Scrutinising the Annual Governance Statement
- Scrutinising the Statement of Accounts
- Reviewing the plans and work of Internal Audit
- Overseeing the review of the Constitution
- Receiving reports from external audit in relation to the audit arrangements
- Scrutinising the Going Concern report.

The Council has agreed to appoint an Independent Member to GSG and is due to start in the 2025/26 Municipal Year.

3.5 **Other Scrutiny Groups**

The Corporate Overview Group reviews the performance of the Council against the approved targets. Other reports are taken to this group and include the diversity annual report, annual customer survey and the health and safety reports.

In addition to the Corporate Overview Group and Governance Scrutiny Group, the Council has two other scrutiny groups. The first, Communities, looks at areas that affect the community, topics covered include are as diverse as community facilities and the residents survey. The other group, Growth and Development, is tasked with looking at different aspects of growth within the Borough and has, this year for example,

scrutinised reports in relation to the Crematorium and the health of town and village centres. Extraordinarily there was a joint meeting of both Groups on accessible housing.

3.6 Directors and Monitoring Officer

The Chief Executive and Directors are responsible for ensuring proper standards of internal control within their service areas. On-going reviews are undertaken throughout the year. At the end of the financial year, the Chief Executive and Directors are required to confirm that they have reviewed the system of internal control and identify any areas where improvements are necessary.

The Monitoring Officer

The Monitoring Officer has a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Monitoring Officer also:

- Monitors, reviews and maintains the Constitution
- Ensures lawfulness and fairness of decision-making
- Supports the Standards processes

3.7 Internal Audit

Internal Audit is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. An Audit Strategy has been developed covering all activities of the Council at a level and frequency determined using a risk management methodology.

An annual audit plan governs each year's activity and at the completion of each audit, a report is produced for management with recommendations for improvement. Regular reports covering internal audit activities are submitted to the Governance Scrutiny Group for scrutiny.

The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.

At the time of writing, the draft report has once again given the Council a substantial assurance rating.

3.8 External Audit

The external auditors, Mazars, review the Council's arrangements for:

- Preparing accounts in compliance with statutory and other relevant requirements;
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice; and
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made. Mazars issued an unqualified audit opinion, expressing the view that the financial statements give a true and fair reflection of the

financial position of the Authority, and of its expenditure and income for the year. Whilst this was later than expected, with the accounts signed-off in January 2025, we are in a better position than many authorities with some several years behind regarding their financial statements being certified with new statutory 'back-stop' procedures being invoked. We continue to work with the auditors to ensure the end of September deadline is met. A positive Value for Money conclusion was given by Mazars in their September report.

It is important to note that the deadline for the draft statement of accounts and their sign-off by external audit have been put back. The 30 June 2025 is the deadline for a draft set of accounts to be published. Whilst the deadline for the publication of final audited accounts is up until 27th February for 2024/25 accounts the expectation is we will aim for these to be presented to September 2025 GSG.

4 IMPORTANT GOVERNANCE ISSUES

4.1 Budget and Ongoing Pressures, Local Government Reorganisation, the Peer Review and other issues

Current budget position

2024/25 and 2025/26 budgets are again under pressure due to expenditure pressures in relation to energy and pay inflation and other key risks mentioned below. We are anticipating budget efficiencies for 2024/25 of around £2.164m mainly due to additional treasury management investment income, and business rates and external grants. This is not unexpected and will meet service pressures and additional demands such as in relation to the 'homes for Ukraine' scheme, West Bridgford Town Centre reorganisation, further support for disabled facility grants, to contribute toward carbon offsetting land acquisition and to meet the uncertainty and likely significant costs of LGR.

Regarding LGR the Council has put forward a further proposal of a 3 unitary option in addition to the 3 other options that the other Nottinghamshire authorities have included as worthy of further investigation with the aim of one option to be reported to Government by November 2025. LGR will create both additional work and uncertainty for both Councillors and employees alike. Cabinet and the Executive Management Team are aware that these risks will have to be carefully managed and it is essential the Council continues with 'business as usual' for its Councillors, employees, residents and businesses.

The Peer Review and Other Issues

The Council had a Corporate Peer Review in early 2024 with no significant recommendations. The Peer Challenge Team reviewed progress in relation to the Action Plan and this was reported to cabinet in December 2024. All 9 of the recommendations have been progressed with much positive feedback from the peer review team.

Given the challenges linked to rising inflation combined with medium-term uncertainty for example as a result of Business Rates and Fair Funding reviews, the Council has balanced its budget. The Government is focused on redirecting funding to authorities with low deprivation levels and prudent assumptions have been made in the Council's MTFs to reflect this. 2025/26 requires £0.824m of budget efficiencies which will be monitored as part of the Council's ongoing finance and performance monitoring and due diligence to both Cabinet and Corporate Overview Group. The Transformation Strategy and supporting Programme identifies the Council's approach to meeting its

efficiency requirements Whilst the expectation is pay and utility inflation will reduce, the base budget is already substantially inflated. Pay inflation is linked largely to government policy on the national minimum living wage but also labour market pressures generally affecting recruitment. There is also a knock-on effect on supplies and service costs, and we are already aware of cost pressures arising above and beyond those already in the budget. Fortunately, the Council's robust current financial position, enables some mitigation regarding such cost pressures.

Going forward, there will also be service based pressures linked to statutory changes in relation to planning (Levelling-Up Act) and waste services (Simpler Recycling and the Environment Act). Cabinet received a separate report in January 2025 on the impact of Simpler Recycling and the creation of a Simpler Recycling Reserve to mitigate the future financial impact of this. That said by 2029/30 there is a net budget pressure of £0.318m regarding Simpler Recycling.

The planned reviews of Business Rates and Fair Funding continue to be delayed. The current expectation is that for the 2026/27 budget the reviews will have taken place. There remains significant uncertainty regarding both the impact on Rushcliffe and the timeliness of the 2026/27 financial settlement; given the Government's Comprehensive Spending Review and the velocity of change expected regarding local government funding.

The Council is still committed to having a commercial ethos and maximising value for money for the benefit of its residents. The Council has a range of income streams and manages such risks proportionately and sensibly. Under CIPFA guidance it cannot borrow to fund commercial activity. Projects continue to be delivered with an ambitious capital programme of £27.1m over the next 5 years, to both maintain and enhance the Council's assets and also to develop Council system (for example upgrading the Council's Financial Management System) and improve council services (for example continuing to invest in leisure facilities and its vehicle fleet).

In the past we have referenced the risk of power station appeals. However given the reduction in business rates for the power station over time, the income has been eroded and its loss is now less of a risk. Business rates for the power station have reduced to £0.23m from £6m several years ago and now amounts to only 0.7% of business rates billed. The upside risk is that the Council's future exposure to a power station appeal will have a smaller impact and similarly when the power station is ultimately de-commissioned its financial impact will not be as greatly felt. Furthermore the Freeport site itself is an essential gateway for the Borough to enable further economic growth and prosperity.

The external auditors have noted a number of risks in their Audit Strategy Memorandum 2024/25 (which are similar to their 2023/24 Memorandum), namely:

- Appropriate controls are in place to prevent 'management override';
- The completeness and accuracy regarding the Council's valuation of property, plant and equipment; and
- The Local Government Pension Scheme and the risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts.

There is one additional risk specific to the 2024/25 accounts in relation to the implementation of International Financial Reporting Standard (IFRS) 16. This is designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The treatment of such leases will be tested as part of the audit of the Council's financial statements.

It is recognised that ICT threats and opportunities continue to evolve, it is imperative that the Borough Council has a clear understanding of how these impact on our day-to-day operations, particularly in the light of recent global cyber security threats. The Council continues to look at ensuring systems are hosted in 'the cloud' to mitigate such risks. In 2025/26 an updated ICT Strategy for the next 3 years will be presented to Cabinet which is crucial in how the Council continues to develop its ICT for the benefit of all stakeholders and also operates within a secure and resilient working environment.

Despite the challenging economic environment, the Council remains committed to reducing its carbon footprint and continues to deliver excellent services. The Climate Change Reserve remains and with the challenge of delivering on biodiversity net gain targets and carbon offsetting. The Council continues to 'future proof' and replenish this reserve to fund future initiatives. For example £1.5m has been set aside for land acquisition for the purpose of carbon offsetting.

Based on our review of the governance framework, the following significant issues will be addressed in 2025/26. There is also commentary on their achievement (where applicable) in 2024/25.

Issue	Reporting to	Methodology	Timescale	2024/25 completed
Monitor the delivery of the Transformation Strategy and ongoing budget position covering risks and opportunities arising from, for example, inflation, the new crematorium and Streetwise insourcing.	Reports to EMT, Scrutiny and Cabinet	On-going financial reports	At least quarterly reporting	Yes, financial and operational performance reported. Separate scrutiny reports regarding the Crematorium and Streetwise.
Monitor the delivery of the capital programme	Reports to Corporate Overview Group and Cabinet	On-going financial and performance reports	Quarterly	Yes
Monitor Business Rates, Fair Funding and New Homes Bonus developments	Reports to Cabinet and Full Council	Included as part of the Medium-Term Financial Strategy reporting; update to CGG as part of the AGS	By March 2026	Yes - updated assumptions in the MTFS
Monitor the position with regards to significant external opportunities regarding EMCCA and the Freeport	Reports to Cabinet and Full Council	On-going governance reports	By March 2026	Yes, although both organisations are in the early stages of their development. Regarding EMCCA UKSPF funding has been provided,

				reported separately to Cabinet in March 2025
Progress regarding Local Government Reorganisation	Reports to Full Council, and communiques from the Chief Executive on progress.	On-going reports, news releases and any specific update sessions for all councillors	March 2026	Not applicable for 2024/25.

5 STATEMENT OF THE CHIEF EXECUTIVE AND THE LEADER OF THE COUNCIL

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Governance Scrutiny Group. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed, and those to be specifically addressed with new actions planned, are outlined above.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Signed:

A Hill (Chief Executive)

Councillor N Clarke (Leader)

Date: September 2025

**C. INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF RUSHCLIFFE
BOROUGH COUNCIL**

To be added post audit of 2024/25 Statement of Accounts.

Statement of Accounts

2024 – 2025

D. STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy CEO and Director (Finance and Corporate Services) hereafter called the Director.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

THE DIRECTOR (FINANCE AND CORPORATE SERVICES) RESPONSIBILITIES

The Director (Finance and Corporate Services) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices, as set out in the Chartered Institute of Public Finance and Accountancy's "Code of Practice on Local Authority Accounting in the United Kingdom" ("the Code of Practice").

In preparing this Statement of Accounts, the Director (Finance and Corporate Services) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice

The Director (Finance and Corporate Services) has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Director (Finance and Corporate Services) should sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2025.

CERTIFICATE

This statement of accounts is unaudited and may be subject to change prior to formal approval by the Governance Scrutiny Group.

I hereby certify that the following Statement of Accounts gives a true and fair view of the financial position of Rushcliffe Borough Council at 31 March 2025 and its income and expenditure for the financial year ended 31 March 2025.

Date: 10 June 2025

Peter Linfield, Deputy CEO and Director - Finance and Corporate Services

E. THE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR 1 APRIL 2024 TO 31 MARCH 2025

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS), rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2023/24				Note	2024/25		
Gross Exp	Income	Net Exp			Gross Exp	Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
2,077	(32)	2,045	Chief Executive		1,476	(21)	1,455
5,727	(2,677)	3,050	Development and Economic Growth		6,037	(3,618)	2,419
17,350	(12,715)	4,635	Finance and Corporate		18,260	(13,305)	4,955
15,858	(7,700)	8,158	Neighbourhoods		16,562	(8,388)	8,174
41,012	(23,124)	17,888	Cost of Services		42,335	(25,332)	17,003
		2,953	Other Operating Expenditure	5			3,444
		(2,108)	Financing and Investment Income and Expenditure	6			(3,318)
		(20,402)	Taxation and Non-Specific Grant Income	7			(24,401)
		(1,669)	(Surplus)/Deficit on Provision of Services				(7,272)
		884	(Surplus)/Deficit on Revaluation of Non-Current Assets				(3,038)
		(5,077)	Actuarial (Gains)/Losses on Pension Assets / Liabilities	32			(1,814)
		(4,193)	Other Comprehensive Income and Expenditure				(4,852)
		(5,862)	Total Comprehensive Income and Expenditure				(12,124)

E. THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT (MIRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

E. THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2024 TO 31 MARCH 2025

		Total Usable Reserves					Unusable Reserves (Note 19)	Total Reserves
		General Fund Balance	Earmarked GF Reserves (Note 4)	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves		
Note		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2024		2,604	20,947	3,422	98	27,071	85,064	112,135
<u>Movement in Reserves during 2024/25</u>								0
Surplus/(Deficit) on the provision of services		7,272	0	0	0	7,272	0	7,272
Other Comprehensive Income and Expenditure		0	0	0	0	0	4,852	4,852
Other Recognisable Gains/(Losses)		0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		7,272	0	0	0	7,272	4,852	12,124
Adjustments between accounting basis & funding basis under regulations	(3)	(3,934)	0	2,340	45	(1,549)	1,549	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		3,338	0	2,340	45	5,723	6,401	12,124
Reserves	(4)	(3,338)	3,338	0	0	0	0	0
Increase (Decrease) in year		0	3,338	2,340	45	5,723	6,401	12,124
Balance as at 31 March 2025		2,604	24,285	5,762	143	32,794	91,465	124,260

MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2023 TO 31 MARCH 2024

		Total Usable Reserves					Unusable Reserves (Note 19)	Total Reserves
		General Fund Balance	Earmarked GF Reserves (Note 4)	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves		
Note		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2023		2,604	19,673	1,085	154	23,516	82,755	106,271
<u>Movement in Reserves during 2023/24</u>								0
Surplus/(Deficit) on the provision of services		1,669	0	0	0	1,669	0	1,669
Other Comprehensive Income and Expenditure		0	0	0	0	0	4,195	4,195
Other Recognisable Gains/(Losses)		0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		1,669	0	0	0	1,669	4,195	5,864
Adjustments between accounting basis & funding basis under regulations	(3)	(395)	0	2,337	(56)	1,886	(1,886)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		1,274	0	2,337	(56)	3,555	2,309	5,864
Reserves	(4)	(1,274)	1,274	0	0	0	0	0
Increase (Decrease) in year		0	1,274	2,337	(56)	3,555	2,309	5,864
Balance as at 31 March 2024		2,604	20,947	3,422	98	27,071	85,064	112,135

E. THE FINANCIAL STATEMENTS

BALANCE SHEET

AS AT 31 MARCH 2025

This shows the value of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024 £'000		Note	31 March 2025 £'000
77,492	Property, Plant and Equipment	8	84,918
105	Heritage Assets		140
23,789	Investment Property	9	23,474
125	Intangible Assets	10	69
14,038	Long Term Investments	12	13,929
1,611	Long Term Debtors	13	1,443
117,160	Long Term Assets		123,973
31,000	Short Term Investments	12	43,570
8,642	Short Term Debtors	13	8,144
26,489	Cash and Cash Equivalents	12,15	18,252
66,131	Current Assets		69,966
(9,285)	Short Term Creditors	16	(10,487)
(9,285)	Current Liabilities		(10,487)
(890)	Long Term Provisions	17	(784)
(224)	Long Term Creditors	16	(227)
(49,840)	Capital Grant Receipts in Advance	27	(47,668)
0	Other Long Term Liabilities	30	(1,848)
(10,917)	Pension Liabilities	32	(8,665)
(61,871)	Long Term Liabilities		(59,192)
112,135	Net Assets		124,260
3,422	Usable Capital Receipts Reserve	MIRS	5,762
2,604	General Fund Balance	MIRS	2,604
20,947	Earmarked Reserves	4	24,287
98	Capital Grants Unapplied	MIRS	142
27,071	Usable Reserves	MIRS	32,795
85,064	Unusable Reserves	19	91,465
112,135	Total Reserves		124,260

E. THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT

AS AT 31 MARCH 2025 (INDIRECT METHOD)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as: operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

31 Mar 2024 £'000		Note	31 Mar 2025 £'000
(1,669)	Net (surplus) or deficit on the provision of services		(7,272)
(11,040)	Adjustments to net surplus or deficit on the provision of services for non - cash movements		48
7,479	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		452
(5,230)	Net cash flow from Operating Activities	20	(6,772)
(6,289)	Investing Activities	21	16,228
(611)	Financing Activities	22	(1,219)
(12,130)	Net (increase) or decrease in cash and cash equivalents		8,237
(14,359)	Cash and cash equivalents as at 1 April	15	(26,489)
(26,489)	Cash and cash equivalents as at 31 March	15	(18,252)

E. THE FINANCIAL STATEMENTS

EXPENDITURE AND FUNDING ANALYSIS AND NOTES FOR THE YEAR 1 APRIL 2024 TO 31 MARCH 2025

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by authorities compared to resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 3) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 3) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
2,135	(89)	2,046	Chief Executive	1,541	(86)	1,455
2,654	395	3,049	Development and Economic Growth	2,295	124	2,419
4,585	50	4,635	Finance and Corporate	4,897	57	4,954
6,374	1,784	8,158	Neighbourhoods	5,601	2,573	8,174
15,748	2,140	17,888	Net Cost of Services	14,334	2,668	17,002
(17,022)	(2,535)	(19,557)	Other Income and Expenditure	(17,673)	(6,602)	(24,275)
(1,274)	(395)	(1,669)	(Surplus) or Deficit	(3,339)	(3,934)	(7,273)
2,604			Opening General Fund Balance	2,604		
1,274			Surplus/(Deficit) on General Fund in Year	3,339		
(1,274)			Transfer (to)/from Earmarked Reserves	(3,339)		
2,604			Closing General Fund Balance at 31 March	2,604		

F. NOTES TO THE ACCOUNTS

1. NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

2024/25 Adjustments between Funding & Accounting Basis				
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1a)	Net change for the Pensions Adjustments (Note 1b)	Other Differences (Note 1c)	Total Adjustments
Chief Executive	0	(86)		(86)
Development and Economic Growth	341	(216)		125
Finance and Corporate Services	216	(159)		57
Neighbourhoods	3,020	(448)		2,572
Net Cost of Service	3,577	(909)	0	2,668
Other income and expenditure from the Expenditure & Funding Analysis	(5,967)	471	(1,106)	(6,602)
General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on on the Provision of Services	(2,390)	(438)	(1,106)	(3,934)

Note 1a Adjustments for Capital Purposes

Net cost of services Line – this column adds in depreciation and impairment and revaluation gains and losses.

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 1b Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 1c Other Differences

For Services Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute i.e., Accumulated Absences.

