

# Public Document Pack

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**Our reference:**  
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**Date:** Wednesday, 28 January 2026



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To all Members of the Governance Scrutiny Group

Dear Councillor

A Meeting of the Governance Scrutiny Group will be held on Thursday, 5 February 2026 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 4 December 2025 (Pages 1 - 8)
4. Internal Audit Progress Report (Pages 9 - 26)  
  
Report of the Director – Finance and Corporate Services
5. Internal Audit Strategy (Pages 27 - 66)  
  
Report of the Director – Finance and Corporate Services
6. External Audit Progress Report and Indicative Audit Plan 2025/26 (Pages 67 - 80)  
  
Report of the Director – Finance and Corporate Services
7. Risk Management Progress Report (Pages 81 - 98)  
  
Report of the Director – Finance and Corporate Services

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Rushcliffe Borough  
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West Bridgford  
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8. Draft Risk Management Strategy (Pages 99 - 122)  
Report of the Director – Finance and Corporate Services
9. Capital and Investment Strategy Update (Pages 123 - 132)  
Report of the Director – Finance and Corporate Services
10. Capital and Investment Strategy 2026/27 (Pages 133 - 168)  
Report of the Director - Finance and Corporate Services
11. Work Programme (Pages 169 - 170)  
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, G Wheeler and J Causton

<b>Meeting Room Guidance</b>
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**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.

<b>Recording at Meetings</b>
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National legislation permits filming and recording by anyone attending a meeting. This is not within the Council's control.

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## **MINUTES OF THE MEETING OF THE GOVERNANCE SCRUTINY GROUP THURSDAY, 4 DECEMBER 2025**

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

### **PRESENT:**

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

### **ALSO IN ATTENDANCE:**

J Causton	Independent Member
M Armstrong	BDO (The Council's Internal Auditors)
J Norman	Forvis Mazars (The Council's External Auditors)

### **OFFICERS IN ATTENDANCE:**

S Whittaker	Assistant Director of Finance
M Heald	Finance Business Partner
R Clack	Legal Services Manager
E Richardson	Democratic Services Officer

### **APOLOGIES:**

Councillors K Chewings and P Gowland

## **20 Declarations of Interest**

There were no declarations of interest.

## **21 Minutes of the Meeting held on 25 September 2025**

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

The minutes of the meeting held on 25 September 2025 were agreed as a true record and were signed by the Chair.

The Chair advised and the Group noted the change in the order of the items to be discussed on the agenda.

## **22 RIPA Review**

The Deputy Monitoring Officer presented the Regulation of Investigatory Powers Act 2000 (RIPA) Review report and advised that the Investigatory Powers Commissioner's Office required that councillors were updated annually

on the Council's use of powers under RIPA to ensure compliance with legislation.

The Deputy Monitoring Officer explained that local authorities had the power to authorise directed surveillance, which usually comprised of covert cameras or covert observations by Officers, and the use of Covert Human Intelligence Sources (CHIS), and that authorisation for this should only be granted if it was considered necessary for the prevention and detection of crime or preventing disorder, and, if the surveillance was proportionate to the aims it sought to achieve. She noted that authorisation must also have judicial approval from a Justice of the Peace

In relation to authorisations under RIPA, the Deputy Monitoring Officer said that these could only be given by the Council's Authorising Officers, who were the Chief Executive, the Director for Neighbourhoods and the Head of Service for Public Protection.

The Deputy Monitoring Officer advised that in line with the Council's RIPA policy, Councillors were required to consider and review the Council's use of RIPA powers and its policy and guidance at least once a year and that each year the Senior Responsible Officer (SRO) undertook an audit of RIPA usage. She confirmed that there had been no authorisations given for directed surveillance or for the use of CHIS since the last report.

In relation to training, the Deputy Monitoring Officer informed the Group that this was available to relevant Officers on a regular basis and was delivered via an online module and that the Council maintained a list of everyone who have completed the training. She confirmed that all of the Authorising Officers had undertaken training in respect of the authorisation process and criteria to consider.