Financing and investment income and expenditure – statutory reversal of fair value gains and losses on diversified/pooled investments.

The charge under Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

2. INCOME AND EXPENDITURE ANALYSED BY NATURE

The Council's income and expenditure is analysed as follows:

2023/24 £'000		2024/25 £'000
	Expenditure	
12,836	Employee Benefit Expenses	13,266
25,759	Other Services Expenses	25,902
2,782	Depreciation, amortisation, impairment	3,622
716	Interest Payments	471
2,998	Precepts and Levies	3,149
0	Loss in fair value of diversified investment	109
1,059	Loss recognised from changes in the fair value of properties	0
0	Loss on the Disposal of Assets	399
46,150	Total Expenditure	46,918
	Income	
(8,325)	Fees, Charges and Other Service Income	(9,185)
(22,095)	Government Grants and Contributions	(26,174)
(13,306)	Income from Council Tax, NDR	(14,588)
(1)	Gain on the Disposal of Assets	0
0	Gain recognised from changes in the fair value of properties	(123)
(272)	Gain in fair value of diversified investment	0
(3,820)	Interest and Investment Income	(4,121)
(47,819)	Total Income	(54,191)
(1,669)	(Surplus)/Deficit on Provision of Services	(7,273)

3. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are set against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice.

The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on the capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

This holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

This holds the grants and contributions received towards the capital projects for which the Council has met the conditions that would have otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by the grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Note 3. Adjustments between accounting basis and funding basis under regulations.

2023/24					2024/25			
Usable Reserves			Movements in Unusable Reserves £'000		Usable Reserves			Movements in Unusable Reserves £'000
General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000			General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Adjustment Account:								
				Reversal of items debited or credited to the CIES:				
(2,777)	0	0	2,777	Charges for depreciation and impairment of non-current assets	(3,552)	0	0	3,552
49	0	0	(49)	Revaluation losses on Property Plant and Equipment	(9)	0	0	9
(1,059)	0	0	1,059	Movements in the market value of Investment Properties	123	0	0	(123)
(54)	0	0	54	Amortisation of intangible assets	(61)	0	0	61
3,607	0	0	(3,607)	Capital grants and contributions applied	5,609	0	0	(5,609)
0	0	0	0	Income in relation of Donated Assets	0	0	0	0
(2,175)	0	0	2,175	Revenue expenditure funded from capital under statute	(2,311)	0	0	2,311
(7,478)	0	0	7,478	Amounts of Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(805)	0	0	805
				Insertion of items not debited or credited to the CIES:				
1,255	0	0	(1,255)	Statutory provision for the financing of capital investment	1,652	0	0	(1,652)
684	0	0	(684)	Capital expenditure charged against the General Fund	1,402	0	0	(1,402)
Adjustments primarily involving the Capital Grants Unapplied Account:								
0	0	0	0	Capital grants and contributions unapplied credited to the CIES	44	0	(44)	0
0	0	56	(56)	Application of grants to capital financing transferred to the CAA	0	0	(1)	1
Adjustments primarily involving the Capital Receipts Reserve:								
7,478	(7,590)	0	112	Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES	407	(523)	0	116
0	4,526	0	(4,526)	Capital Receipts applied	0	1,783	0	(1,783)
0	3,700	0	(3,700)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0
0	(2,973)	0	2,973	Transfer (from)/to the Deferred Capital Receipts Reserve upon receipt of cash	0	(3,600)	0	3,600
Adjustments primarily involving the Financial Instruments Adjustment Account:								
0	0	0	0	Amount by which finance costs charged to the CIES are different from statutory requirements	0	0	0	0
Adjustments primarily involving the Pensions Reserve:								
(2,476)	0	0	2,476	Reversal of items relating to retirement benefits debited or credited to the CIES	(2,248)	0	0	2,248
2,701	0	0	(2,701)	Employer's pensions contributions and direct payments to pensioners payable in the year	2,686	0	0	(2,686)
Adjustments primarily involving the Collection Fund Adjustment Account:								
367	0	0	(367)	Amount by which council tax & business rate income credited to the CIES is different from statutory requirements	1,106	0	0	(1,106)
Adjustments primarily involving the Accumulated Absences Account:								
0	0	0	0	Amount by which officer remuneration charged to the CIES on an accruals basis is different from statutory requirements	0	0	0	0
Adjustments primarily involving the Pooled Fund Investment Account:								
273	0	0	(273)	Change in revaluation of value of investments not charged to the Surplus/Deficit on the Provision of Services	(108)	0	0	108
395	(2,337)	56	1,886	Total Adjustments	3,935	(2,340)	(45)	(1,550)

4. TRANSFERS TO/(FROM) EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

	Balance at 1st April 2024 £'000	Additions in Year £'000	Used in Year £'000	Balance at 31 March 2025 £'000
Investment Reserves				
Regeneration and Community Projects	3,226	1,817	(762)	4,281
Investment Properties	795	200	(113)	882
New Homes Bonus	9,652	1,565	(3,064)	8,153
Corporate Reserves				
Organisation Stabilisation Reserve	3,261	2,760	(1,453)	4,568
Climate Change	201	2,350	(59)	2,492
Treasury Capital Depreciation	1,173	137	0	1,310
Collection Fund Reserve	1,085	0	(1,085)	0
Freeport Reserve	200	0	(200)	0
Risk and Insurance	100	0	0	100
Planning Appeals	349	285	(210)	424
Elections	51	50	0	101
Flood Grant & Resilience	0	28	(6)	22
Simpler Recycling	0	1,250	0	1,250
Operating Reserves				
Planning	56	0	0	56
Leisure Centre Maintenance	28	15	0	43
Vehicle Replacement Reserve	770	185	(350)	605
Total	20,947	10,642	(7,302)	24,287

INVESTMENT RESERVES

- Regeneration and Community Projects – to provide funding to support capital improvement projects across the Borough including some special expense schemes.
- Investment Properties – to fund improvements.
- New Homes Bonus – to help facilitate economic growth within the Borough, not ring-fenced solely for housing projects.

CORPORATE RESERVES

- Organisation Stabilisation Reserve – to be used to provide resilience against risks surrounding the Medium-Term Financial Strategy.
- Climate Change Reserve – To support projects that contribute to the Council's ambitions to protect and enhance the environment.
- Treasury Capital Depreciation Reserve – To provide funding to reduce the impact on the general fund from reductions in the capital value of treasury investments.

- Collection Fund Reserve – To smooth effects of surplus/deficits as a result of timing differences.
- Freeport – To support the work to develop the Freeport.
- Risk and Insurance – to provide funding to be used to reduce the risk of loss or injury in the provision of services, with the objective of reducing future insurance costs.
- Planning Appeals – to provide funding to cover potential legal and other cost in respect of large applications.
- Elections – to provide funding for the future costs of the four yearly Borough Council elections.
- Flood Grant & Resilience – To cover the cost of flooding when this arises.
- Simpler Recycling – To meet the costs of the new kerbside collection requirements from 2025.

OPERATING RESERVES

- Planning - to provide funding for one off revenue costs of the planning service, for example, legal costs, specialist advice and consultancy.
- Leisure Centre Maintenance – to support any emerging enhancement requirements which are over and above in-year maintenance provision.
- Vehicle Replacement Reserve – to support the replacement of the Council's vehicle fleet to ensure services remain efficient and to support costs of replacement with potential new technology.

5. OTHER OPERATING EXPENDITURE

The composition of the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement is detailed below:

2023/24 £'000		2024/25 £'000
2,556	Parish Council Precepts	2,702
442	Internal Drainage Board Levies	447
(45)	(Gain) or Loss on the disposal of non-current assets	295
2,953	Total	3,444

6. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

The composition of the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is detailed below:

2023/24 £'000		2024/25 £'000
16	Interest payable and similar charges	152
714	Pensions interest cost and expected return on pension assets	471
(272)	Movement in the fair value of property/diversified income	109
(1,888)	Interest receivable and similar income	(2,169)
(678)	Income and Expenditure in relation to Investment Properties and changes in their fair value	(1,881)
(2,108)	Total	(3,318)

7. TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

The composition of the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement is detailed below. Capital grants are £1.6m higher in 2024/25 due to IFRS 16 adjustments £0.749m and the use of UK Shared Prosperity Funding £0.839m.

The detailed breakdown of Grants is shown in Note 27.

2023/24 £'000		2024/25 £'000
(10,545)	Council Tax income	(11,042)
(2,761)	Business Rates income	(3,546)
(3,095)	Business Rates Sec 31 Grants	(3,756)
(1,728)	Capital grants and contributions (Note 27)	(3,299)
(1,414)	New Homes Bonus (Note 27)	(1,509)
(859)	Non-ring-fenced government grants (Note 27)	(1,249)
(20,402)	Total	(24,401)

8. PROPERTY, PLANT AND EQUIPMENT

Movements on Balances 2024/25

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Right of Use (ROU) Asset	Total
Cost or Valuation							
At 1 April 2024	67,633	9,708	2,891	329	1,271	0	81,832
Opening Balance Adjustment (IFRS16)						3,522	3,522
Adjusted Opening Balance 1 April 2024	67,633	9,708	2,891	329	1,271	3,522	85,354
Additions/Asset Merge	3,072	1,239	20		214	0	4,545
Transfers	1,265	6		10	(1,271)		10
Revaluation (+/-) recognised in the Revaluation Reserve	1,460						1,460
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	(9)						(9)
Derecognition - Disposals	(171)	(415)					(586)
At 31 March 2025	73,250	10,538	2,911	339	214	3,522	90,774
Accumulated Depreciation or Impairment							
At 1 April 2024	(181)	(3,647)	(512)	0	0	0	(4,340)
Depreciation charge	(1,882)	(1,035)	(116)			(514)	(3,547)
Depreciation written out to the Revaluation Reserve	1,577						1,577
Derecognition - Disposals	95	359					454
At 31 March 2025	(391)	(4,323)	(628)	0	0	(514)	(5,856)
Net Book Value at 31 March 2025	72,859	6,215	2,283	339	214	3,008	84,918
Net Book Value at 31 March 2024	67,452	6,061	2,379	329	1,271	0	77,492

Movements on Balances 2023/24

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total
Cost or Valuation						
At 1 April 2023	71,265	8,715	2,791	329	43	83,143
Additions/Asset Merge	268	2,762	110	0	1,271	4,411
Transfers	(1,152)	0	43	0	(43)	(1,152)
Revaluation (+/-) recognised in the Revaluation Reserve	(2,763)	0	0	0	0	(2,763)
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	61	(14)	0	0	0	47
Derecognition - Disposals	(46)	(1,755)	(53)	0	0	(1,854)
At 31 March 2024	67,633	9,708	2,891	329	1,271	81,832
Accumulated Depreciation or Impairment						
At 1 April 2023	(252)	(4,550)	(451)	0	0	(5,253)
Depreciation charge	(1,839)	(818)	(114)	0	0	(2,771)
Depreciation transfer	26	0	0	0	0	26
Depreciation written out to the Revaluation Reserve	1,880	0	0	0	0	1,880
Depreciation written out to the Surplus/Deficit on Provision of Services	0	2	0	0	0	2
Derecognition - Disposals	4	1,719	53	0	0	1,776
At 31 March 2024	(181)	(3,647)	(512)	0	0	(4,340)
Net Book Value at 31 March 2024	67,452	6,061	2,379	329	1,271	77,492
Net Book Value at 31 March 2023	71,013	4,165	2,340	329	43	77,890

8. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- | | |
|---|-------------|
| • Buildings | 5-100 years |
| • Vehicles, Plant Furniture and Equipment | 3-30 years |
| • Infrastructure | 3-50 years |

Capital Commitments

At 31 March 2025, the Council was contractually committed to works totalling £3.502m for the acquisition, construction, and enhancement of property, vehicles and grant payments to third parties in 2025/26. Significant items of contract and other costs comprise: Cotgrave and Keyworth Leisure Centre enhancements £1.382m; Edwalton Community Facility £0.63m; Sir Julian Cahn Pavilion £0.67m; West Bridgford Play Projects £0.293m; Disabled Facilities Grants £0.377m; Vehicle Acquisition £0.15m.

Revaluations

In accordance with the Code of Practice, the Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value are re-valued at least every three years. The Council, as a consequence, will be revaluing a third of its Land and Buildings portfolio every year. Assets with a value greater than £1 million are revalued annually.

Valuations of land and buildings were carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (Red Book) 9th Edition. Every fair value valuation was carried out using the assumptions as set out in the Red Book. Where assumptions additional to those which are set out in the Red Book have been made these are stated on the relevant valuation certificates. Mr Nick Berry Senior Property Estates Surveyor is responsible for revaluation of property assets, signed off by the Council's Director – Development and Economic Growth, Leanne Ashmore MRICS. An impairment review is carried out annually on the Land and Buildings portfolio.

Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost as a proxy for current prices. These assets have short depreciable lives.

All valuations were carried out internally. The following table shows the progress of the Council's three-year rolling programme for the revaluation of fixed assets. These figures are shown at gross book value.

	Operational Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Right of Use Asset (ROU) IFRS16	Total Property, Plant and Equipment
Carried at Historical Cost	£'000 371	£'000 10,538	£'000 2,911	£'000 339	£'000 214	£'000 3,522	£'000 17,895
Valued at fair value as at:							
31-Mar-23	1,749						1,749
31-Mar-24	7,152						7,152
31-Mar-25	63,978						63,978
Total Cost or Valuation	73,250	10,538	2,911	339	214	3,522	90,774

9. INVESTMENT PROPERTIES

The following items have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24 £'000		2024/25 £'000
(2,110)	Rental and Service Charge Income from Investment Property	(2,141)
301	Direct Operating Expenses arising from Investment Property	269
(1,809)	Net (Gain)/Loss	(1,872)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's rights to the remittance of income and the proceeds of disposal.

The Council has no contractual obligations to repair, maintain or enhance investment properties.

The following table summarises the movement in the fair value of investment properties during 2024/25 and 2023/24.

9. INVESTMENT PROPERTIES CONTINUED

2023/24 £000		2024/25 £000
31,030	Balance at start of the year	23,789
93	Enhancements	146
(7,400)	Disposals	(574)
(1,059)	Net gains/(losses) from fair value adjustments	123
(26)	Write back depreciation/impairment on revaluation	0
1,151	Transfers	(10)
23,789	Total	23,474

All of the Council's Investment Properties are treated as operating leases.

Valuations of Investment Properties are carried out annually in accordance with the Code of Practice and with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (Red Book) 9th Edition. Every Fair Value valuation was carried out using the assumptions as set out in the Red Book. A Market Valuation technique has been used for all Investment Properties, and they are all based on the level 2 input hierarchy. This means that values have been arrived at using evidence (other than quoted prices) in an active market and that this evidence is directly or indirectly observable. The inputs used include the following market analyses: rents, yields, lease terms, research on farmland values, and other market evidence and comparative data. Where assumptions additional to those which are set out in the Red Book have been made, these are stated on the relevant valuation certificates. Nick Berry, the Senior Property Surveyor completed the valuation exercise, and this was subsequently reviewed and signed off by the Director – Development and Economic Growth: Leanne Ashmore MRICS. An impairment review is carried out annually on the Investment Property portfolio.

10. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use.

The useful lives assigned to the major software suites used by the Council are three years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £61k in 2024/25 (£54k 2023/24) was charged to the Information Technology cost centre within Finance and Corporate Service Area.

Movements on Intangible Fixed Assets

2023/24 £'000		2024/25 £'000
	Balance at start of year	
330	Gross carrying amount	274
(224)	Accumulated amortisation	(149)
106	Net carrying amount at start of year	125
73	Purchases	5
(129)	Disposals	0
	<i>Amortisation</i>	
(54)	Amortisation for the period	(61)
129	Amortisation on disposals	0
125	Net carrying amount at end of year	69
	Comprising:	
274	Gross carrying amounts	279
(149)	Accumulated amortisation	(210)
125	Balance Sheet amount at 31 March	69

The Council had no contractual commitments for the acquisition of Intangible Assets at 31.3.25

11. ASSETS HELD FOR SALE

In accordance with IFRS 5, Property, Plant, and Equipment (PPE) assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2023/24 £'000		2024/25 £'000
0	Balance at the start of the year	0
0	Assets Sold	0
0	Balance at the end of the year	0

CIPFA code of Practice specifies that Investment Properties, which meet the classification criteria for assets held for sale, must continue to be accounted for as Investment Property and these are held at Fair Value. The Council has not elected to have a separate category within Investment Property for sale assets. At the Balance Sheet date, the Council does not hold any assets for sale.

12. FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the balance sheet.

Long-Term 31-Mar-24	Current 31-Mar-24	Total 31-Mar-24		Long-Term 31-Mar-25	Current 31-Mar-25	Total 31-Mar-25
£000	£000	£000		£000	£000	£000
	57,489	57,489	Investments			
1,970		1,970	Loans and Receivables		61,822	61,822
1,930		1,930	CCLA Property	2,008		2,008
1,005		1,005	CCLA Diversified	1,825		1,825
4,598		4,598	Enhanced Cash Plus	1,016		1,016
4,535		4,535	Aegon	4,561		4,561
			Ninety-One	4,518		4,518
14,038	57,489	71,527	Total Investments	13,928	61,822	75,750
			Debtors			
1,462	6,995	8,457	Loans and Receivables *	1,308	6,402	7,710
1,462	6,995	8,457	Total Debtors	1,308	6,402	7,710
			Borrowings			
0	0	0	Financial Liabilities at Amortised Cost	0	0	0
0	0	0	Total Borrowing	0	0	0
			Creditors			
(49,992)	(5,764)	(55,756)	Financial Liabilities at Amortised Cost	(47,820)	(4,470)	(52,290)
(49,992)	(5,674)	(55,666)	Total Creditors	(47,820)	(4,470)	(52,290)

Valuation Assumptions

Investments held at 31 March 2025 amounted to £76.126m, consisting of £43.570m of fixed term investments where the instrument carries the same interest rate for the whole term, £18.627m of deposits in the Money Market and Call Account funds where, in general, the rate only alters with movements in the Bank rate, and £13.929m in funds valued at bid price for the shares which the Council holds. Cash and Bank included in total current investments are (£0.375m) No formal calculation of the effective interest rate (EIR) is necessary, and the carrying amount is a reasonable approximation of the fair value.

Debtors and creditors, both of which are instruments of short duration, with no formal effective interest rate (EIR) are at fair value.

An assessment has been made whether any impairment write-down or provisions previously made need to be reversed, or if any new ones need to be made. A full review of impairment provisions has been completed and appropriate adjustments to the provisions have been made on the age analysis of debtors involved.

Long Term Investments

The Council holds £13.928m in pooled fund investments. These are externally managed funds that invest in such things as equities, bonds, property, with different strategies, this adding diversification to RBCs portfolio.

These assets have to be held on the balance sheet at fair value reflecting instability in the financial market and volatility in net asset value (NAV). The pooled investments are held for the long-term, so any losses are not realised, for this reason, the Council does not classify pooled fund investments as cash and cash equivalents.

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value (IAS 7 Paragraph 6).

Pooled fund investments do not meet this definition. They are not used for the purpose of meeting cash flow commitments and are accordingly treated as long-term investments.

13. DEBTORS

2023/24			2024/25	
Short Term £'000	Long Term £'000		Short Term £'000	Long Term £'000
1,352	0	Trade	636	0
825	149	Prepayment	459	135
7,227	1,462	Other	8,001	1,308
(762)	0	Provision for impairment losses	(952)	0
8,642	1,611	Total Debtors	8,144	1,443

14. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates)

within the total debtors' figure is analysed below

2023/24 £'000		2024/25 £'000
609	Council Tax	707
414	Non-Domestic Rates	517
1,023	Total Debtors for Local Taxation	1,224

15. CASH AND CASH EQUIVALENTS

2023/24 £'000		2024/25 £'000
1	Cash Held by the Council	1
311	Bank Current Accounts	(376)
26,177	Short Term Deposits	18,627
26,489	Total Cash and Cash Equivalents	18,252

16. CREDITORS

2023/24			2024/25	
Short Term £'000	Long Term £'000		Short Term £'000	Long Term £'000
4,360	72	Trade Creditors	4,135	0
4,925	152	Other Creditors	6,352	227
9,285	224	Total	10,487	227

17. PROVISIONS

2023/24 Long Term NDR Appeals £'000		2024/25 Long Term NDR Appeals £'000
1,313	Balance at 1 April	890
367	Change in provisions in year	(18)
(790)	Amount utilised in year	(88)
890	Balance at 31 March	784

NDR Appeals

This provision sets aside sums for the Council's element of anticipated appeals that may arise in respect of Business Rates. The full liability is expected to be approximately £1.961 million with Rushcliffe's share at 40% and the difference is to be met by major preceptors - Central Government (50%), Nottinghamshire County Council (9%) and Fire Authority (1%).

18. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement (MIRS) Page 3. There is a breakdown of Earmarked Reserves in note 4.

19. UNUSABLE RESERVES

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
24,169	Revaluation Reserve	26,510
68,953	Capital Adjustment Account	73,465
(10,917)	Pension Reserve	(8,665)
3,700	Deferred Capital Receipts	0
174	Collection Fund Adjustment Account	1,280
(54)	Accumulated Absences Account	(54)
(961)	Pooled Funds Adjustment Account	(1,071)
85,064		91,465

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
25,889	Balance at 1 April	24,169
2,157	Upward revaluation of assets	3,291
(3,040)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(254)
25,006	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	27,206
(649)	Difference between fair value depreciation and historical cost depreciation	(696)
(188)	Accumulated gains on assets sold or scrapped	0
(837)	Amount written off to the Capital Adjustment Account	(696)
24,169	Balance at 31 March	26,510

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with postings from the Revaluation Reserve to convert fair values to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
71,593	Balance at 1 April	68,953
	<u>Reversal of items relating to capital expenditure debited or credited to the CIES:</u>	
(2,777)	Charges for depreciation and impairment of non-current assets	(3,552)
49	Revaluation losses on Property, Plant and Equipment	(9)
(54)	Amortisation of intangible assets	(61)
(2,175)	Revenue expenditure funded from capital under statute (net of Grants and Contributions)	(2,310)
(7,478)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(707)
837	Adjusting amounts written out of the Revaluation Reserve	696
(112)	Write down Long-term Debtors	(114)
(11,710)	Net written out amount of the cost of non-current assets consumed in the year	(6,057)
	<u>Capital financing applied in the year:</u>	
4,526	Use of Capital Receipts to finance new capital expenditure	1,783
3,607	Capital grants and contributions credited to the CIES that have been applied to capital financing	6,358
57	Application of grants to capital financing from the Capital Grants Unapplied Account	0
1,255	Statutory provision for the financing of capital investment charged against the General Fund	1,652
684	Capital expenditure charged against the General Fund	1,402
10,129		11,195
(1,059)	Movements in the market value of Investment Properties debited or credited to the CIES	123
0	Movement in the donated assets account credited to the Comprehensive Income & Expenditure Statement*	(749)
(1,059)		(626)
68,953	Balance at 31 March	73,465

*IFRS16 entries for Right of Use Assets

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly

responsible. General Fund balance to be charged with the amount payable by the Council to the pension fund in the year. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
(16,219)	Balance at 1 April	(10,917)
5,077	Remeasurement of the net defined benefit liability/(asset)	1,814
(2,476)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services	(2,248)
2,701	Employer's pensions contributions and direct payments to pensioners payable in the year	2,686
(10,917)	Balance at 31 March	(8,665)

Deferred Capital Receipts Reserve

This reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by capital receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
2,973	Balance at 1 April	3,700
3,700	Transfer (to)/from the CIES deferred sale proceeds	(100)
(2,973)	Transfer to the Capital Receipts Reserve on receipt of cash	(3,600)
3,700	Balance at 31 March	0

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising between the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
(193)	Balance at 1 April	174
367	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	1,106
174		1,280

Accumulated Absences Account

The Accumulated Absences Account absorbs differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to/from the Account. The differences in amounts accrued are not deemed to be material and therefore no transactions have been made in 2024/25.

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
(54)	Balance at 1 April	(54)
0	Settlement or cancellation of accrual made at the end of the preceding year	0
0	Amounts accrued at the end of the current year	0
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
(54)	Balance at 31 March	(54)

Pooled Funds Adjustment Account

The Pooled Funds Adjustment Account contains the gains or losses made by the Council arising from changes in the value of its investments that are measured at fair value through Profit and Loss. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

The Council invested £15m in pooled investments which as at 31 March 2025 was valued at £13.929m. The Council is using the temporary statutory override agreed by MHCLG to account for any changes in the fair value on its pooled investments currently £1.071m. The statutory override was due to end 31 March 2025 but has been extended for existing investments made before 1 April 2024, to 1 April 2029. Any gain or losses at the end of the override period will be charged to the Net Cost of Services in the Revenue Accounts. The Council currently hold a Treasury Capital Depreciation Reserve (£1.310m) to mitigate the potential impact (Note 4).

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
(1,234)	Balance at 1 April	(961)
345	Upward Revaluation of Investments	48
(72)	Downward Revaluation of Investments	(158)
	Change in Impairment Loss Allowances	
(961)		(1,071)
0	Accumulated gains or losses on assets sold and maturing assets written out to the CIES as part of Other Investment Income	0
(961)	Balance at 31 March	(1,071)

20. CASHFLOW STATEMENT – OPERATING ACTIVITIES

2023/24 £'000		2024/25 £'000
(1,669)	Net (Surplus) or Deficit on the Provision of Services	(7,272)
	Adjust for Non-Cash Movements	
(2,777)	Depreciation/Lease Liability write-down (IFRS16)	(3,552)
49	Impairment and downward valuations	(9)
(54)	Amortisation	(61)
8	(Increase)/decrease in loss allowances	190
1,134	(Increase)/decrease in creditors	(2,141)
(1,785)	Increase/(decrease) in debtors	2,998
225	Movement in pension liability	438
	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(706)
(7,478)		
423	Movement in Provisions	106
	Other non-cash items charged to the net surplus or deficit on the provision of services	2,785
(785)		
	Net surplus/(deficit) on provision of services for non cash movements	48
	Adjust Net Surplus or Deficit for items that are Investing or Financing Activities	
	Capital Grants credited to the Surplus/Deficit on Provision of Services	44
0		
	Proceeds from sale of property, plant and equipment, investment property and intangible assets	408
7,479		
	Net surplus/(deficit) on provision of services for Investing & Financing activities	452
7,479		
	Net Cashflows from Operating Activities	(6,772)
(5,230)		

20. CASHFLOW STATEMENT – OPERATING ACTIVITIES CONTINUED

The cash flows for operating activities include the following items:

2023/24 £'000		2024/25 £'000
(742)	Interest received	(1,269)
14	Interest paid	152
(697)	Dividends received	(655)
(1,425)	Total	(1,772)

21. CASHFLOW STATEMENT – INVESTING ACTIVITIES

2023/24 £'000		2024/25 £'000
5,090	Purchase of property, plant and equipment, investment property and intangible assets	5,756
48,000	Purchase of short-term and long- term investments	63,570
10	Other payments for investing activities	3
(3,648)	Proceeds from sale of property, plant equipment, investment property and intangible assets	(4,107)
(49,000)	Proceeds from short-term and long-term investments	(51,000)
(6,619)	Capital Grants Received (Government)	2,128
(122)	Other receipts from investing activities	(122)
(6,289)	Net cash flow from investing activities	16,228

22. CASHFLOW STATEMENT – FINANCING ACTIVITIES

2023/24 £'000		2024/25 £'000
(611)	Other payments for financing activities	(1,671)
0	Finance lease capital repayments	452
(611)	Net cash flow from Financing activities	(1,219)

23. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year:

2023/24 £'000		2024/25 £'000
291	Basic Allowances	302
93	Special Responsibility Allowances	97
5	Other Expenses	4
389	Total Expenditure	403

24. OFFICERS' REMUNERATION

The remuneration paid to the Council's senior employees is as follows:

Post Title	Year	Salary, Fees & Allowances £	Compensation for loss of office £	Pension Contribution £	TOTAL £
Chief Executive	2024/25	113,907	0	20,836	134,743
	2023/24	128,668	0	23,638	152,306
Deputy CEO and Director - Finance & Corporate Services	2024/25	105,375	0	19,443	124,818
	2023/24	101,330	0	18,710	120,040
Deputy CEO and Director - Neighbourhoods	2024/25	104,344	0	18,883	123,227
	2023/24	98,500	0	18,162	116,662
Director - Growth & Economic Development	2024/25	99,072	0	18,328	117,400
	2023/24	95,175	0	17,607	112,782
Service Manager Executive Department (Role includes Borough Solicitor & Monitoring Officer duties)	2024/25	72,704	0	13,446	86,150
	2023/24	72,399	0	13,394	85,793

The Council's other employees receiving more than £50,000 remuneration for the year (Excluding Pension Costs) are as follows:

Number of Employees 2023/24	Remuneration Band	Number of Employees 2024/25
5	£50,000 - £54,999	5
5	£55,000 - £59,999	10
0	£60,000 - £64,999	0
3	£65,000 - £69,999	0
2	£70,000 - £74,999	6
15	Total	21

25. EXIT PACKAGES AND TERMINATION BENEFITS

The Council did not terminate any contracts in 2024/25 (1 contract terminated in 2023/24).

26. EXTERNAL AUDIT COSTS

The Council has been advised of the following costs in relation to audit services provided by the Council's appointed external auditors relating to 2024/25.

2023/24 £'000		2024/25 £'000
128	Fees in respect of external audit of statement of accounts	142
128	Total	142

27. GRANT INCOME

The Council credited the following grants, contributions and donations to the Taxation and Non-Specific Grant Income line (Note 7) in the Comprehensive Income and Expenditure Statement in 2024/25 and 2023/24.

2023/24 £'000		2024/25 £'000
5	ERDF Bingham Offices	0
59	UK Shared Prosperity Fund (UKSPF)	839
102	Changing Places - Rushcliffe Country Park toilets	0
28	Friends of Rushcliffe Country Park - Enhancements	0
899	Salix Energy Grants	361
625	Section 106 contributions	166
10	English cricket Board	174
0	CIL	803
0	Rural England Prosperity Fund (REPF)	32
0	Football Foundation	3
0	Electric Vehicle Purchase grant	10
0	Swimming Pool Grant	162
	IFRS 16 Donated Assets - Rushcliffe Country Park/Keyworth Lesiure	
0	Centre	749
1,728	Total Capital Grants (Note 7)	3,299
1,414	New Homes Bonus (Note 7)	1,509
3,095	NDR Section 31 Grant (Note 7)	3,756
859	Other non-ringfenced grants (Note 7)	1,249
7,096	Total	9,813

27. GRANT INCOME CONTINUED

The following grants were credited to services.

2023/24 £'000		2024/25 £'000
115	MHCLG - NDR Cost of Collection	118
12,138	DWP - Housing Benefit Subsidy and Council Tax Rebates	12,666
167	DWP - Housing Benefit Administration	162
325	MHCLG - Homelessness Support Grant	328
762	MHCLG- Disabled Facilities Grant (REFCUS)	852
435	MHCLG - Local Authority Delivery Green Energy Grants	0
149	Notts PCC - Safer Streets	65
490	UK Shared Prosperity Fund	634
145	UK Shared Prosperity Fund (REFCUS)	201
76	Rural England Prosperity Fund (REFCUS)	487
0	Retrofit Grants	511
0	Home Upgrade Grant (HUG2)	163
0	Planning Skills Delivery Grant	60
197	Total of grants below £50k	114
14,999	Total	16,361

The Council received grants, contributions and donations not yet recognised as income as they have conditions attached to them that will require the monies or property to be returned if the conditions are not met. The balances at year end are as follows:

2023/24 £'000		2024/25 £'000
46,006	S106 Planning Agreements	40,977
3,543	CIL Planning Agreements	5,347
	Other Grants:	
18	UK Shared Prosperity Fund - Rushcliffe Country Park shelters	0
170	Home Upgrade Grant	49
20	Nottinghamshire County Council DFG top up	138
73	Rural England Prosperity Fund	0
0	Food Waste	1,157
	Other Receipts :	
10	Sale Deposit (Hollygate Lane)	0
49,840	Total	47,668

The Council received revenue grants not yet recognised as income as received in advance of expenditure, the table below shows the balance at year end.

2023/24 £'000		2024/25 £'000
21	UK Shared Prosperity Fund	0
35	Family Annexe Grant	0
0	Home Upgrade Grant (HUG2)	36
56	Total	36

28. RELATED PARTIES

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills, housing benefits). Grant receipts above £50,000 are shown in Note 27.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total members allowances paid in 2024/25 are shown in Note 23. The Members could potentially have a material related party transaction with the Council. During 2024/25 the Council, in accordance with the National Code of Local Government Conduct, maintained a register of pecuniary and non-pecuniary interest disclosed by members. During the year 2024/25 the following amounts were transacted with related parties: A contract totalling £50,000 was awarded from UKSPF funding in 2024/25 to a local provider of jobs and skills advice in which one member declared interest.

Officers

Similarly, a register for officers outside interests and hospitality is also maintained. Again, this has been reviewed and found to contain no entry that would suggest a material related party transaction.

Other Public Bodies

The Council has determined that material transactions have occurred in 2024/25 with the following parties and most transactions with related parties are disclosed elsewhere in the Statement of Accounts, as follows:

Joint Use arrangements with Nottinghamshire County Council.

Parish Precepts of £2.702m and Internal Drainage Board levies of £0.447m are disclosed in Note 5 to the Comprehensive Income and Expenditure Statement.

Other local authorities, central government, the Nottinghamshire Police Authority and Nottinghamshire Fire Authority – disclosed in Note 3 and Note 5 to the Collection Fund Income and Expenditure Account.

Central Government – disclosed in all of the appropriate statements and notes.

Pensions Fund – administered by Nottinghamshire County Council (Note 32).

Entities Controlled or Significantly Influenced by the Council

The Council controls Rushcliffe Enterprises LTD (REL) through its ownership and 100% shares in the company. REL is a dormant holding company for the Council.

29. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2023/24		2024/25
£'000		£'000
13,266	Opening Capital Financing Requirement	9,889
	Adjustment for Right of Use Assets (IFRS16)	2,773
	Revised Capital Financing Requirement	12,662
	Capital Investment:	
4,411	Property, Plant & Equipment	5,293
0	Heritage Assets	39
93	Investment Properties	146
74	Intangible Assets	5
2,174	Revenue Expenditure Funded from Capital Under Statute	2,311
	Sources of Finance:	
(2,404)	Capital Receipts	(783)
(2,122)	Capital Receipts/Sec106 applied to CFR	(1,000)
(3,664)	Government Grants & Other Contributions	(5,609)
(684)	Direct Revenue Contributions	(1,402)
(1,255)	Minimum Revenue Provision	(1,652)
9,889	Closing Capital Financing Requirement	10,010
	Explanation of movements in year	
	Increase/(decrease) in the underlying need to borrow	
(3,377)	(unsupported by Government financial assistance)	(2,652)

30. LEASES

In 2024/25 the Council has adopted IFRS 16 Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased item as an asset and future payments as a liability), a right of use asset and a lease liability have been brought into the balance sheet at 1 April 2024.

Leases for items of low value and leases that expire within a year on the reporting date are exempt from the new arrangements. These are expensed to the Comprehensive Income and Expenditure Statement as incurred and not recognised on the balance sheet.

Discount rates used for calculating lease liabilities – where an interest rate is not implicit within the lease / contract, the appropriate PWLB borrowing rate has been used.

COUNCIL AS A LESSEE

The Council's lease contracts comprise of operational land and buildings only. All Vehicles Plant and Equipment are owned outright or constitute low value assets such as printers / photocopiers, as such have not been included in the tables below.

Right Of Use Assets

The table below shows the change in the values of the right of use assets held under leases by the Council.

	Land And Buildings £'000	Vehicle Plant & Equipment £'000	Total £'000
Balance at 1 April 2024	3,522	0	3,522
Additions	0	0	0
Revaluations	0	0	0
Depreciation and amortisation	(514)	0	(514)
Disposals	0	0	0
Balance at 31 March 2025	3,008	0	3,008

Depreciation is charged on a straight-line basis over the lease term.

Lease Liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments). Please note the increase in amounts due being in relation to the implementation of IFRS16 and recognising right of use asset lease liabilities.

IFRS16 Right of use asset lease liabilities of £2.301m included in the table below are shown as long term (greater than a year) and short-term liabilities in balance sheet - (£1.806m – Other long-term liabilities and £0.495m Short term creditors)

31 March 2024 £'000		31 March 2025 £'000
203	Less than one year	587
820	One to five years	1,288
910	More than five years	990
1,933	Total	2,865

Transactions under Leases

The Council incurred the following expenses and cash flows in relation to leases.

2023/24 £000s	Comprehensive Income and Expenditure Statement	2024/25 £000s
0	Interest Expense on lease liabilities	136
0	Expense related to short-term leases (charged as MRP)	452
0	Expense related to exempt leases of low value items	1
0	Income from sub-letting right-of-use assets	(50)

COUNCIL AS A LESSOR

The Council leases out property under operating leases for investment purposes: rental income or capital appreciation.