In relation to auditing, the Deputy Monitoring Officer said that the IPCO carried out an inspection of the Council's records every three years, including interviewing Officers to ensure that there was compliance with the appropriate legislation. She noted that the last inspection was undertaken in 2023 and that the Council's RIPA policy had been updated in line with recommendations. The next inspection was due in 2026.

The Deputy Monitoring Officer noted that the SRO review of the policy in 2024 had taken account of the Covert Surveillance Code of Practice and that she had subsequently undertaken the annual review of the Council's RIPA policy and confirmed that no material updates were required. She referred the Group to the current version of the policy attached at Appendix 1.

Councillor Wells asked when the Council had last used surveillance and the Deputy Monitoring Officer said that she would confirm whether it had ever been used.

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

- a) Considered and noted the information contained within this report regarding the Council's use of RIPA powers; and

- b) Acknowledged the Senior Responsible Officer's annual review of the Council's RIPA Policy, attached at Appendix 1 to this report.

## **23 Internal Audit Progress Report**

Mr Armstrong from BDO, the Council's Internal Auditors, presented the Internal Audit Progress Report Quarter 2.

Mr Armstrong referred to page 17 of the report which showed the table detailing progress of work completed so far and work due. He confirmed that five of the nine reports had been fully completed, that one was in draft and one was ongoing, with two outstanding, with the final reports due in February and June 2026. He confirmed that all were in line with and on time with the Audit Plan.

Mr Armstrong said that the two audit reports completed within this quarter related to Main Financial Systems and Business Continuity and Emergency Planning.

In relation to Main Financial Systems, Mr Armstrong explained that it was an annual review as part of the core assurance auditing and that different areas of the financial systems were reviewed each year. He said that for this year, accounts payable and procurement cards had been reviewed and that a moderate rating for Design and substantial rating for Effectiveness had been given, with one medium and one low level finding.

Mr Armstrong advised that the medium rating related to the procurement card log, but not the use of the cards, as there were some late submissions of logs and receipts to the Finance Team. He noted that procurement cards could be an area of risk hence why it had been raised even though no misuse had been found. He referred the Group to part B of the response which listed actions taken to log and chase up card holders. He referred to the low finding regarding the absence of a written audit trail for a card limit increase.

In relation to the review of Business Continuity and Emergency Planning, Mr Armstrong said that a substantial rating for both design and effectiveness had been given with two low level findings. He said that one low level rating related to a structured multi-year programme for scenario testing of business continuity risks not being in place, although there were ad hoc testing sessions on a range of different vulnerabilities. The other related to reporting to the Executive Management Team not being supported by documentation summarising risks and action implementation and also that Resilience Review meetings were not documented.

Mr Armstrong noted that the budget had been released since the audit had been published, with key announcements around council tax changes and business rates revaluation which would have administration and cost impacts for local authorities, and whilst the Government had said that local authorities would be fully compensated for administration costs, this would need to be monitored. He also noted announcements regarding additional investment in planning and licensing.

Councillor G Wheeler asked about future impacts from the budget and Mr Armstrong said that BDO had put out an announcement about potential impacts and that as part of the audit reviews the broader landscape of risk was considered with possible impact from the budget.

Councillor G Wheeler asked how the Council's business continuity planning compared to other local authorities and whether a full business continuity exercise was expected to take place each year. In relation to benchmarking with other local authorities, Mr Armstrong said that substantial assurance was not often provided. He said that it was hard to define what risks needed to be covered for future years and resource implications in trying to provide scenario training for all, but it would be prudent to develop a multi-year plan to provide broader coverage of potential threats that the Council may face.

Councillor Om asked about scenario planning in relation to physical and financial testing and regarding IT services. Mr Armstrong said that testing could take place in many different ways and that it was designed to ensure that Officers were prepared when facing an incident. The Assistant Director of Finance said that Officers from the various service areas were involved in exercises so that the wider impacts from an incident were considered and prepared for. She confirmed that the Council had held a cyber security scenario session and that regular disaster testing was carried out within the IT Team.