The maturity analysis of these lease receivables is shown in the table below.

2023/24 £'000		2024/25 £'000
1,949	Less than one year	1,865
5,635	One to five years	4,468
3,218	More than five years	1,859
10,802	Total	8,192

31. IMPAIRMENT LOSSES

Paragraph 4.7.4.2(1) of the Code requires disclosure by class of assets of the amounts for impairment losses and reversals charged to the surplus or deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 8 reconciling the movement over the year in the Property, Plant and Equipment balances.

The impairment review carried out at 31/03/2025 identified no material impairment to any of the Council's assets.

The revaluation exercise for 2024/25 gave rise to a net revaluation gain of £3.028m on Operational Land and Buildings. Of this, £3.037m net was credited to the Revaluation Reserve (Note 19); and a net £9k was debited to the surplus and deficit on the provision of services to recognise loss and partially reverse previously recognised losses.

32. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not be payable until employees retire, the Council has the commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

The Local Government Pension Scheme, administered locally by Nottinghamshire County Council is a funded defined benefit scheme and until 31 March 2014 was a final salary scheme. Changes came into effect on 1 April 2014, and any benefits accrued from this date on based on career average revalued salary and length of service on retirement, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement, is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due.

The results of the 2022 Triennial Valuation identified a primary contribution rate of 18.5% plus the repayments required to eliminate the deficit in the fund was £2.16m spread over 3 years.

The principal risks to the Council of the scheme are:

- **Investment Risk.** The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate Risk.** The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation Risk.** All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity Risk.** In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.
- **Regulatory Risk.** Regulatory uncertainties could result in benefit changes to past or future benefits which could result in additional costs.
- **Orphan Risk.** As many unrelated employers participate in each fund, there is an orphan liability risk where employers leave the fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in that fund.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note 36vi.

All of the risks above may also benefit the authority e.g., higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

Transactions relating to retirement benefits

The cost of retirement benefits is reported in cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made to the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year: -

The liabilities of the fund are valued using a discount rate based on market yields on high quality corporate bonds and the method used is Single Equivalent Discount Rate (SEDR). Inflation assumptions affect the rate at which benefits increase and therefore the value of future liabilities. The method used to estimate inflation is the Single Equivalent Inflation Rate (SEIR), further adjusted to reflect the expectation that pension increases will be based on CPI. (Consumer Prices Index)

Asset returns can be very volatile from year to year and will vary by LGPS fund. A typical LGPS fund might have achieved a return of around 3% for the period 31 March 2024 to 31 March 2025. This is based on a fund investing 75% in equities, 5% in gilts and 20% in corporate bonds. This could vary considerably depending on each fund's investment strategy.

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
1,725	Current Service Cost	1,737
37	Administration Expenses	40
0	Settlements and Curtailments	0
	Financing and Investment Income and Expenditure	
714	Net Interest Expense	471
2,476	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	2,248
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(2,895)	Return on plan assets (excluding the amount included in the net interest expense)	876
(1,270)	Actuarial (Gains) and Losses arising on changes in demographic assumptions	(237)
(1,392)	Actuarial (Gains) and Losses arising on changes in financial assumptions	(11,658)
0	Other Actuarial Gains / Losses on Asset	0
480	Other Experience	38
0	Changes in Impact of Asset Ceiling	9,167
(5,077)	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(1,814)
	Movement in Reserves Statement	
(2,476)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(2,248)
	Actual amount charged against the General Fund for Pensions in the year	
2,610	Employers contributions payable to scheme	2,593
2023/24 £'000	Discretionary Benefits	2024/25 £'000
91	Retirement benefits payable to pensioners	93

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
89,611	Present value of the defined benefit obligation	80,303
(78,694)	Fair Value Plan Assets	(80,805)
0	Impact of Asset Ceiling	9,167
10,917	Net liability arising from defined benefit obligation	8,665

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
73,008	Opening Fair Value of Scheme Assets	78,694
3,489	Interest Income	3,836
2,895	The return on plan assets, excluding the amount included in the net interest expense	(876)
0	Other actuarial gains / (losses)	0
2,701	Contributions from employer	2,686
622	Contributions from employees into the scheme	661
(3,984)	Benefits Paid	(4,156)
0	Settlements	0
(37)	Other	(40)
78,694	Closing Fair value of scheme assets	80,805

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
89,227	Opening Balance 1 April	89,611
1,725	Current Service Costs	1,737
4,203	Interest Cost	4,307
622	Contributions by scheme participants	661
	<u>Remeasurement gains/(loss):</u>	
(1,270)	Actuarial (Gains) and Losses arising from changes in demographic assumptions	(237)
(1,392)	Actuarial (Gains) and Losses arising from changes in financial assumptions	(11,658)
480	Other experience	38
0	(Gains) and Losses on Settlements / Curtailments	0
(3,893)	Benefits Paid	(4,063)
(91)	Unfunded Pension Payments	(93)
89,611	Closing Balance 31 March	80,303

The Local Government Pension Scheme's assets consist of the following categories, by proportion on the total assets held:

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
47,590	Equities	41,889
1,884	Gilts	6,710
3,904	Other Bonds	5,198
8,366	Property	8,284
16,950	Others	18,724
78,694	Total Assets	80,805

From the information we have received from the administering Authority, we understand that of the Equities allocation above, 29% are UK investments, 71% are overseas investments. Of the Gilts allocation above, 38% are UK fixed interest Gilts and 62% are UK index linked Gilts. Of the Other Bonds allocation above, 29% are UK corporates, 71% are overseas corporates. All of the above are listed in a market.

100% of the Property and Cash allocation is unquoted.

Other allocations include Private Equity, Infrastructure, Unit Trust, Inflation Linked, Credit and Cash/Temporary Investments.

Basis for Estimating Assets & Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years that is dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme at 31 March 2022.

Asset Ceiling

The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling".

Assumptions have been made that there is no unconditional right to a refund of a surplus from the pension authority and the requirement to make contributions towards a funding deficit is considered an additional minimum liability. As such an asset ceiling has been calculated and applied by the actuary in-line with IAS19 & IFRIC14 accounting standards.

McCloud & Sargeant Judgements

Regulation in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Virgin Media Legal Case

The Government Actuaries Department is reviewing historic amendments to the LGPS, following a Court case in June 2023 and a Court of Appeal ruling in July 2024 which decided that certain rule amendments were invalid in absence of the actuarial certification (potentially including cases where such a confirmation cannot now be located). The view of HM Treasury is that the relevant amendments in the LGPS would have been made by legislation – and therefore would remain valid until revoked or repealed by subsequent legislation, or declared void by a court. On the 5th June 2025 the DWP announced plans to introduce legislation to address issues arising from the case. At this point in time there is insufficient information to assess the potential impact, so it is not included in these accounts.

The principal assumptions used by the actuary have been:

2023/24	Local Government Pension Scheme	2024/25
	Mortality Assumptions	
	Longevity at 65 for current pensioners	
20.4	Men	20.4
23.3	Women	23.3
	Longevity at 65 for future pensioners	
21.7	Men	21.7
24.7	Women	24.7
4.90%	Rate for Discounting Scheme Liabilities	5.80%
2.90%	Rate of Increase in Pensions (Per Annum)	2.90%
3.25%	Rate of increase in RPI Inflation	3.20%
3.90%	Rate of Increase in Salaries (Per Annum)	3.90%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme

Adjustment to the discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	79,226	80,303	81,405
Projected service cost	1,315	1,366	1,418
Adjustment to the long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	80,398	80,303	80,209
Projected service cost	1,366	1,366	1,366
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	81,340	80,303	79,289
Projected service cost	1,420	1,366	1,313
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present value of total obligation	83,354	80,303	77,379
Projected service cost	1,415	1,366	1,318

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The employer contribution rate for 2024/25 was 18.5%. An additional monetary contribution of £720k was paid by the authority in 2024/25

(£600k 2025/26). The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The estimated duration of the defined benefit obligation for scheme members is 14 years.

Projected Pension Expense for the Year to 31 March 2026

Projected Pension Expense	2025/26 £'000
Service cost	1,366
Net Interest on the defined liability (asset)	425
Administration Expenses	39
Total	1,830
Employer contributions	2,657

Note: These projections are based on the assumptions at 31 March 2025, as described earlier in the Barnett Waddington Actuary Report. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025.

33. CONTINGENT LIABILITIES

At the 31st of March 2025 the Council had one contingent liability requiring disclosure. The Council gave an environmental warranty as part of the housing stock transfer in 2003, both to Rushcliffe Homes – now Metropolitan Thames Valley Housing Trust and to their lender, Nationwide Building Society. The former ran for 15 years until 2018 and has now elapsed; the latter was for 32 years and will run until 2035. The value of the liability is unknown and to date there have not been any issues identified.

34. CONTINGENT ASSETS

The Council had no material contingent assets at 31 March 2025.

35. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks:

- **Credit Risk** – the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity Risk** – the possibility that the Council might not have funds available to meet its commitments to make payments.
- **Market Risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Capital and Investment Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

The risk is minimised through the Treasury Management Policy, which requires that deposits are not made with financial institutions unless they meet the identified minimum credit criteria. This means that, ordinarily, the counterparty must have long-term credit ratings of A- or above to reduce the risk of bail-in. A summary of the credit quality of the Council's investments at 31 March 2025 is shown below.

Credit Rating (Fitch)	Fair Value through Profit & Loss £000	Investments (Amortised Cost) £000
AAA	0	12,936
AA+	0	0
AA	0	25
AA-	0	118
A+	0	5,449
A-	0	0
Pooled Funds/LA's*	13,929	43,570
Total	13,929	62,098

* Pooled Funds and Local Government investments are unrated

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. There remains a risk that the Council's deposits could be unrecoverable in the event of an institution failing, but there was no evidence at the 31 March 2025 that this was likely to happen.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its deposits.

The Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

2023/24 £'000	Debtors past due but not impaired	2024/25 £'000
132	Less than three months	25
55	Three to nine months	24
4	Nine months to one year	4
686	More than one year	710

Amounts Arising from Expected Credit Losses

The loss allowance for investments at amortised cost during the year can be seen below. Due to the immaterial amount calculated on the lifetime expected credit losses the transaction has not been reflected within the accounts.

Investment at Amortised Cost	Principal Amount £000	Risk of Default	Lifetime Expected Credit Loss £
Local Authorities	43,570	0%	0
Money Market Funds	12,894	0%	0
Call Accounts:			
Handelsbanken	25	0.04%	4
HSBC	42	0.06%	8
Bank of Scotland	118	0.06%	24
Barclays	4,896	0.06%	1,004
Santander	553	0.04%	74
Total	62,098		1,114

Under IFRS 9 the code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil.

Similarly the Council does not have to calculate an Expected Credit Loss for money market funds as these are shares and so you have no contractual obligation to receive a return on them. The accounting standard does not require the Council to account for a potential loss of money you may not actually get.

A summary of the Council's short-term investments is shown below.

Financial Institution	Amount £000	Length of Investment
Blackrock	471	Call
CCLA - PSDF	1,364	Call
Federated Investors (UK)	734	Call
Goldman Sachs Asset Management	76	Call
HSBC Asset Management ESG	5,576	Call
Invesco AIM	1,074	Call
Aberdeen Asset Management	3,679	Call
HSBC Asset Management Business	42	Call
Bank of Scotland PLC	1	Call
Bank of Scotland PLC32	117	32 Days
Barclays Bank PLC	7	Call
Barclays Bank PLC32	4,906	32 Days
Handlesbanken PLC	12	Call
Handlesbanken PLC35	13	35 Days
Santander UK PLC1	464	Call
Santander UK PLC35	91	35 Days
Total Call/MMF (Agrees to note 15)	18,627	
Broxbourne Borough Council	4,570	182 days
Rushmoor Borough Council	5,000	364 days
Telford & Wrekin	5,000	273 days
Blackpool Council	4,000	243 days
LB of Waltham Forest	5,000	277 days
Surrey County Council	5,000	274 days
New Forest District Council	5,000	276 days
Lancashire County Council	5,000	120 days
Bedford Borough Council	5,000	31 days
Total Short Term Investments	43,570	

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrow from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Council sets limits on the proportion of its fixed rate borrowing during specific periods. All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movement in interest rates have a complex impact on the Council. For instance, a rise in interest rates could have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services would rise.

- Investment at variable rates – interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.
- Inflation - current high inflation rates heighten the risk of interest rate volatility and in particular the potential for rising interest rates.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income or Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. The Council is cushioned to some degree as it does not have any debt at the Balance Sheet date. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

As the Council does not have any borrowings at the Balance Sheet date the management of interest rate exposure is focused on its investments. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher or lower with all variables held constant, the effect would be:

2023/24 £000		2024/25 £000
143	Increase in Interest Receivable on Variable Rate Investments	446
143	Impact on Surplus or Deficit on the Provision of Services	446

Price Risk

The Council's investment in the CCLA Property Fund, CCLA Cautious Multi Asset Fund, Royal London Enhanced Cash Plus, Ninety-One and Aegon are subject to the risk of falling commercial property prices. However, any movements in price will not impact on the General Fund Balance as regulations are currently in force to remove the impact of the fair value movements on the taxpayer. The Council is using the temporary statutory override agreed by MHCLG (applicable until 1 April 2029) to account for any changes in the fair value on its pooled investments.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

36. ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. It has been prepared in accordance with the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS) It also complies with guidance notes issued by CIPFA on the application of accounting standards (Standard Statement of Accounting Practice and Financial Reporting Standards) to the local authority accounts.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- **Revenue from contracts with service recipients**, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- **Supplies are recorded as expenditure** when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- **Expenses in relation to services received** (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- **Interest payable on borrowings and receivable on investments** is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- **Where revenue and expenditure have been recognised but cash has not been received or paid**, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments with immediate call back or instant access from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv. **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. **Charges to Revenue for Non-Current Assets**

General Fund service revenue accounts, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- **Depreciation** attributable to the assets used by the relevant service;
- **Revaluation and impairment losses on assets** used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- **Amortisation of intangible fixed assets** attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. It is however, required to make annual provision from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance (updated guidance applicable from 1 April 2025). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance in the form of the Minimum Revenue Provision (MRP). This charge is based on the Asset Life method of calculation as per the Councils approved MRP Policy and will commence in the financial year after the asset becomes operational.

vi. **Employee Benefits**

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. Where material an accrual is made for the cost of holiday entitlements (or any form of leave, for example, time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the MIRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to either terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary

redundancy. These are charged on an accruals basis to the appropriate service segment or, where applicable to non-distributed costs at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits. These are replaced with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

The Council fully complies with the requirements of IAS 19 Employee Benefits and recognises the cost of retirement benefits in the revenue account when employees earn them rather than when the benefits are eventually paid as pensions.

Employees of the Council are members of the Local Government Pension Scheme (LGPS), which is administered by Nottinghamshire County Council and is accounted for as a defined benefits scheme providing defined benefits to members (Retirement Lump Sums and Pensions) earned in the time they worked as employees of the Council.

The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – (i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees).

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds. The assets of the pension fund attributed to the Council are included in the Balance Sheet at their fair value

- **Quoted Securities** - current bid price
- **Unquoted Securities** – professional estimate
- **Unitised Securities** - current bid price
- **Property** - market value

The change in the net pension's liability is analysed into five components:

- **Service costs comprising:**
 - Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service for which the employees worked.
 - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council– the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined

benefit liability (asset) during the period as a result of contribution and benefit payments.

- **Re-measurements comprising**

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions– charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Asset Ceiling – a remeasurement of the liability, both to negate the potential creation of a pension asset that cannot be refunded, and to allow for additional minimum liability created following to the requirement of the employer to make additional contributions.

- **Contributions Paid to the Pension Fund** – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund, or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

vii. Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can occur:

- **Those that provide evidence of conditions** that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- **Those that are indicative of conditions** that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

viii. Financial Instruments

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable, are based on the carrying amount of liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The Council currently has no long-term debt, but any future long-term debt would be within the Council's Treasury Management Strategy, Minimum Revenue Provision Policy and future Accounting Policies.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest. (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

In the event that the Council makes a loan to an outside body at less than market rates (soft loans) and the present value of the interest foregone is greater than £50k, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations,

with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The current cost of living pressures has been considered when assessing potential impairment of debt.

Financial Assets measured at Fair Value through Other Comprehensive Income

Financial assets measured at fair value through other comprehensive income are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Annual income received from the financial instrument is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Fair Value measurement of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council holds assets measured at Fair Value through Other Comprehensive Income (OCI) with shares in the CCLA Property fund, CCLA Cautious Multi-Asset Fund, Royal London Enhanced Cash Plus Fund, Aegon and Ninety-One. Any movement in Fair Value will be accounted for in Financing and Investment Income and Expenditure line in Surplus/Deficit on Provision of Services. A statutory override must be used to reverse the entry in the CIES to a reserve to recognise the fair value gains and losses.

For assets measured at fair value through profit and loss, gains and losses are recognised as they occur in the Surplus or Deficit on the Provision of Services.

ix. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Council where there is reasonable assurance that.

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (Receipts in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants and contributions including Section 106s awarded to Rushcliffe Borough Council are credited to the Comprehensive Income Expenditure Statement as Taxation and Non-Specific Grant Income, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL

charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

x. Heritage Assets

The Council has Heritage Assets; a small art collection; war memorabilia (war memorial and commemorative bench); and Covid Memorial Obelisk. Heritage Assets are carried at valuation rather than current of fair value reflecting the fact that sales and exchanges are uncommon. The Art Collection is valued at insurance valuation and the War Memorial, bench and Obelisk at depreciated historic cost as they are infrastructure assets. The treatment of revaluation gains and losses is in accordance with the Council's accounting policies on property, plant and equipment.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

Art collection

The assets within the art collection are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Purchases are initially recognised at cost and donations are recognised at valuation.

War Memorial and Bench and Covid Memorial Obelisk

The War Memorial, Commemorative Bench and Obelisk are sited in West Bridgford and held at Depreciated Historical Cost (a proxy for current value).

xi. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example, software licences). These are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xii. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on goods or services transferred to the service recipient during the financial year.

xiii. Interests in Companies and Other Entities

The Council does not have material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

xiv. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value and are not depreciated but are re-valued annually. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and the Capital Receipts Reserve (for any sale proceeds greater than £10,000).

xv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

An exception is made where leases were in existence prior to the introduction of IFRS 16 and not treated in accordance with proper practice as at 31st March 2010. Under the terms of the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2010 no 454, the Council may continue to account for money received in accordance with the original type of leases.

Leases classified as Investment Properties are not required to show a split between the land and building elements.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of a specific asset.

The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate (Public Works Loan Board certainty rate as a proxy) wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

fixed payments, including in-substance fixed payments

variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date

amounts expected to be payable under a residual value guarantee

the exercise price under a purchase option that the Council is reasonably certain to exercise

lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option

penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index,

while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and

Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable is apportioned between a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the MIRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve (England and Wales) in the MIRS. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve (England and Wales).

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The Council does not have any sale and leaseback assets.

xvi. Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other joint operators that involve the use of assets and resources of the venture rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

xvii. Overheads and Support Services

The costs of overheads and support services are charged to service areas in accordance with the Council's arrangements for accountability and financial performance.

xviii. Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred. In addition, expenditure needs to be in excess of the Council de-minimis level of £10,000 before it can be recognised as capital, spend below this limit is charged to revenue.

The Code requires components to be accounted for as separate items where they are material, the Council has undertaken a review of its assets relating to Property, Plant and Equipment and componentising these assets has no material impact. The Council has however componentised its assets, into two elements, land and buildings.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance, (i.e., it will not lead to variation in the cash flows of the Council). In the latter case, where an asset is acquired via exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value unless the donation has been made conditionally. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MIRS.

Assets are then carried in the Balance Sheet using the following measurement bases:

Property, Plant and Equipment	
Other Land and Buildings	Existing Use Value (EUV)
Vehicles and Plant	Depreciated Historical Cost
Infrastructure	Depreciated Historical Cost
Community Assets	Depreciated Historical Cost
Assets Under Construction	Depreciated Historical Cost

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus and Deficit on the Provision of Services line of the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction) and assets held for a commercial return (i.e., investment properties). It is calculated as follows:

Property, Plant and Equipment	
Other Land and Buildings	Straight line – over the useful life of the asset
	Straight line – over the useful life of the asset
Vehicles and Plant	Straight line – over the useful life of the asset
Infrastructure	

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Infrastructure Assets within PPE

Infrastructure assets are generally inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e., there is no prospect of sale or alternative use. They work as a part of a continuous network that is maintained in a relatively steady state, though there may be distinctive parts of this network. For Rushcliffe, the steady state will be play area ground infrastructure, and footpath enhancements; a distinctive part and significant infrastructure asset is Cotgrave Public Realm.

Recognition

Expenditure on the acquisition/development of Infrastructure assets is capitalised on an historic cost (accruals) basis, provided that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

Measurement

Infrastructure assets are measured at depreciated historic cost.

Depreciation

Depreciation is calculated on a straight-line basis over the assigned useful life of the asset. Useful lives for Infrastructure assets are assessed by the relevant Commissioning Officer.

Disposal and De-recognition of Infrastructure Assets

When an infrastructure asset is disposed/replaced/de-commissioned, the carrying amount of the asset is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement. The expectation is that the replacement parts will have been fully depreciated, but this may not always be the case.

The written-off amounts of disposals are not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate capital financing accounting arrangements. Amounts are transferred to the Capital Adjustment Account from the General Fund via the MIRS.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Capital receipts are credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

As the cost of fixed assets is fully provided for under separate arrangements for capital finance the written-off value of disposals is not a charge against council tax. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Assets under Construction

Assets under Construction are only recognised when it is probable that the future economic benefits will flow to the Council and the cost can be measured reliably. Assets under construction are capitalised at cost which includes labour and overhead costs arising directly from the construction of the asset. Assets under construction are not depreciated until they are brought into use under the relevant sections of Property Plant and Equipment.

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Where it is probable that there will be an inflow of economic benefits or service potential, contingent assets are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

xx. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xxi. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxii. VAT

VAT payable is included only where it is deemed unrecoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

Non-recoverable VAT relating to a capital scheme will form part of the capital cost of that scheme

xxiii. Collection Fund – Council Tax & Non-Domestic Rates (NDR)

Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and business rates. The Council acts as an agent, collecting council tax and business rates income on behalf of the major precepting authorities (including central government), and as a principle, collecting council tax and NDR for itself. Under the legislative framework for the Collection Fund billing authorities, major preceptors and central government share proportionately the risks and rewards with the amount of Council Tax and NDR collected potentially being either less or more than predicted. The council is part of a pool arrangement for NDR with its neighbouring Nottinghamshire councils. The council is part of a pool arrangement for NDR with its neighbouring Nottinghamshire councils.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. Any difference between the income included in the CIES and the demand or precept is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS. The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. As the collection of Council Tax and NDR is an agency agreement there is a debtor/creditor position between the Council, the major preceptors and central government. As the billing authority, this Council's Cash Flow Statement includes in 'revenue activities' only its own share of the Council Tax and NDR collected.

xxiv. Fair Value Measurement of non-financial assets

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The hierarchy below is used.

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3** – unobservable inputs for the asset or liability.

37. ACCOUNTING STANDARDS ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) requires the disclosure of information relating to the expected impact on the accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. This applies to the adoption of the following new or amended standards within the 2024/25 code:

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25

financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable
- b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for

operational property, plant and equipment, requiring indexation for tangible noninvestment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

38. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 36 the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts concern the following:

- a. There is a high degree of uncertainty about future levels of funding for local government notably issues around funding reforms and localisation of Business Rates. However, as these reforms have been delayed until at least 2026/27 due to economic environment the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- b. A significant impact on the accounts concerns the assumptions surrounding pensions and the likelihood of legislative change and the impact of such change. The impact of either a change in the discount rate of 0.1% or a change in life expectancy of 1 year, for either, would be no more than £51k on service costs.
- c. It is anticipated no substantial legal claims or appeals will be made against the Council in the next financial year.
- d. IFRS16 In 2024/25 the Council has adopted IFRS 16 Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased item as an asset and future payments as a liability), a right of use asset and a lease liability have been brought into the balance sheet at 1 April 2024. These have been calculated based on the current schedule of rental payments and discounted using the Public Works Loans Board (PWLB) certainty rate. Leases for items of low value and leases that expire on or before 31 March 2023 are exempt from the new arrangements and have been excluded.
- e. Asset Ceiling The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling". Assumptions have been made that there is no unconditional right to a refund of a surplus from the pension authority and the requirement to make contributions towards a funding deficit is considered an additional minimum liability. As such an asset ceiling has been calculated and applied by the actuary in-line with IAS19 & IFRIC14 accounting standards.

39. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Most significant estimates are for pensions, impairment provisions, provisions and accruals. Each of these has a different process for making the estimate:

a. Pensions Liability: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by Nottinghamshire County Council and assurance is placed on the use of these qualified professionals to provide expert advice about the assumptions to be applied. The effects on the net pension's liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption and an increase of one year in the mortality age rating assumption would result in a decrease of £1.077m and an increase of £3.051m respectively in the present value of the defined benefit obligation. In addition, for 2024/25 there is an additional remeasurement in relation to changes in impact of the asset ceiling. Note 32 provides more detail.

b. Impairment estimates are in accordance with IFRS 9 based on prudent collection rates taking into account knowledge of existing conditions on outstanding debts, particularly given the current economic climate. There has been no evidence so far to suggest that elevated inflation and the increased cost of living has impacted on collection of debt however this will continue to be monitored. At 31st March 2025, the Council had sundry debtor balances of £0.607m and Housing Benefit (HB) debtors of £0.557m. Provisions for impairment are made according to the age of the debt. The provisions amount to £0.200m and £0.076m, respectively for sundry debtors and Housing Benefit overpayments.

c. Provisions – generally most provisions are relatively low in value. Business Rate appeals (which the Valuation Office is responsible for) have been estimated in line with the accounting requirements of the national Business Rates Retention Scheme. In total Rushcliffe's estimated liability amounts to £0.784m, with a further £1.177m in relation to other precepting authorities and the Government (Note 17). This has been calculated focusing on key determinants such as type of property, reasons for appeal and age of the appeal.

d. Purchase accruals – these are low in volume and value, but with items such as utility accruals they are based on past bills / seasonality / readings and current contract prices. With the level of inflation currently around 3.5%, the 2025/26 budget incorporates an allowance for an increase in utilities and fuel.

e. Depreciation and amortisation are provided to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and useful lives requires the exercise of management judgement considering anticipated usage levels in service provision and levels of repairs and maintenance. A review of balance sheet values is undertaken each year end to assess if any of the assets have not been used at the estimated rates and if any impairment charges are required. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

f. Local Government Reorganisation (LGR) – as part of LGR the Council will move into a unitary authority. This creates significant uncertainty for Councillors and officers and will require additional work and resources, the financial impact of this will be smoothed using the organisational stabilisation reserve. The uncertainty will be carefully managed, and the Council will continue to operate as business as usual in the interim period.

40. MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material items of income and expense that have not been disclosed elsewhere in the accounts.

41. EVENTS AFTER THE REPORTING DATE

The cost-of-living pressure is a risk to the Council's income recovery and given inflation remains high is a cost risk for both revenue and capital. We are constantly reviewing the impact on the Council.

Simpler Recycling legislation came into force 31 March 2025 which requires the Council to introduce food waste collections and streamline collections for households to collect residual waste, food waste, paper and card and all other dry recyclables including glass from the kerbside. At this stage it is not yet fully clear what the revenue and capital impact will be on the budget. The Council has included reasonable estimates of the costs in the budget and an assumed level of continued funding. There is a risk that the cost estimates are insufficient and that the funding does not continue in the medium term.

The Government announced its intention to implement Local Government Reorganisation effectively removing two tier authorities. This is expected to take effect before the end of the MTFS period however the impact on the budget is not yet quantifiable although it is assumed that any costs of reorganisation will not be funded by additional government grant. The Council has created a LGR reserve to allow for such costs.

The main issues are stated within Section 6 of the Narrative.

G. THE COLLECTION FUND

2023/24				2024/25		
Council Tax £'000	NDR £'000	TOTAL £'000		Council Tax £'000	NDR £'000	TOTAL £'000
106,860		106,860	INCOME			
			Council Tax	113,805		113,805
	28,205	28,205	Income from business ratepayers		32,823	32,823
106,860	28,205	135,065		113,805	32,823	146,628
			EXPENDITURE			
			Precepts and Demands			
79,406		79,406	· Nottinghamshire County Council	84,915		84,915
12,401		12,401	· Nottinghamshire Police Authority	13,258		13,258
4,127		4,127	· Nottinghamshire Fire Authority	4,333		4,333
10,509		10,509	· Rushcliffe Borough Council	11,049		11,049
			Business Rate			
	14,452	14,452	· Payments to Government		14,510	14,510
	2,601	2,601	· Payments to Nottinghamshire County Council		2,612	2,612
	289	289	· Payments to Nottinghamshire Fire Authority		290	290
	11,561	11,561	· Payments to Rushcliffe Borough Council		11,608	11,608
	115	115	· Costs of Collection		118	118
	871	871	· Renewable Energy		926	926
		0	· Transitional Protection Payment		0	0
			Impairment of Debts/Appeals			
(278)		(278)	· Write ons			0
324	21	345	· Allowance for Impairment	(184)	265	81
	(1,058)	(1,058)	· Provision for appeals	509	(264)	245
			Contributions			
			· Distribution of 23-24 estimated Collection Fund surplus/(deficit)			
(1,746)	(901)	(2,647)		(33)	57	24
104,743	27,951	132,694		113,847	30,122	143,969
			Movement on Fund Balance			
2,117	254	2,371		(42)	2,701	2,659
(2,019)	102	(1,917)	Opening Fund Balance Surplus/(Deficit)	98	356	454
98	356	454	Closing Fund Balance Surplus/(Deficit)	56	3,057	3,113

G. NOTES TO THE COLLECTION FUND**1. GENERAL**

The Collection Fund is an agent's statement that reflects the statutory obligation of the billing authority to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and central government.

2. CALCULATION OF COUNCIL TAX BASE

The calculation of the Council Tax base i.e., the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings is shown in the table below:

Band D Equivalents	Band	Chargeable Properties After Discounts	Ratio	Band D Equivalents
2023/24		2024/25		2024/25
2,738	A	4,126	6/9	2,778
6,304	B	8,226	7/9	6,463
8,657	C	9,923	8/9	8,909
10,123	D	9,990	9/9	10,090
8,250	E	6,929	11/9	8,554
6,079	F	4,251	13/9	6,202
4,137	G	2,501	15/9	4,211
245	H	127	18/9	257
46,533				47,464
(465)	Non-Collection Impairment was 1.00% in 2024/25 (2023/24 1.00%)			(474)
46,068	Council Tax Base			46,990

3. COLLECTION FUND COUNCIL TAX BALANCE/REDISTRIBUTING SURPLUSES OR DEFICITS

The precepts detailed in the statement are shown net of the previous year's surpluses/deficits. The Council estimates the year end Collection Fund Council Tax balance in January each year and in accordance with the Local Authorities (Funds) (England) Regulations 1992 this amount is distributed in the following financial year to the major preceptors in proportion to the respective precepts and demands. Any difference between the estimated and outturn figure is adjusted for in the following year.

In 2024/25 a Collection Fund Council Tax deficit of £0.032m was redistributed between the major precepting authorities. Of this £0.241m reflected the estimated outturn surplus at 15 January 2024 offset by £0.273m deficit from the difference between the estimated and actual outturn positions for 2022/23.

At 15 January 2025 the Collection Fund Council Tax surplus for 2024/25 was estimated at £63k comprising an in-year deficit of £68k and £131k surplus arising from the difference between the actual and estimated outturns for 2023/24. These funds will be collected from the major precepting authorities in 2025/26 allocated to preceptors as shown in the table below.

2023/24 £'000		2024/25 £'000	2025/26 £'000
(1,302)	Nottinghamshire County Council	(24)	47
(199)	Nottinghamshire Police Authority	(4)	7
(68)	Nottinghamshire Fire Authority	(1)	3
(177)	Rushcliffe Borough Council	(3)	6
(1,746)		(32)	63

At 31 March 2025 the actual outturn for the Collection Fund Council Tax was a surplus £56k, a decrease of £7k from the estimated outturn. This will be adjusted for as part of the calculations for the redistribution of Collection Fund balances in 2025/26. Rushcliffe's share of this surplus is £5k

4. NON-DOMESTIC RATES

Under the arrangements regarding Uniform Business Rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate which for 2024/2025

was 54.6p (2023/2024 51.2p). The non-domestic rateable value as at the 31st of March 2025 was £85,717,357 following the latest revaluation on 1st April 2023 (31st March 2024 £82,310,897)

Rushcliffe Borough Council retains a 40% share of the proceeds of Non-Domestic Rate income, the remainder is distributed to preceptors in the following proportions: Central Government (50%), Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%).

Rushcliffe Borough Council is part of the Nottinghamshire Business Rates Pool. This is administered by Nottinghamshire County Council and includes the seven Nottinghamshire Districts and Nottinghamshire County Council.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office, so authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares. Note 17 provides further details on the provision made in 2024/25.

A surplus of £3.057m is the closing 2024/25 position.

5. NON-DOMESTIC RATES SURPLUS OR DEFICIT

At 31 March 2025 the actual outturn for the Collection Fund NDR was a surplus of £3.057m (2023/24 £0.356m surplus) which is then distributed to the preceptors as detailed in the following table.

2023/24 £'000		2024/25 £'000
178	Central Government (50%)	1,529
142	Rushcliffe Borough Council (40%)	1,223
32	Nottinghamshire County Council (9%)	275
4	Nottinghamshire Fire Authority (1%)	30
356		3,057

H. GLOSSARY OF TERMS

ACCOUNTING PERIOD

This is the length of time covered by the accounts. It is a period of twelve months commencing on 1 April and ending on 31 March.

ACCRUALS

Income or expenditure relating to goods or services received / provided during the accounting period where payment has not been made or received at the end of the accounting period.

ACTUARIAL ASSUMPTIONS

Assumptions made by the Pension Fund Authority in valuing the funds' assets and liabilities.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: events have not coincided with the actuarial assumptions made at the last actuarial valuation the actuarial assumptions have changed.

ACTUARIAL VALUATION

An actuary undertakes a valuation by comparing the value of the pension scheme assets with its liabilities. The actuary then calculates how much needs to be paid into the scheme by the employer and members to ensure there will be adequate funds to pay the pensions when they become due.

AMORTISATION

This is a charge made to the service revenue accounts each year to reflect the reduction in the value of the assets used in the delivery of services.

ASSET

An asset is something the Council owns. Assets can be either current or fixed.

A current asset is one that will be used or cease to have a material value by the end of the next financial year.

A non-current asset provides a benefit to the Council for a period greater than one year.

AUGMENTATION (PENSIONS)

Payment to the pension scheme over and above normal scheme entitlements, usually as part of a redundancy or severance package.

BALANCE SHEET

A statement summarising the Council's financial position at the end of the accounting period. The statement shows the Council's assets and liabilities.

BILLING AUTHORITY

Rushcliffe Borough Council is classed as a Billing Authority as it has the responsibility of collecting the Council Tax and non-domestic rates. It collects the Council Tax on behalf of the County Council, Fire,

Police and Crime Commissioner and Parish Councils and the non-domestic rates on behalf of the central government.

CAPITAL EXPENDITURE

Expenditure on the acquisition or enhancement of a fixed asset, which adds to and not merely maintains the value of existing assets.

CAPITAL FINANCING

Sources of money that have been used to finance the capital programme. The Council uses various methods to finance its capital expenditure, including direct financing, usable capital receipts, capital grants, revenue reserves and earmarked reserves.

CAPITAL FINANCING REQUIREMENT (CFR)

The CFR represents the Council's underlying need to borrow in order to finance its capital expenditure. It is the difference between the value of Total Fixed Assets in the balance sheet and the Revaluation and Capital Financing Accounts. This represents the propensity of the authority to borrow for capital purposes and is the basis for the minimum revenue provision charge to the revenue account.

CAPITAL ADJUSTMENT ACCOUNT

This account contains the amount required to be set aside from the capital receipts and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and the amount that must be set aside from revenue for the repayment of external debt.

CAPITAL FINANCING REQUIREMENT (CFR)

This is the Council's underlying need to borrow.

CAPITAL GRANTS UNAPPLIED

These are capital grants that the Council has received, where the conditions of the grant have been satisfied, that have yet to be used to finance capital expenditure.

CAPITAL PROGRAMME

The planned capital schemes the Council intends to carry out over a specified period of time.

CAPITAL RECEIPTS

Proceeds arising from the sale of fixed assets (such as land and buildings) and repayments of the principal elements of capital loans. The Council can use the proceeds from capital receipts to finance new capital investments; the proceeds cannot be used to finance revenue expenditure.

CASH FLOW STATEMENT (INDIRECT METHOD)

The indirect method adjusts net income from an accrual to a cash basis by adding back non-cash expenses and adjusts net income for changes between the starting and ending account balances in current assets (excluding cash) and current liabilities for the period.