Members of the Group asked about procurement cards, how many had been issued, at what level of seniority and what credit limits were given. The Assistant Director of Finance didn't know how many had been issued (subsequently confirmed at approximately thirty cards) and said that issuance was an operational decision based on the needs of a specific role. She said that credit limits varied, dependent on the card holder's role, and that they were kept as low as possible, with the ability to do temporary limit increases if the need arose.

The Chair asked about documentation and governance and the process of authorisation for procurement cards. Mr Armstrong referred to the Council's financial regulations and also specific procurement card holder regulation documents which set out the permissible usage of the cards and said that the card logs assessed whether expenditure was aligned with policy and was reasonable, with a process for escalation if not. He confirmed that the audit had not identified any instances of misuse.

The Chair asked about potential misuse of procurement cards and whether there were proactive measures of control in place and the process for determining credit limits. The Assistant Director of Finance explained that every card holder went through training on how to use and treat their card and had to sign confirming their responsibility for its use before they were allowed to make any expenditure. She said that card holders were expected to seek approval from their line manager before making a purchase and that after purchase they would submit receipts to them. She added that the Finance Team received an itemisation of all purchases from the bank which was checked by the Team for any untoward or unexpected transactions which would be raised with the bank

and the card holder's line manager. She confirmed that card limits were set on an individual basis with a documented agreement with the card holder's line manager.

Councillor Regan asked whether the Council had been impacted by the recent cloud flare outage and the Assistant Director of Finance was not aware of any impact but thought that a third party provider may have been.

The Chair asked about the relationship between the risk register, risk profiling and the Business Continuity Plan. Mr Armstrong said that a risk register came before the Group every six months and that Internal Audit considered the Council's Business Continuity Plan to be sufficiently robust and in line with expectations for a local authority. The Assistant Director of Finance said that risks were identified by Officers and this Group and that when new risks were identified as requiring a continuity plan the Business Continuity Plan was updated, with plans in place for critical risks so that Officers knew what to do in the event of that risk materialising, with them all being linked.

It was **RESOLVED** that the Governance Scrutiny Group considered the quarter 2 progress report for 2025/26 (Appendix A) prepared by the Council's Internal Auditor.

## 24 **Statement of Accounts 2024-2025**

Ms Norman from Forvis Mazars, the council's external auditors gave a verbal update to the Group regarding the Statement of Accounts 2024-2025. She confirmed that the update this evening was to conclude outstanding areas of review in relation to the Statement of Accounts and confirm that final approval and signature of the audit opinion had now taken place. She confirmed that this allowed the Council to publish its audited statement of accounts well in advance of the deadline of 27 February and that it was one of the first in the Country to do so.

Ms Norman referred to the agenda supplement of the Audit Completion Report Follow Up Letter which confirmed that all outstanding areas had been concluded and she paid thanks to the Finance Team.

Councillor Om referred to Appendix B and asked what internal controls were in place. The Assistant Director of Finance advised that the journal process was considered low risk and that any journals over £10k were reviewed on a report basis rather than in the system. In relation to the instance reported in the appendix she explained that this was an unusual occurrence where she hadn't sought a second check but that final balances were reviewed by budget holders and Officers as part of the closure process and also as part of the final accounts audit, so there was assurance within the system.

Councillor Wells asked about Officer pensions in relation to Local Government Reorganisation (LGR) and the Assistant Director of Finance said that this would be something for the future organisation to decide.

The Assistant Director of Finance and the Chair thanked the Finance Team and the Auditors for their hard work.

Ms Norman advised that in light of LGR, the plan was for the audit deadline to be brought forward for next year.

## **25 Capital and Investment Strategy Update**

The Finance Business Partner presented the Capital and Investment Strategy Q2 Update for 2025/26.

In relation to the economic forecast, the Finance Business Partner said that inflation had fallen to 3.6% in October and that interest rates had held at 4% but were expected to fall in December, with two further cuts anticipated in the new year. She said that the UK economy had marginally expanded in quarter 3.

In relation to investment income, the Finance Business Partner referred to paragraphs 4.4 to 4.9 and said that the Council had budgeted to receive £1.4m in interest receipts this year and that projections currently exceeded this. She referred to Appendix A which detailed the full list of investments held at the end of September and to Appendix B which detailed diversified funds which had seen significant fluctuation over the last few years, but which had returned an average of 5.8% and were held for long term gain.

In relation to prudential indicators, the Finance Business Partner referred to Appendix C, and said that there was currently a projected underspend on capital arising primarily from the need to reprofile expenditure on Warm Homes to match allocation and land acquisition for carbon offsetting not yet being committed.

In relation to the Council's underlying need to borrow for capital expenditure, the Finance Business Partner referred to Table 3 which showed the forecast reduction in internal borrowing after deduction of MRP repayments. She said that the projected figure for net income from commercial and service investments to net revenue streams was marginally higher than expected due to lower utility costs and that the liability benchmark showed a credit balance which indicated that the Council did not need to borrow over the medium term.

The Finance Business Partner referred to Table 4 which detailed commercial investments which demonstrated the Council's reliance on commercial income which was projected to account for 12.2% of total income to the Council.

The Finance Business Partner said that the next training session with Arlingclose was scheduled for 6 January 2026.

In conclusion, the Finance Business Partner said that the UK economy was still very fluid, with falling interest rates and slow economic growth.

Councillor Om referred to Table 4 and property income and asked whether it had dropped. The Finance Business Partner confirmed that it had due to vacancies in Bridgford Hall and at the Point.

Councillor G Wheeler asked about vacancies at the Point, noting that there



was always a sign on the building saying that there were vacancies and asked whether this was accurate. The Assistant Director of Finance said that a response would be provided to the Group.

It was **RESOLVED** that the Governance Scrutiny Group reviewed and commented as necessary on the Capital and Investment Strategy update position as of 30 September 2025.

## 26 **Work Programme**

The Assistant Director of Finance presented the Governance Scrutiny Group Work Programme.

The Assistant Director of Finance advised that Risk Management Training would be held prior to the start of the next Governance Scrutiny Group meeting on Thursday, 5 February and the Group agreed for the training to start at 6pm ahead of the meeting at 7pm.

The Assistant Director of Finance noted that Treasury Management Training would be held on Tuesday, 6 February at 6pm and confirmed that it was mandatory for Members of Governance Scrutiny Group. Councillor G Wheeler gave his apologies and the Assistant Director of Finance said that she would look at options for recording the training.

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

### **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

### **Actions – 4 December 2025**

<b>Minute No.</b>	<b>Action</b>	<b>Officer Responsible/ Update</b>
22	Deputy Monitoring Officer to confirm whether the Council has ever used RIPA powers	Confirmed that the Council hasn't used RIPA powers for many years and not since the Government introduced the need to get a magistrate to sign off the authorisation

25	Property Team to confirm occupancy and vacancy at the Point and confirm whether the 'to-let' signs are accurate	Property Services Team
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The meeting closed at 8.04 pm.

CHAIR



## Governance Scrutiny Group

Thursday, 5 February 2026

## Internal Audit Progress Report Quarter 3

### 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 third 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 3 progress report for 2025/26 (**Appendix A**) prepared by the Council's Internal Auditor.

#### 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 Asset Management and Investment audit received a substantial rating for both Design and Effectiveness with one low level finding
  - The Rushcliffe Oaks Crematorium audit received a substantial rating for both Design and Effectiveness with no findings requiring action
  - 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. The audit plan is on target to be completed in accordance with deadlines.
- 4.4. 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 Q3?
  - Is the Group satisfied with the progress made to date and to ensure completion of the plan?

## **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 3 progress report for 2025/26 (**Appendix A**) prepared by the Council's Internal Auditor.

<b>For more information contact:</b>	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	Internal Audit Plan 2025/26 Governance Scrutiny Group 20 February 2025 Internal Audit Progress report Governance Scrutiny Group 25 September 2025 Internal Audit Progress report Governance Scrutiny Group 4 December 2025
<b>List of appendices:</b>	Appendix A - Internal Audit Progress Report Q3 2025/26 – BDO

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**Rushcliffe Borough Council**  
**Internal Audit Progress Report**  
**February 2026**



# 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 making good progress in the delivery of the audit plan with all audit reviews either finalised or in the fieldwork phase, with fieldwork expected to be completed by the end of March 2026.