CIL (COMMUNITY INFRASTRUCTURE LEVY)

A charge which can be levied by local authorities on new development in their area. The funds will contribute to the cost of infrastructure within the area covered by the Rushcliffe Local Plan.

CIPFA - CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY

Professional accountancy body specialising in the public sector.

COLLECTION FUND

A separate fund recording the income and expenditure relating to Council Tax and Business Rates.

CONTINGENT LIABILITIES/ ASSETS

A contingent liability / asset is either:

a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or

a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount cannot be measured with sufficient reliability.

CREDITORS

Amounts owed by the Council for goods or services they have received for which payment has not been made.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit schemes liability.

DEBTORS

Amounts owed to the Council for goods or services the Council has provided for which payment has not been received.

DEFERRED CAPITAL RECEIPTS

Income recognised upon the disposal of non-current assets but, for which, cash settlement has yet to take place.

DEFRA

Department for Environment, Food and Rural Affairs

DEPRECIATION

This is a charge made to the service revenue accounts each year to reflect the reduction in the value of the asset used in delivery of services.

DWP

Department for Work and Pensions.

ERDF

European Regional Development Fund

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

FINANCE LEASE

This is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Most straight forward financial assets (debtors, bank deposits and investments) are covered, together with more complex ones not used by the Council (debt instruments with embedded swaps and options).

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure or support the cost of provision of services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Council.

GROSS BOOK VALUE

The historical cost or the revalued amount of the asset before depreciation.

HISTORICAL COST ADJUSTMENT

This is the difference between Historical Cost Depreciation and the actual depreciation charged calculated on re-valued assets.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Defined accounting standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of other entities. The Accounting Standards emanate from the International Financial Reporting Interpretations Committee (IFRIC).

IMPAIRMENT

Where the value of fixed assets reduces below its carrying amount on the balance sheet.

INVENTORIES

Items bought for consumption or resale, or raw materials, that are currently being held.

LAA

Local Area Agreement

LEP

Local Enterprise Partnership

LIABILITY

Where the Council owes payment to an individual or an organisation.

LSP

Local Strategic Partnership

MHCLG

Ministry of Housing Communities and Local Government

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to a Council's CIES each year for the servicing of debt.

NET BOOK VALUE

This is the value of an asset that is on the balance sheet. It represents its historical re-valued cost less the accumulated depreciation of the asset.

NET WORTH

The total value of an organisation expressed as total assets less total liabilities.

NON –DISTRIBUTED COSTS

Past service pension costs including settlements and curtailments which are not to be included in total individual service costs.

NON-DOMESTIC RATES (NDR)

The Council collects Non domestic rates for its area based on local rateable values multiplied by a national uniform rate. With the introduction of the Business Rates Retention Scheme on 1 April 2013, billing authorities act as agents and collect Non domestic rates on behalf of major preceptors and central government.

NON-OPERATIONAL ASSET

Fixed assets held by the Council but are not directly occupied used or consumed in the delivery of services.

NOTTINGHAMSHIRE BUSINESS RATES POOL

As a result of the new business rates arrangements the Nottinghamshire Business Rates Pool was formed. This is administered by Nottinghamshire County Council and includes the seven Nottinghamshire Districts and Nottinghamshire County Council.

OPERATING LEASE

A lease where the ownership of the asset remains with the lessor.

OPERATIONAL ASSET

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services.

POOLED FUNDS

Funds from many individual investors that are aggregated for the purposes of investment

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from taxpayers on their behalf.

PROJECTED UNIT CREDIT METHOD

Under the projected unit credit method, the obligation for long-term employee benefits is measured by calculating the present value of the expected future payments that will result from employee services provided to date

PROVISIONS

Liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

RATEABLE VALUE (RV)

The annual assumed rental value of a property that is used for business purposes.

REALISED VALUATIONS

Any revaluations in the Revaluation Reserve relating to individual assets when they are disposed of are transferred to the Capital Adjustment Account and are referred to as Realised Valuations. This ensures the Revaluation Reserves balance represents revaluations on assets that the Council still holds.

RELATED PARTIES

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

REFCUS

Revenue Expenditure Funded by Capital Under Statute.

RENEWABLE ENERGY RELIEF

The amount of non-domestic rates to be retained by the Council in respect of designated renewable energy projects.

RESERVES

Funds set aside for expenditure in future years. Certain reserves have constraints on how they can be spent.

REVALUATION RESERVE

Records unrealised revaluation gains/ losses from holding fixed assets.

REVENUE EXPENDITURE

Expenditure on the day-to-day costs of providing services.

REVENUE INCOME

Income from day-to-day provision of services

REVENUE SUPPORT GRANT (RSG)

Grant from Central Government towards the cost of service provision.

S106

Developer contributions lodged under Section 106 of the Town and Country Planning Act 1990 (as amended).

SOFT LOAN

A loan to an outside body at less than market rates.

TRANSFER PAYMENTS

Relates to payments for which no goods or services are received by the Council e.g., Rent allowances.

This page is intentionally left blank



Governance Scrutiny Group

Thursday, 25 September 2025

Risk Management Progress Report

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. This report provides an update on risk activity since the last meeting on 20 February 2025. It provides a summary of risks in the Council's Risk Registers that have changed, been removed or new risks that have been identified as a result of management review throughout the period.
- 1.2. The contents of this report have not been considered by any other committee.

2. Recommendation

It is RECOMMENDED that Governance Scrutiny Group:

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

3. Reasons for Recommendation

- 3.1. To provide Governance Scrutiny Group the opportunity to discuss risk activity and make recommendations on risk management, mitigation and financial impacts.

4. Supporting Information

Risk Management Activity

- 4.1. Since the last meeting of this Group, the Council's Risk Management Group (RMG) met on 9 September 2025, in order to review risks on the register and to make recommendations.
- 4.2. Risk Management Audit

A risk management audit was carried out in June/July 2022 by BDO, our Internal Auditors. Risk Management level of assurance was given a Substantial rating for both Design and Operational Effectiveness.

4.3. Risk Management Training

Risk Management Training was last delivered to Councillors in 2023, and refresher training will be arranged for Councillors in 2026.

4.4. Risk Management Strategy

The Risk Management Strategy is due for refresh next year and will be presented to Governance Scrutiny Group at the next meeting on 5 February 2026. There are no major changes anticipated as there is currently no new legislation or best practice to incorporate.

4.5. There are currently 36 corporate risks (two less than the previous report) and 21 operational risks (the same as the previous report) on the risk register. In addition, there are 3 opportunity risks (one less than the previous report). The number of risks within the registers will fluctuate as active risk management is undertaken. Changing pressures facing local government and the proactive work of managers to identify risks as they emerge will continue to influence new risks added to the register and demonstrates the Council's aim to be proactive to mitigate risk as soon as possible after identification.

4.6. Appendix A presents the Council's existing Risk Registers containing corporate, operational risks and opportunity risks. There is one new risk and three have been removed since the last meeting. Risks that have decreased or increased risk ratings are summarised below:

New risks

- **OR_FCS17 Loss of Housing Benefit subsidy** - New Supported Accommodation provided by non-Registered Provider (Charity / CIC's) – loss of HB subsidy

Risks Increased

No risks have increased risk scores.

Risks reduced

- **CRR_CED02 Inadequate services** - Increasing demands on employees from LGR, with insufficient training, will lead to the risk of poorer services impacting on the public, council reputation and staff morale – this risk has been renamed and the likelihood reduced from 2 to 1.
- **CRR_CED08 Difficulty recruiting and retaining staff** – Reduced ability to recruit or retain staff as a result of Local Government Reorganisation leading to an impact on service delivery, staff morale and reputation – impact reduced from 3 to 2 as current vacancies being filled and high number of applicants.

- **CRR_FCS02 Reducing New Homes Bonus** – Changes to Government policy or local circumstances could lead to adverse impacts of reduced funding and / or income and, consequently, a budget deficit – impact reduced from 3 to 2. The budget for New Homes Bonus has been reduced to zero. The impact of NHB ceasing with no replacement is therefore mitigated.
- **CRR_FCS05 Reduction in the Business Rates base** - loss of major business rates payer reducing the rates collected leading to a potential budget deficit – likelihood reduced from 3 to 2. The business rates income received from Ratcliffe on Soar Power Station has now been removed from the budget. While it is considered unlikely that other major ratepayers will be removed from the rating list, a provision has been set aside to cover potential appeals and mitigate any associated risk.
- **OPP_FCS01 Interest rates** - Decreases in interest rates leading to reduced interest income and reduced cost of borrowing if the Council decides to borrow – Likelihood has changed from 3 to 2 resulting from changed estimates on forecasted interest rates in the MTFS.

Risks removed

- **CRR_DEG10 Flintham Compulsory Purchase Order (CPO)** – Legal action and CPO fail to deliver outcomes desired at Flintham to make the site safe and available for development – Work was undertaken to remediate the safety of buildings on site.
- **CRR_FCS31 Borrowing costs** - Reduction in cash balances requiring the Council to externally borrow at a time when interest rates are high leading to uncertain increased interest costs – The Council do not anticipate needing to borrow in line with existing Medium Term Financial Strategy and associated reserves.
- **OPP_DEG01 Crematorium** – Opportunity for new income to the Council from the operation of the Crematorium which will pay back the cost of building the facility, as well as covering the operational running costs, enabling the Council to continue to provide a facility that offers a high-quality service for local people.

5. Risks and Uncertainties

- 5.1. If risks within the Risk Register did not have the correct level of mitigation, there would be a heightened threat if a risk occurred. Arrangements are in place to reduce risk by implementation of the Risk Management Strategy.

6. Implications

6.1. Financial Implications

The Governance Scrutiny Group and Risk Management Group ensure that the financial risks of the Council are managed.

6.2. Legal Implications

There are no implications in this report, the processes in place provide good risk management.

6.3. Equalities Implications

The Governance Scrutiny Group and Risk Management Group ensure that equalities implications are contained within this register.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

The Governance Scrutiny Group and Risk Management Group ensure that the section 17 implications are contained within this register.

7. Link to Corporate Priorities

The Environment	Maintaining an accurate and up-to-date Corporate Risk Register assists the Council in delivering its Corporate Priorities.
Quality of Life	
Efficient Services	
Sustainable Growth	










8. Recommendations








It is RECOMMENDED that Governance Scrutiny Group:











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







For more information contact:	Peter Linfield Director - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	There are no additional papers
List of appendices:	Appendix A – Risk Registers – Corporate, Operational and Opportunity Risk








Corporate Risks




Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_CED01 Equal pay claim - Submission of a substantial equal pay claim due to perceived inequality might result in financial consequences and potential low staff morale		3	2	6
CRR_CED02 Inadequate services – Increasing demands on employees from LGR, with insufficient training, will lead to the risk of poorer services impacting on the public, council reputation and staff morale	 to 	3	2 to 1	6 to 3
Note: the risk name has changed from Inadequate services - Delivery of inadequate services as a result of poor training and / or inadequate staffing resources leading to an adverse impact on reputation, finance and staff morale				
CRR_CED06 Health and safety - Health and safety risks are not managed adequately across the organisation as a result of insufficient resources and / or priority leading to increase accidents and potentially a breach of health and safety legislation		3	1	3
CRR_CED07 Elections - Failure by Returning Officer and elections staff to comply with the relevant legislation and/or deliver the practical aspects of the election as a result of improper resourcing or inadequate training leading to an adverse impact on reputation		4	1	4
CRR_CED08 Difficulty recruiting and retaining staff – Reduced ability to recruit or retain staff as a result of Local Government Reorganisation leading to an impact on service delivery, staff morale and reputation	 to 	3 to 2	3	9 to 6
Impact reduced from 3 to 2 following reduction in recruitment difficulty and high numbers of applicants for vacancies				
CRR_DEG01 Five-year housing supply - Inability to demonstrate a five-year supply of deliverable housing sites against the housing target potentially leading to a lack of new homes for potential residents, and an increased possibility of further development on unallocated sites		3	2	6
CRR_DEG02 Council Assets - Failure to manage our land and building assets (including trees) and meet with Landlord Compliance as a result of a lack of resources and/or inadequately trained staff potentially leading to damage to our assets or harm to the public		3	1	3

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_DEG03 Rushcliffe Oaks Crematorium not meeting the business model targets as a result of lower than forecast numbers of cremations being carried out, impacting on the internal rate of return and therefore longer return on investment		3	2	6
CRR_DEG07 Greater Nottingham Strategic Plan - Joint Greater Nottingham Strategic Plan not delivered within the timescale set by government could lead to unplanned development and/or increased costs associated with developing own Strategy		2	2	4
CRR_DEG10 Flintham Compulsory Purchase Order (CPO) – Legal action and CPO fail to deliver outcomes desired at Flintham to make the site safe and available for development		3	2	6
Risk removed Work was undertaken to remediate the safety of buildings on site.				
CRR_DEG11 UKSPF Compliance - UKSPF submission to government unsupported leading to the financial risk of unsupported projects and potential loss of future funding and ability to realise the borough wide benefits		4	1	4
CRR_DEG12 Gamston SPD – Uncoordinated development takes place as a result of the Gamston supplementary planning document not being approved in a timely manner potentially leading to a disjointed community lacking in the necessary infrastructure		3	3	9
Mitigation: Regular meetings with the developers are ongoing and additional consultants have been secured to support with specialist areas. A planning performance agreement is being works upon to identify timescales and additional funding for resources to ensure work can continue in a timely manner to develop the SPD. Resources within the team are being reviewed to ensure resilience and resource is in place to support this project.				
CRR_DEG13 Impact of changes to government planning policy and legislation – Levelling-Up – Challenges in the implementation of the changes to legislation and NPPF changes, as a result of impact on resources, expertise and budget constraints, may lead to uncoordinated development, loss of income and damage to the Council's reputation		3	2	6
CRR_FCS01 Failure to deliver legislation - Community is not properly represented leading to potentially poorly actioned community governance review petition, community right to challenge, or asset of community value nomination resulting in non-compliance with legislation		2	2	4










Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_FCS02 Reducing New Homes Bonus – Changes to Government policy or local circumstances could lead to adverse impacts of reduced funding and / or income and, consequently, a budget deficit	 to 	3 to 2	3	9 to 6
The budget for New Homes Bonus has been reduced to zero. The impact of NHB ceasing with no replacement is therefore mitigated.				
CRR_FCS03 Fraud identification - Inadequate or poorly executed internal controls failing to prevent or detect fraud may lead to financial and/or reputational losses		2	2	4
CRR_FCS05 Reduction in the Business Rates base - loss of major business rates payer reducing the rates collected leading to a potential budget deficit	 to 	3	3 to 2	9 to 6
The business rates income received from Ratcliffe on Soar Power Station has now been removed from the budget. The likelihood of other major ratepayers being removed from the rating list is considered unlikely.				
CRR_FCS07 Centralised policy changes - Changes to Government policy that result in an increase in demand on resources leading to a reduction in capacity of the Council to undertake other activities and inability to deliver identified priorities		3	3	9
Mitigation: Continue to monitor as part of budgetary process				
CRR_FCS08 Capital resources - Reduced capital receipts and/or insufficient balances in capital reserves resulting in an inability to deliver the capital programme preventing delivery of services and generation of new income streams		3	2	6
CRR_FCS09 Local economic changes - Changes in the economic environment, such as the cost of living crisis or a recession, may affect consumer behaviour in terms of their take-up on Council services resulting in insufficient income to support the budget		2	4	8
CRR_FCS11 Increased Service demand – Increase in population resulting in higher demand for services leading to expected increased cost and increased service pressures		2	3	6
CRR_FCS13 Insufficient staff resources or external factors such as customer spending or increased costs leading to a failure to deliver transformation and efficiency projects which may		2	4	8











result in a budget deficit, reputational damage and potentially measures put in place to balance the budget position				
Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_FCS21 Inflation - Potential inflationary pressures due to changes in the economic environment leading to increased costs and volatility over prediction for budget		3	3	9
Mitigation: To monitor budgets and reports any overspends at performance clinics, ongoing negotiation of contracts. Budgets for contracts reflect inflation projections increase in contingency budgets. General contingency increased and allocation from 21/22 efficiencies				
CRR_FCS22 Central Government funding - Uncertainty around Government funding with a one-year financial settlement and delays to Government reforms leading to certainty over the Budget for one year only impeding longer term planning		3	3	9
Mitigation: Attending budget workshops and seminars and keeping abreast of latest developments. Sensitivity analysis and scenario planning as part of budget modelling				
CRR_FCS23 Loss of ICT supplier - Key ICT services are disrupted as a result of suppliers going out of business leading to a potential loss of data or systems and a negative impact on the Council's ability to meet customer needs		2	3	6
CRR_FCS24 Failure of ICT systems - Council services are negatively affected by the potential short or long-term loss or failure of ICT systems leading to an inability to meet the needs of the Council's customer		4	2	8
CRR_FCS25 Sensitive data lost or compromised as a result of inadequate systems, controls or staff training may lead to negative impact on residents, damage to the Council's reputation and a potential fine from the ICO		3	2	6
CRR_FCS27 Cyber-attack - Council services or data are negatively affected as a result of major successful cyber-attack leading to short- or long-term disruption to services, damage to the Council's reputation and financial loss		4	2	8



Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_FCS31 Borrowing costs – Reduction in cash balances requiring the Council to externally borrow at a time when interest rates are high leading to uncertain increased interest costs		3	2	6
Removed: The Council do not anticipate needing to borrow in line with existing Medium Term Financial Strategy and associated reserves.				
CRR_FCS32 Business Continuity - Being unable to deliver critical services during a disruption, such as unprecedented demand, failure to negotiate contract continuation, or weather-related incident, and / or return to business as usual after a disruption as a result of inadequate preparation		3	1	3
CRR_FCS33 Failure of partnerships - Council is unable to continue to deliver a specific service or project as a result of the withdrawal of funding support from a public sector partner leading to potential negative impacts on the community and reputational damage		3	2	6
CRR_FCS34 Break in service delivery - Risk to the ability of the Council to seamlessly deliver services during reorganisation leading to potential negative impact on residents due to a break in delivery of critical services		4	4	16
Mitigation Participate in working groups involved in Local Government Reorganisation and look to identify potential risk areas and put contingency plan in place				
CRR_FCS35 Risk to MTFS - Risk to the Medium Term Financial Strategy (MTFS) as a result of changes in the structure of local government and on transition to a new authority leading to destabilisation of the budget		4	4	16
Mitigation: Participate in working groups and participate in local discussions on the Local Government Reorganisation plans				
CRR_NS11 Emergency planning - Failure to respond adequately in an emergency situation as a result of inadequate preparation or management leading to a potentially greater impact on the community, Council finances and / or reputation		3	1	3
CRR_NS19 Safeguarding children and vulnerable adults - Avoidable safeguarding incident realised as a result of inadequate internal safeguarding arrangements and training leading to increased harm to the subject and potential for legal action against the Council		3	1	3

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_NS22 Asylum Relocation schemes - Failure to deliver the national relocation schemes (Asylum, Homes for Ukraine (HFU), Afghan Relocation Programme) in accordance with national guidance as a result of insufficient temporary or permanent accommodation which could lead to failures to support vulnerable refugees and result in poor publicity for the Council		2	2	4
CRR_NS23 Carbon Management Plan - Failure to deliver the Carbon Management Plan as a result of inadequate resourcing and prioritisation leading to the Council potentially missing its 2030 Carbon Neutral target		3	2	6
CRR_NS35 - CCTV Cameras - Potential non-compliance with ICO requirements as a result of loss of experienced resource leading to a potential reputational and legal impact on the Council		3	3	9
Mitigation: Exploring viable options with external partners to ensure continued service delivery and compliance with legal requirements.				