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

- ▶ Asset Management and Investment
- ▶ Rushcliffe Oaks Crematorium - Operational Management.

Fieldwork is in progress in respect of the following audits:

- ▶ Procurement
- ▶ Health and Safety.

We anticipate presenting these reports at the next Governance Scrutiny Group meeting with our annual report.



## 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	✓	✓	✓	M	S
Business Continuity and Emergency Planning	December 2025	✓	✓	✓	S	S
Asset Management and Investment	February 2026	✓	✓	✓	S	S
Rushcliffe Oaks Crematorium - Operational Management	February 2026	✓	✓	✓	S	S
Procurement	June 2026	✓	✓			
Health and Safety	June 2026	✓	✓			

# Asset Management and Investment

## CRR REFERENCE: DEG02

Design Opinion



Substantial

Effectiveness  
Opinion

Substantial

Recommendations



### SCOPE

#### Areas reviewed

The following areas were reviewed as part of the scope of this audit:

#### Governance arrangements for commercial and operational asset reviews

- ▶ Oversight of commercial and operation asset reviews by the Executive Management Team (EMT), AIS Group and Cabinet to assess whether the roles, responsibilities and oversight expectations were understood and operated effectively. This included a review of the AMS/AMP for 2020-2025 and the Acquisition and Disposal Policy to assess whether these were documented.
- ▶ Processes for performing commercial and operational asset reviews, including the use of a numeric scoring model (commercial) and RAG categorisation (operational). We assessed whether the criteria applied to assets were consistent, evidenced and subject to appropriate challenge.

#### Identification and management of assets considered 'at-risk'

- ▶ The Council's approach to identifying at-risk assets by reviewing the commercial asset scoring methodology and the operational RAG review model. We assessed the consistency of the application of factors contributing to these assessments, ie Energy Performance Certificate (EPC) changes, statutory risks, property condition, tenant covenant strength and redevelopment potential.
- ▶ Oversight of the risk scores and management of at-risk assets through the Council's governance structures.

#### Policies and procedures governing acquisitions and disposals of land and buildings

- ▶ The Council's Acquisition and Disposal Policy to assess whether it clearly defined processes for identifying surplus assets, appraising acquisition/disposal options, setting authorisation thresholds and complying with legal requirements including Section 123 of the Local Government Act 1972.
- ▶ Whether roles, delegations and approval routes (officer delegations, AIS Group challenge, and Cabinet approval) were consistently applied and aligned to the Asset Management Strategy and Asset Investment Strategy.
- ▶ Performed sample testing on the acquisition of land at Upper Broughton in October 2025 to assess whether the process followed complied with the requirements of the Acquisitions and Disposals Policy. This included the approvals, due diligence, valuations, scrutiny and challenges, etc. This was the only notable asset acquisition in the period reviewed.

#### Processes for developing and updating the AMS and AMP

- ▶ Interviewed members of the Property Team to understand the arrangements for the refresh of the AMS/AMP (which is currently being undertaken), including the update of the AMAP, to incorporate statutory compliance requirements and the consideration of local government reorganisation on the management of the Council's assets.

#### Testing of lease agreements and review reviews

- ▶ Ten investment property leases (six-to-ten-year terms, with three-year review cycles) between 2019 and 2025 to assess whether:

- Leases agreements were signed by both parties and retained by the Council
- Rent reviews completed in accordance with terms of the lease agreement
- Finance Instruction Sheets had been prepared and aligned to the terms of the agreement for invoicing and billing
- Information in the E-Financials system aligned with the terms of the agreement.
- ▶ Whether adequate processes were in place to monitor the investment property portfolio, including scheduling rent reviews in accordance with the lease agreements.

#### Accuracy of rental income billing for investment properties

- ▶ For the same properties outlined above, we confirmed that the most recent invoice raised to the tenant was accurate per the charging conditions set out in the lease agreement or a subsequent rent review.



## AREAS OF STRENGTH

We identified the following areas of good practice:

#### Governance arrangements for commercial and operational asset reviews

- ▶ The Council has a clearly defined governance framework for asset decision-making, with oversight by EMT, the AIS Group and Cabinet.
- ▶ Asset reviews (commercial and operational) followed documented methodologies which were consistently applied to all asset types to assess the risk level. Commercial properties are evaluated using a scoring methodology between one and ten, accounting for a range of factors such as statutory requirements, EPC ratings, condition of the property, the strength of tenant covenants and risks relating to re-letting. Operational assets are given a RAG rating to reflect the suitability of the asset to the service being provided and the future potential use of the asset.
- ▶ The Council obtain specialist external advice when performing risk assessments for variables where knowledge or skills are not held by staff in-house, ie Bridgford Energy Consultants advise on EPC modelling.
- ▶ Based on our review of papers and minutes for the AIS Group and Cabinet, we noted that there was reasonable scrutiny of asset assessments, redevelopment proposals and high-risk sites, such as Walkers Yard and Rugby Road Tip.

#### Policies and procedures governing acquisitions and disposals of land and buildings

- ▶ The Acquisitions and Disposals Policy provide a robust framework for the acquisition or disposal of Council-owned assets. The process that must be followed, including due diligence and approvals for acquisitions or disposals, is set out in detail.
- ▶ The acquisition of the land at Upper Broughton complied with the terms of the Acquisitions and Disposals Policy. The Council commissioned an external valuation of the land from independent experts, which was presented with the business case to the AIS Group for consideration and then Cabinet for approval. This aligned with the Scheme of Delegations. Surveys were commissioned on the land as part of the Council's due diligence checks and legal documentation was completed and retained.
- ▶ Documentation relating to this acquisition was subject to adequate document control procedures, with sequential titling of each document to ensure that a clear audit trail was retained.

#### Processes for developing and updating the AMS and AMP

- ▶ There is a timetable in place for the refresh of the AMS and AMP, identifying the chronology of each step of the process. Furthermore, decision-making about the use and retention of assets considered the impact of local government reorganisation and other statutory standards (ie carbon management and condition of assets). Some of these requirements are also incorporated into the existing AMAP.

#### Testing of lease agreements and review reviews

- ▶ All investment properties are recorded on the Commercial Property Schedule which is well-structured. There are fields in the document to show the length of the lease, rent review dates, EPC ratings, lease expiry dates and property risk ratings. Each property is colour-coded to visibly indicate whether the property is due a rent review

or whether these are overdue to enable workloads to be prioritised for staff. This documentation was maintained by staff, allowing for reasonable control of investment property leases.

- ▶ There was monthly (and occasionally more regular) meeting between the Finance Team and the Property Team to review rental property income. While these were informal, this forum provided an opportunity to check the accuracy of billing and to monitor income budgets.
- ▶ The Finance Team maintain an Asset Register, using the details provided by the Property Team on the Finance Instruction Sheet. These allow for commercial properties to be recorded on the general ledger at the correct value and maintains a listing of all assets owned.



#### AREAS OF CONCERN

- ▶ Most of the commercial property leases tested had expired, with the tenant continuing to occupy the property on the existing lease terms. This was caused by resources limitations for the Legal Team. A failure to renew leases causes delays in collecting rent increases, which are backdated once the new lease has been executed (**Finding 1 - Low**).

# Rushcliffe Oaks Crematorium - Operational Management

## CRR REFERENCE: DEG03

Design Opinion



Substantial

Effectiveness  
Opinion

Substantial

Recommendations



### SCOPE

#### Areas reviewed

The following areas were covered as part of this review:

##### Policies and Procedures

- ▶ Policies and procedures implemented by the crematorium to ascertain if there was clear guidance for staff to comply with statutory legislation for cremations.