Operational Risks

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
OR_CED01 Violence towards staff - Violence towards frontline staff undertaking their duties due to failure to adequately prepare staff with the training or equipment to keep themselves safe may lead to harm, or fear of harm, to frontline staff		2	2	4
OR_CED02 Perception of inequality, or actual inequality by a member of the public, staff or councillor with a protected characteristic as a result of failure to carry out an Equality Impact Assessment could lead to adverse publicity, financial repercussions		2	1	2
OR_CED03 Staff accidents - Increased number of staff accidents or injuries as a result of inadequate control of the workplace and/or working practices might result in more staff being off sick and potential HSE sanctions for the authority		2	2	4
OR_CED04 Industrial action - Unionised staff strike because of perceived inadequate pay and /or conditions leading to pressures in the delivery of front-line services		1	1	1
OR_CED05 Compliance with statutory duties - Failure to comply with the relevant legislation due to a lack of training or internal control leading to an adverse impact on reputation, finances and or staff morale		2	2	4
OR_DEG06 Planning Appeals - An increase in the number of planning appeals lodged against the Council as a result of planning applicants being dissatisfied with the decision made leading to higher levels of demand on officer time including the Council's budget		2	3	6
OR_DEG07 Missing planning deadlines - Major planning and related applications not determined within specified timescales as a result of insufficient resources and/or inefficient processes that could result in Government intervention and reputational damage		3	2	6
OR_DEG08 Missing Planning targets - Missing targets under the Planning Performance and Planning Guarantee as a result of insufficient resources or unmanageable levels of complexity leading to a probable loss of income and reputational damage		2	3	6
OR_FCS06 Budget monitoring - Failure to identify fraud/error/significant financial overspends resulting from failure to undertake regular detailed budget monitoring and to follow reporting procedures leading to budget overspend		2	2	4

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
OR_FCS08 VAT Compliance - Inadequate controls to detect and prevent errors and staff not trained or following procedures which could lead to breach of VAT rules and subsequently increased scrutiny and penalties from HMRC		3	2	6
OR_FCS10 Resident satisfaction - Decrease in resident satisfaction as a result of adverse media coverage leading to reputational damage to the Council		2	2	4
OR_FCS11 Damage to, or loss of, Council information due to unauthorised access to IT systems could result in reputational damage to the Council, internal damage to IT systems and the need to take remedial action to rectify any damage to data		4	2	8
OR_FCS12 Council is unable to deliver in person services to customers as a result of the closure of partner's buildings where RBC has contact points leading to a potential negative impact on the community and reputational damage to the Council		2	1	2
OR_FCS13 Economic environment - Fluctuations in economic environment as a result of political and economic instability leading to decrease in capital value of pooled investments ultimately resulting in a negative financial impact on the general fund and therefore taxpayer		3	2	6
OR_FCS14 Capital programme - Increased cost of capital programme as a result of increases in demand or rising prices resulting in an inability to deliver the capital programme preventing delivery of services and generation of new income		2	3	6
OR_FCS15 Failure of partner - Council is forced to find alternative supplier or bring back in-house a service ceasing to be delivered by a public sector partner leading to increased costs and operational pressure		1	2	2
OR_FCS16 Decline in pooled investments - Risk of financial loss resulting from the decline in the capital value of pooled investments		4	2	8
OR_FCS17 Loss of Housing Benefit subsidy - New Supported Accommodation provided by non-Registered Provider (Charity / CIC's) – loss of HB subsidy		1	1	1
Mitigation - Monitor new applications for supported accommodation and use of specialists to challenge rent levels (Monitoring cash balances and liability benchmark, profiling borrowing when necessary, in accordance with Treasury advice)				
OR_NS25 Housing Disabled Facilities Grant – Failure to fund adaptations to residents' homes through the mandatory Disabled Facilities Grant due to poor financial planning leading to a possible loss of quality of life for disabled residents		3	2	6

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
OR_NS28a Affordable homes - Affordable homes not built in line with available funding as a result of insufficient levels of influence over housebuilders and registered providers leading to missed targets and a lack of appropriate housing in the Borough		2	3	6
OR_NS31 Homelessness - Insufficient capacity to home an increased number of residents presenting as homeless as a result of income reduction, loss of employment and domestic violence could lead to reduced quality of life to residents and a failure to deliver a statutory duty		2	2	4

Opportunity Risk

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
OPP_DEG01 Opportunity for new income to the Council from the operation of the Crematorium which will pay back the cost of building the facility, as well as covering the operational running costs, enabling the Council to continue to provide a facility that offers a high-quality service for local people		4	4	16
comment pending				
OPP_FCS01 Interest rates - Decreases in interest rates leading to reduced interest income and reduced cost of borrowing if the Council decides to borrow	 to 	4	3 to 2	12 to 8
Likelihood changed from 3 to 2 resulting from changed estimates on forecasted interest rates in the MTFS. Note – name has changed from Increases in interest rates leading to higher interest income on cash balances that are invested				
OPP_FCS02 Environmental Agenda leading to rising or reducing revenue and capital budgets (examples include Simpler Recycling and Rushcliffe's carbon neutral targets)		3	3	9
OPP_FCS03 Freeport - Opportunity for additional business rates from the Freeport as a result of an increase number of businesses in the Borough leading to higher levels of financial stability for the Council		3	2	6

Risk Threat and Opportunity Matrix

Page 271

		Risk – Threats				Risk - Opportunities					
Likelihood	Likely 4	4	8	12	16	16	12	8	4	Likely 4	Likelihood
	Possible 3	3	6	9	12	12	9	6	3	Possible 3	
	Unlikley 2	2	4	6	8	8	6	4	2	Unlikley 2	
	Rare 1	1	2	3	4	4	3	2	1	Rare 1	
		Insignificant 1	Minor 2	Moderate 3	Major 4	Significant 4	Moderate 3	Minor 2	Insignificant 1		
		Impact				Impact					

Table 1 Consequence / Impact

This is a measure of the consequences of the identified risk

Risk - Threats		Risk - Opportunities	
Impact	Thresholds and Description	Impact	Thresholds and Description
1 – Insignificant	Financial Impact = <£10k No adverse impact on reputation No impact on partners	1 – Insignificant	Little or no improvement to service Little or no improvement to welfare of staff / public Little or no financial income / efficiency savings (less than £10k) Little or no improvement to environment or assets Little or no feedback from service users
2 – Minor	Financial Impact = £10k - £50k Negative internal/ within sector impact on reputation Negative partner impact	2- Minor	Minor improvement to service Minor improvement to welfare of staff / public Improvement that produces £10k - £50K of income / efficiency savings Minor improvement to environment or assets Positive user feedback

Risk - Threats		Risk - Opportunities	
Impact	Thresholds and Description	Impact	Thresholds and Description
3 – Moderate	Financial Impact = >£100k Negative Regional/Local impact on reputation Negative impact on key partnerships	3 – Moderate	Moderate improvement to service Moderate improvement to welfare of staff / public Improvement that produces £50k+ - £100k of income / efficiency savings Moderate improvement to environment or assets Positive local media contact
4 – Major	Financial Impact = >£250k Negative National reputation Key partners withdraw	4 – Significant	Significant improvement to service Significant improvement to welfare of staff / public Improvement that produces £100k+ of income / efficiency savings Significant improvement to environment or assets Positive local media coverage

Table 2 Likelihood / Probability of Occurrence

This measures the chance of the risk or opportunity occurring

Risk - Threats		Risk - Opportunities	
Likelihood	Thresholds and Description	Likelihood	Thresholds and Description
1 – Rare	Unlikely	1 – Rare	Opportunity has not been fully investigated but considered extremely unlikely to materialise
2 – Unlikely	Possible	2 – Unlikely	Opportunity has not been fully investigated; achievability is unproven / in doubt
3 – Possible	Probable within 2 years	3 – Possible	Opportunity may be achievable, but requires significant management, planning and resources
4 – Likely	Probable within 12 months	4 – Likely	Opportunity is achievable with careful management



Governance Scrutiny Group

Thursday, 25 September 2025

Going Concern Assessment 2024/25

Report of the Director - Finance and Corporate Services

1. Purpose of report

- 1.1 This report sets out the Council's assessment by the Council's Section 151 officer of the Council's Going Concern status. The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. The Council is required to produce a separate report confirming the Council's position with regards to its Going Concern status.
- 1.2 Local Government Reorganisation (LGR) plans announced by the Government do not affect the Council's position as a going concern. Paragraph 2.1.2.9 of the CIPFA code of practice 2024/25 states 'Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern'.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group note the positive outcome of the assessment made of Rushcliffe Borough Council's status as a Going Concern for the purposes of the Statement of Accounts 2024/25.

3. Reasons for Recommendation

- 3.1. To conform with professional standards with regards to the Local Authority Code of Accounting Practice.
- 3.2. To provide audit evidence that a review of going concern has been conducted and reported to those charged with governance.

4. Supporting Information

The Assessment of Going Concern

- 4.1. As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2024/25 (hereafter referred to as the Code). The Code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the Council's Statement of Accounts is prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and

anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

- 4.2 The main factors which underpin the Going Concern assessment are:
- the Council's current financial position
 - the Council's balance sheet
 - the Council's Medium Term Financial Strategy (MTFS)
 - the Council's cash flow
 - the Council's governance arrangements
 - the regulatory and control environment applicable to the Council as a local authority.

These are considered in more detail below.

4.3. Current Financial Position

- Draft financial statements for 2024/25 can be viewed on the [Council's website](#). The outturn position for 2024/25 showed efficiency savings of £1.933m in relation to direct service costs. This compares against a net revised budget of £14.486m (i.e. a 13% variation). Overall, a net budget variance of £2.62m surplus (including grants and the financial position of the Collection Fund)
- Quarter 1 2025/26 projections currently show an underspend of £0.516m, mostly related to unallocated contingency and pay award being lower than budgeted. Capital projections show £0.681m underspend (£0.61m of this relates to grants to third parties offset by reduced Government grant)
- At 31 March 2025, the Council held earmarked reserves of £24.286m (£20.947m in 2023/24) to meet specific identified pressures, but which ultimately can be diverted to support general expenditure should the need arise. The increase is due mainly to allocations to the Climate Change Reserve and creation of the Simpler Recycling Reserve to fund additional responsibilities
- General reserves reflect the ability of the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of the financial resilience of the organisation. In October 2011, the Cabinet approved as part of its MTFS, the following guiding principle:
“General Fund Balance should not fall below £1.25m and overall revenue reserves should not fall below 20% of net revenue expenditure.”
At 31 March 2025, the Council held a General Fund Balance of £2.6m in accordance with this principle
- The year-end Capital Programme provision totalled £12.145m. Actual expenditure in relation to this provision totalled £7.021m (42% of the budget) giving rise to a variance of £5.125m. Budgets to the value of £4.3m have been carried forward into 2025/26. The Council funds its capital programme from internal borrowing, capital receipts, earmarked

reserves, direct financing from revenue, government grants and partnership funding (such as developer contributions)

- The Council is not aware of any post balance sheet event that would significantly affect the Council's financial position at the end of 2024/25.

4.4. Balance Sheet at 31 March 2025

- The Council's overall net worth has increased by £12.6m to £124.71m (£14.8m excluding pensions)
- In the year, the cash and cash equivalents have decreased by £8.2m and short-term investments have increased by £12.6m these are directly linked with more funds invested short term to maximise interest
- Property Plant and Equipment (PPE) has increased by £7.4m (mainly due to a combination of assets brought onto the balance sheet under IFRS16, works to Cotgrave Leisure Centre and replacement of vehicles)
- The Pension Liability accounts reflect the valuations by the actuary (technical adjustments) with a net decrease of £2.52m in liabilities
- The reserves strategy is aligned with the Council's identified risks and planned use, supporting priority delivery and attracting external funding where possible. Reserves have been increased to reflect known risks, including Local Government Reorganisation (LGR), Simpler Recycling and reform of the local government finance system ('Fair Funding 2.0')
- There has been a positive trend in the Council's net worth over the past ten years indicating the Council is not currently under financial stress
- Despite the cost pressures arising from elevated inflation and additional costs of Employers NICS, the financial position of the Council remains relatively healthy
- Other factors giving rise to the going concern assessment include:
 - the adequacy of risk assessed provisions for doubtful debts
 - the range of reserves set aside to help manage expenditure
 - an adequate risk assessed working balance to meet unforeseen expenditure.

4.5. Projected Financial Position

- The Council's Medium Term Financial Strategy (MTFS) is updated annually and reflects a five-year assessment of the Council's spending plans and associated funding
- Financial Planning includes:
 - Strategic planning: identifying historical trends, inflation, growth and ongoing implications of existing budgets
 - Transformation Targets focussing on Value For Money and new opportunities
 - Budget setting: aligning investment with outcomes and the Corporate Strategy including the capital programme and investments.

- Full Council approved the MTFS in March 2025, including a balanced budget for 2025/26. This allows for net spending of around £16.34m (which includes the inflationary impact on costs, and transfers from reserves etc) and required a council tax increase of 2.46%
- There is a total surplus position of £0.172m over the 5-year period which is largely predicated on transferring 'windfall receipts' £3.5m in 2025/26 (due to the delay of Business Rates reform and one additional year of NHB funding) into reserves to smooth out annual deficits in the remaining 4 years of the plan
- The Transformation and Efficiency Programme sets challenging but sustainable budget savings to help to mitigate increasing costs with a requirement of an additional £0.824m in 2025/26, rising to £1.762m by 2029/30. Reserves are expected to be drawn upon to deliver the Council's Corporate Priorities with the balance reducing from £21m to £15m over the period of the MTFS
- Funding reforms are currently under consultation, with outcomes expected to be reflected in the autumn's Local Government Finance Settlement for 2025/26. The settlement is expected to cover more than one year, offering some budget certainty. However, early indications suggest a potential reduction in funding, as the Government views the Council as relatively affluent. The Council has adopted a prudent approach to budget setting and the outcome of any funding reforms will be built into the MTFS for 2026/27 onwards
- The MTFS is prepared on a going concern basis, though Local Government Reorganisation (LGR) may prevent it from reaching its fifth year in its current form. Transition costs are expected to be significant, with limited new funding. To mitigate this risk, the Council has allocated £0.661m from 2023/24 efficiencies and proposes a further £0.456m from efficiencies identified at Quarter 1
- The Council prioritises investment and economic development in the Borough with a capital programme of £27m over the next five years. The Council continues to maximise opportunities to deliver the best possible outcome for the residents and businesses
- Operational and financial risks are identified and monitored throughout the year, with mitigations built into the budget as needed. Budget performance is reviewed quarterly by both Corporate Overview Group and Cabinet, and senior officers continuously track financial and performance data.

4.6. Cash Flow

- At 31 March 2025, the Council held £76m (£57.5m 2024) in the form of either cash or short-term investments maturing within the next financial year. The increase is mainly due to efficiencies/underspends in revenue and capital budgets resulting in increased cash balances

- The Council maintains a detailed cash flow forecasting model updated daily. The Council currently holds £92m in investments projected to be around £79m by the end of the financial year
- The Council has no external borrowing and does not anticipate a need to borrow within the period of the MTFS
- The Capital Financing Requirement (the Council's underlying need to borrow) is £9.989m and anticipated to reduce by £2.4m over the next 5 years
- The Capital and Investment Strategy avoids borrowing in advance of need
- Collection rates for Business Rates and Council Tax remain both stable and relatively high compared to other authorities (99.1% Council Tax and 98.8% NDR) and this is closely monitored.

4.7. The Council's governance arrangements

- The Council has a well-established and robust corporate governance framework. This includes the statutory elements such as the post of Head of Paid Service, the Monitoring Officer and the Section 151 Officer in addition to the current political arrangements
- Governance Scrutiny Group meet quarterly and review various elements of the Council's governance arrangements including Statement of Accounts, Internal/External Audit and Risk Management. In 2025, the Council co-opted an independent member onto the Group
- An overview of the governance framework is provided within the Annual Governance Statement which is included within the Statement of Accounts which was published online on 11 June 2025 and presented to the Governance Scrutiny Group 19 June 2025. This includes a detailed review of the effectiveness of the Council's governance arrangements and confirms there are no significant issues.

4.8. The external regulatory and control environment

- As a local authority, the Council must operate within a highly legislated and controlled environment. The Council is required to set a balanced budget each year and comment on the robustness of the budget estimates and the adequacy of reserves (Section 25 statement)
- In addition to the legal framework and central government control, there are other factors such as the role undertaken by External Audit. The Council's accounts and audit are up to date and unqualified
- Internal audit form an integral part of the regulatory framework, assessing the efficiency and adequacy of the Council's risk management, internal control, and governance frameworks, in alignment with applicable public

sector internal auditing standards and guidance. The Council's Head of Internal Audit, has for the fourth consecutive year, issued Substantial opinion in its annual report. An accolade that is very rarely awarded. The internal audit plan for 2025/26 is currently on target

- There is a statutory requirement for compliance with best practice and guidance published by CIPFA and other relevant bodies such as implementation of new financial reporting standard IFRS16
- During 2024/25 both the Anti-Fraud and Anti-Money Laundering policies have been updated with Anti-Fraud Training delivered and Anti-Money Laundering e-learning rolled out to staff. The Council also participates in the National Fraud Initiative (NFI) scheme. There have been no instances of fraud identified in the year
- Many councils are facing financial strain due to a combination of poor commercial decisions, rising demand, and inflation, leading to a rise in Section 114 Notices. While it's unlikely a local authority would be allowed to fail, government intervention—supported by bodies like the LGA—would likely follow including exceptional financial support (EFS). The Borough Council's strong financial management means we are not in this position, but continued vigilance is essential given ongoing economic risks
- The pending funding reforms are likely to significantly impact on the resources that the Council receives, coupled with LGR this presents the most significant challenges faced by the Council since the pandemic in 2020.

4.9. Conclusions

The Council ended 2024/25 in a strong financial position and was able to increase reserves to provide a buffer for future risks and uncertainties. Early indication is that the financial position for 2025/26 will be favourable, with budget efficiencies achieved. It is considered that having proper regard to the Council's financial arrangements, and such factors as highlighted in this report, that the Council remains a Going Concern.

5. Risks and Uncertainties

- 5.1. Inflationary pressures continue to present some financial risks to the Council, however such risks have been incorporated into the balanced budget for 2025/26 and use of budget efficiencies from 2024/25. Funding reform and LGR present the most significant risks to future Council's operations. Risks continue to be monitored regularly and the opportunity to bolster reserves will be taken.

6. Implications

6.1. Financial Implications

There are no direct financial implications arising from this report.

6.2. Legal Implications

Section 25 of the 2003 Local Government Act requires the authority's s151 Officer to comment on the robustness of the estimates and the adequacy of reserves. A report was considered as part of its budget determination by Full Council in March 2025.

Section 114 (1) of the Local Government Finance Act 1988 places a duty on the S151 Officer to report certain matters to the authority. The duty of the S151 Officer to report is triggered if they believe that a decision involves (or would involve) unlawful expenditure, a course of action is unlawful and is likely to cause a loss or deficiency and an entry of account is therefore unlawful.

Likewise, the S151 Officer must inform the authority where they believe that the authority's expenditure is likely to exceed available resources. The authority is prevented from entering into any agreements incurring expenditure until the Council has considered the report. As per this report, this is not a significant risk at this time.

6.3. Equalities Implications

There are no direct equalities implications.

6.4. Section 17 Implications

There are no direct Section 17 implications.

6.5. Biodiversity Net Gain

There are no Biodiversity Net Gain implications.

7. Link to Corporate Priorities

The Environment	The Budget resources the Corporate Strategy and therefore resources all corporate objectives.
Quality of Life	
Efficient Services	
Sustainable Growth	

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group note the positive outcome of the assessment made of Rushcliffe Borough Council's status as a Going Concern for the purposes of the statement of accounts 2024/25.

For more information contact:	Peter Linfield Director of Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
--------------------------------------	--

Background papers available for Inspection:	Draft Statement of Accounts 2024/25 – Council website
List of appendices:	



Governance Scrutiny Group

Thursday, 25 September 2025

Capital and Investment Strategy – Q1 Report 2025/26

Report of the Director - Finance and Corporate Services

1. Purpose of report

- 1.1. The purpose of this report is to summarise the Capital and Investment activities of the Council for the period 1 April to 30 June 2025.
- 1.2. The Capital and Investment Strategy for 2025/26, approved by Council on 6 March 2025, outlines the Council's capital and investment priorities as follows:
 - Security of capital
 - Liquidity of investments; and
 - Optimising yield earned on investments (cash and property).
- 1.3. The Strategy includes indicators that help ensure that the Council's capital investment plans are affordable, prudent, and sustainable. Setting an integrated Capital and Investment Strategy is a requirement of the CIPFA Code of Practice.

2. Recommendations

It is recommended that Governance Scrutiny Group notes the Capital and Investment Strategy update position as of 30 June 2025.

3. Reasons for Recommendation

- 3.1. CIPFA's Code of Practice for Treasury Management (2021) recommends that Councillors should be informed of Treasury Management activities quarterly. This report, therefore, ensures this Council is embracing best practice for the scrutiny of capital and investment activity in accordance with the CIPFA Code of Practice.

4. Supporting Information

Economic Forecast

- 4.1. Inflation (CPI) has increased over the quarter, rising from an annual rate of 3.2% to 2.6% in March to 3.4% in May, well above the Bank of England's 2% target. Inflation is expected to peak at 3.7% in September as service price inflation and wage growth impact before decreasing.
- 4.2. The Bank of England dropped the base rate from 4.5% at the start of the financial year to 4.25% in May. A further, 0.25%, interest rate cut was made in August taking the base rate to 4.0% with a third cut expected to take rates to 3.75% in October. This aligns with the assumptions in the Treasury Management Strategy for this year.

- 4.3. The UK economy expanded 0.7% in the first quarter of the calendar year, following three previous quarters of weaker growth. However, monthly GDP. Showed a contraction of 0.3% in April, suggesting growth in the second quarter of the calendar year is unlikely to be as strong as the first.

Investment Income

- 4.4. Based on the Arlingclose interest rate forecast at the time, that interest rates would fall from 4.75% in November 2024 reducing to 3.75% by the end of the 2025/26 financial year (an average rate of 4.06%), the Council budgeted to receive £1,434,900 in investment income in 2025/26 (compared with £1,043,200 in 2024/25). Actual interest earned to 30 June 2025 totalled £367,873 with total receipts for the year expected to be approximately £1,471,500 (£2,168,616 in 2024/25). Interest receipts are higher than estimated due to larger S106 balances and higher than expected interest rates. All investments have been made in accordance with the Council's Capital and Investment Strategy. The Council achieved an average interest rate of 4.62% in quarter 1.
- 4.5. The average level of funds available for investment purposes during the quarter was £88.445m. These funds were available on a temporary basis and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds £13.929m core cash balances for investment purposes (i.e., funds available for more than one year). To maintain returns and mitigate risks, the Council has continued to diversify its investments mix. As a result, the Council is currently placing deposits in Money Market Funds (MMFs), Call Accounts, CCLA Property Fund, UK Local Authorities and Diversified Funds. The Council also currently holds two ESG (Environmental, Social and Governance) accounts totalling £7.44m. A full list of investments at 30 June can be found at **Appendix A**.
- 4.6. The Council ensures investments are secure and that liquidity is achieved whilst at the same time it is proactively looking to maximise its rate of return.
- 4.7. The Council's diversified funds are subject to fluctuations in fair value. The current position can be seen in **Appendix B**. Funds are still volatile but loss in capital value largely experienced in previous years, is reversing and has been mitigated by appropriations to the Treasury Capital Depreciation Reserve which has a current balance of £1.310m. There is a statutory override preventing any accounting adjustments impacting on the revenue accounts. Existing diversified fund investments held as of April 1, 2024, will continue to be subject to the override until April,1 2029. In 2024/25, the diversified funds returned an average rate of 5.29% over 50 basis points more the Money Market Funds at 4.78%. The Council will continue to monitor the position on these investments and take advice from the treasury advisors and as appropriate increase or reduce the reserve.

Capital Expenditure and Financing

- 4.8. The original Capital Programme for 2025/26 was £8.344m, with £4.308m carry forwards and other adjustments of £0.930m giving a current budget of £13.582m. The projected outturn is £12.901m, resulting in an estimated

underspend of £0.681m arising primarily from the need to reprofile expenditure on Warm Homes scheme to match the actual grant allocation.

- 4.9. The actual capital expenditure forms one of the required prudential indicators. Table 1 below shows the actual capital expenditure and how this is financed, fully funded from council resources.

Table 1: Actual Capital Expenditure and Financing

Capital Programme	2025/26 Estimate £'000	2025/26 Projection £'000	Projected Variance £'000
Capital Expenditure	13,582	12,901	(681)
Less Financed by:			
Capital Receipts	(4,363)	(4,337)	26
Capital Grants	(3,025)	(2,326)	699
Reserves	(6,194)	(6,238)	(44)
Increase in borrowing need	0	0	0

- 4.10. The Council's underlying need to borrow for capital expenditure is called the Capital Financing Requirement (CFR). The CFR represents the net capital expenditure in 2025/26 and prior years that has not yet been paid for by revenue or other resources. It is a Key Prudential Indicator and can be seen in **Appendix C**. No new borrowing is envisaged over the Medium-Term, so the CFR balance continues to reduce after deducting MRP repayments and capital receipts as seen in Table 2.
- 4.11. The impact of IFRS 16 (the impact of all leases going on balance sheet) was not known at the time the budgets were set but the impact on the opening position is reflected in the projection for the year.

Table 2: Capital Financing Requirement

Capital Financing Requirement (CFR)	2024/25 Actual £'000	2025/26 Estimate £'000	2025/26 Projection £'000
Opening Balance	9,889	7,689	9,989
Add: unfinanced capital expenditure (IFRS16)	2,752	0	0
Less MRP/VRP	(1,652)	(1,174)	(1,669)
Less applied Capital Receipts and S106	(1,000)	0	0
Closing Balance	9,989	6,515	8,320

Treasury Management and Prudential Indicators

- 4.12. As part of the Capital and Investment Strategy, the Council established a range of Prudential Indicators (which also accords with professional practice) to monitor both Treasury and Capital as the two are intrinsically linked. Details of the performance against the Prudential Indicators can be found at **Appendix C**.
- 4.13. During the quarter ended 30 June 2025, the Council has operated within treasury management indicators set and it is not envisaged that there will be any difficulties in the current or future years in complying with these indicators.

- 4.14. All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.
- 4.15. No external borrowing was undertaken during the quarter ended 30 June 2025 and the Council does not anticipate a need to externally borrow in this financial year or over the medium term.
- 4.16. The Asset (or Liability) Benchmark reflects the real need to borrow. The Council is reporting a credit balance (asset) which shows that the Council has no need to borrow over the medium term.
- 4.17. Net Income from Commercial and Service Investments to Net Revenue Streams reflects the Council's dependence on investments. The projected figure is marginally lower due to projected net income from Rushcliffe Oaks being slightly down against budget, offset slightly by a smaller surplus from the business rates pool.
- 4.18. The ratio of Financing Costs to Net Revenue Streams is a Key Prudential Indicator of affordability and compares net financing costs (MRP, borrowing costs less investment income) to net revenue income. This indicator shows the proportion of net income that is used to pay for financing costs. The projected actual at quarter 1 is -1.51%, the minus indicating that interest receipts exceed financing costs and net revenue streams are slightly lower as mentioned at paragraph 4.17 above.

Commercial Investments

- 4.19. The Council must disclose its dependence on commercial income, and the contribution non-core investments make towards core functions. This covers assets purchased through the Council's Asset Investment Strategy, as well as pre-existing commercial investments.
- 4.20. The projected position for total contribution of non-core investments towards core functions is the same as the estimated figure of 12.5% (see Table 3 below). Rental income for quarter 1 is slightly higher due to profiling and spend on utilities and responsive works budgets to date are currently lower than expected.

Table 3: Commercial Investments

	2025/26 Full Year Budget	2025/26 Actual Qtr 1	YTD Budget Qtr 1	25-26 Full Year Projection
Commercial Investments	£'000	£'000	£'000	£'000
Commercial Property				
Income	(1,979)	(515)	(495)	(1,979)
Running Costs	257	95	107	327
Net contribution to core functions	(1,722)	(420)	(388)	(1,652)
Interest from Commercial Loans	(59)	(15)	(15)	(59)
Total Contribution	(1,781)	(435)	(403)	(1,711)
Total Income	(12,537)	(3,000)	(2,998)	(12,411)
Total Contribution/Total income	14.2%	14.5%	13.4%	13.8%
Sensitivity +/- 10%	(198)	(52)	(50)	(198)

5. Conclusion

- 5.1. Officers can confirm that the approved limits within the Capital and Investment Strategy were not breached during the quarter ended 30 June 2025.
- 5.2. The quarter started with significant financial market volatility as President Trump announced a wide range of 'reciprocal' trade tariffs in early April, causing equity markets to decline sharply both in the UK and the US. A 90-day pause was put on tariffs previously announced but this heightened uncertainty, and volatility remained a feature over the period. The UK economy is recovering but risk remains globally along with inflationary pressures and falling interest rates. The latter will have a negative effect on returns that can be achieved from investments, and global unrest may impact on the capital value of some of the Council's investments. Officers will continue to monitor the environment and report any significant issues to the Governance Scrutiny Group.

6. Risk and Uncertainties

The report covers both counterparty, interest rate and property related risks.

7. Implications

7.1. Financial Implications

Financial Implications are covered in the body of the report.

7.2. Legal Implications

There are no specific legal implications identified in this report. The report demonstrates the Council's good practice in following CIPFA's Code of Practice for Treasury Management (2021) recommends by informing Councillors of

Treasury Management activities quarterly. Adoption of the best practice ensures scrutiny of capital and investment activity undertaken during the relevant period.

7.3. Equalities Implications

There are no equalities implications identified for this report.

7.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications identified for this report.

7.5. Bio-Diversity Net Gain Implications

There are no Bio-Diversity Net Gain implications identified for this report.

8. Link to Corporate Priorities

The Environment	Helping to protect the environment by consideration of carbon footprint and fossil-based investments as part of the Capital and Investment Strategy
Quality of Life	No direct impact on quality of life
Efficient Services	Responsible income generation and maximising returns
Sustainable Growth	No direct impact on sustainable growth

9. Recommendations

It is recommended that Governance Scrutiny Group notes the Capital and Investment Strategy update position as of 30 June 2025.

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers available for inspection	Capital and Investment Strategy 2025/26
List of Appendices:	Appendix A – Investments at 30 June 2025 Appendix B – Pooled Funds Appendix C – Prudential and Treasury Indicators for 2025/26 at 30 June 2025 Glossary of Terms

Investment balances at 30 June 2025

Type	Financial Institution	Amount £	Length of Investment	Maturity Date for Fixed Investments	Interest
Pooled Fund	Royal London Cash Plus Fund	1,015,613	On-going		3.96%
Pooled Fund	CCLA Property Fund	2,008,092	On-going		4.36%
Pooled Fund	CCLA Cautious Fund	1,825,481	On-going		3.25%
Pooled Fund	Aegon Diversified Income fund	4,560,790	On-going		6.80%
Pooled Fund	Ninety One Diversified Income Fund	4,518,894	On-going		6.20%
MMF	Aviva	6,201,769	Call		4.22%
MMF	BlackrodK	5,187,384	Call		4.28%
MMF	CCLA - PSDF	863,885	Call		4.28%
MMF	Federated Investors (UK)	9,849,702	Call		4.31%
MMF	Goldman Sachs Asset Management	76,155	Call		4.23%
MMF	HSBC Asset Management ESG	5,617,406	Call		4.28%
MMF	Invesco AIM	9,483,110	Call		4.28%
MMF	Aberdeen Asset Management	9,905,010	Call		4.30%
MMF	HSBC Asset Management Business Deposit	725,932	Call		1.65%
Government	Cheshire East Council	5,000,000	31 Days	14/07/2025	4.30%
Government	Blackpool Council	5,000,000	184 Days	12/11/2025	4.60%
Government	Telford & Wrekin	5,000,000	273 Days	25/07/2025	4.80%
Government	New Forest District Council	4,000,000	276 Days	22/09/2025	5.50%
Government	Lancashire County Council	5,000,000	120 Days	19/06/2026	5.80%
Banks Unsecured	Bank of Scotland PLC	862	Call		0.01%
Banks Unsecured	Bank of Scotland PLC32	116,286	32 Days		3.25%
Banks Unsecured	Barclays Bank PLC	6,799	Call		2.00%
Banks Unsecured	Barclays Bank PLC 32	4,830,436	32 Days		4.70%
Banks Unsecured	Handelsbanken PLC	12,062	Call		0.00%
Banks Unsecured	Handelsbanken PLC35	12,683	35 Days		2.50%
Banks Unsecured	Santander UK PLC	460,044	Call		2.02%
Banks Unsecured	Santander UK PLC35	89,308	35 Days		4.28%
Average Interest Rate					4.62%
Total Investments		91,367,703			

Pooled Funds

Fair Value	Amount Invested	31/03/2025	30/06/2025	Difference since April 2025	Difference in valuation from initial investment
Aegon-Previously Kames	£5,000,000	£4,560,790	£4,682,217	£121,426	(£317,783)
Ninety One-Previously Investec	£5,000,000	£4,518,894	£4,563,149	£44,255	(£436,851)
RLAM	£1,000,000	£1,015,613	£1,022,238	£6,625	£22,238
CCLA Property	£2,000,000	£2,008,092	£2,011,249	£3,157	£11,249
CCLA CF	£2,000,000	£1,825,481	£1,819,356	(£6,125)	(£180,644)
Total	£15,000,000	£13,928,870	£14,098,208	£169,338	(£901,792)

Prudential & Treasury Indicators 30th June 2025	2025/26 Estimate £'000	2025/26 Projected £'000
Prudential Indicators		
Capital Expenditure	13,582	12,901
Expected Investment Position at 31 March 2026	73,021	61,387
Capital Financing requirement at 31 March 2026	6,515	8,320
Proportion of financing costs to net revenue streams	(1.31%)	(1.51%)
Gross Debt (Debt incl PFI & Leases)	0	0
Net Income (from Commercial and Service Investments) to Net Revenue Streams	(10.8%)	(10.3%)
Treasury Management Indicators		
Authorised Limit for external debt (Borrowing and other Long Term Liabilities)	20,000	20,000
Operational Boundary for external debt (borrowing and other Long Term Liabilities)	15,000	15,000
Upper limit for fixed interest rate exposure on investments up to 1 year	50%	26%
Upper limit for variable rate exposure (investments)	100%	74%
Upper limit for total principal sums invested over 1 year	36,500	30,694
Liability Benchmark	(63,021)	(71,216)

Glossary of Terms

Money Market Funds – these funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks.

CCLA Property Fund - this a local authority property investment fund. The property fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

Covered Bonds – these investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means they are exempt from bail-in.

Pooled Funds – shares in diversified investment vehicles consisting of different investment types including banks, equity shares and property, these funds have the advantage of providing wide diversification of investment risks



Governance Scrutiny Group

Thursday, 25 September 2025

Work Programme

Report of the Director – Finance and Corporate Services

1. Summary

- 1.1. The work programmes for all Scrutiny Groups are created and managed by the Corporate Overview Group. This Group accepts and considers Scrutiny Matrices from both officers and councillors which propose items for scrutiny. If those items are accepted following discussion at Corporate Overview Group, they are placed on the work programme for one of the Council's Scrutiny Groups. In creating the work programme for the Governance Scrutiny Group due regard has been given to matters usually reported to the Group, the resources available for scrutiny, and the timing of issues to ensure best fit within the Council's decision-making process.
- 1.2. The work programme is provided in this report for information only so that the Group is aware of the proposed agenda for the next meeting. The work programme does not take into account any items that need to be considered by the Group as special items. These may occur, for example, through changes required to the Constitution or financial regulations, which have an impact on the internal controls of the Council.

4 December 2025

- Internal Audit Progress Report
- Annual Audit Letter and Value for Money Conclusion
- 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
- Statement of Accounts

For more information contact:	Peter Linfield Director – Finance and Corporate Services 0115 914 8349 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	None