##### Administrative Compliance

- ▶ We performed a walkthrough of the process for submitting and authorising an application for a cremation to assess whether this was clear, well-documented, and demonstrated compliance with the regulations.
- ▶ For a sample of 20 cremations, we performed the following verification checks:
  - A Form Cremation 1/2/3 had been completed in full, with the relevant details included in all six parts of the form, which had been signed by the applicant
  - A Form Cremation 10/12/13 had been completed in full and signed by a medical referee before a cremation
  - A Certificate for Burial or Cremation had been received prior to the cremation
  - Verified that the details of the cremation were retained on the permanent register of cremations
  - The ashes had been treated and disposed in accordance with the applicant's instructions on the Form Cremation 1/2/3
  - Documentation was retained on Plot Box.
- ▶ For a sample of deaths that were subject to a coroner's review, we verified that the Form 6 had been completed in full and signed by the coroner before the deceased person was cremated.
- ▶ For a sample of cremations certified by a Form Cremation 8 or 9, we verified that the form had been completed in full and signed by a registered medical practitioner or registered midwife (for Form 9 only) before the authority to cremate was given.
- ▶ We verified that a permanent register is retained by the Council for all cremations at the crematorium. We also confirmed that the information held complies with the requirements in Clause 33 of Part 7 of The Cremation (England and Wales) Regulations 2008.

##### Identity and Verification Checks

- ▶ We performed a walkthrough of the procedures and documentation of identity checks when the deceased has been received prior to cremation, to ascertain whether these help to prevent identity errors. This included whether ashes were stored correctly and that the identity of the deceased can be identified.
- ▶ For the same sample of 20 cremations as above, we confirmed that appropriate identity checks were performed and documented.



## AREAS OF STRENGTH

We identified the following areas of good practice:

### Policies and Procedures

- ▶ The crematorium maintains a publicly accessible policy, available on its website, which clearly defines the duties of the crematorium in safeguarding the wishes of the applicant. It also sets out the expectations placed on applicants, detailing the essential information and documentation they must provide before a cremation can take place.
- ▶ The crematorium has established a comprehensive set of written procedure notes that guide all staff members involved in the cremation process. These procedures are designed to ensure full adherence to the Cremation Regulations and to maintain consistent practices across the organisation.

### Administrative Compliance

- ▶ In alignment with Clauses 14 to 20 of Part 4 of the Cremation Regulations, from a sample of 20 cremations, we confirmed that:
  - The Form 1/2/3 had been completed depending on the type of cremation that was being performed.
  - For the five cremations that required approval by a coroner, a Form 6 had been completed and signed by the coroner.
  - There were only two still birth cremations between 1 October 2024 to 30 September 2025. We tested one of these cremations in our sample and confirmed that a Form 9 had been completed and signed by the Registered Midwife.
  - There had been no cremations of body parts in the period reviewed, therefore we were unable to test the process for the Form 8.
- ▶ As required by Clauses 23 to 26 of Part 4 of the Cremation Regulations, a Medical Referee Form (Form 10, 11 or 12) was signed by a medical referee prior to the cremation in all 20 samples tested.
- ▶ In all 20 cases tested, the Certificate for Cremation was prepared before the cremation and finalised once the cremation had been completed.
- ▶ Documentation was retained on the PlotBox system to provide a record of compliance with the statutory legislation. The Government issued forms were used in all cases tested.
- ▶ In accordance with Clause 33 of Part 7 of the Cremation Regulations, the Crematorium Team maintain a permanent register for all cremations. This is retained electronically on PlotBox. For each of the cremations tested, we confirmed that the record on PlotBox was accurate and agreed with the information on the relevant form.



## CONCLUSION

We conclude that the Council has a Substantial design and effectiveness in place for the administration of cremations, with no findings raised in this review. The audit focused on statutory compliance with changes in legislation (in September 2024) which introduced strict new requirements for cremations to comply with before and after cremating a deceased person. However, to be clear, our review was limited to the cremation administration processes, including the completion and retention of statutory forms, so should not be used to provide assurance over other areas of operational management for the crematorium. We have previously conducted a review of the crematorium in 2023/24 which assessed processes for charging and collecting income and financial performance reporting. Substantial assurance was provided for the design and effectiveness of controls in that review too.

### Control Design

The controls design was Substantial because there is a sound system of internal control designed to achieve system objectives.

There were clear and robust policies and procedures in place for the crematorium administration which adhered to the new legislative requirements. Guidance provided

to staff and publicly available policies further confirm that the Council has taken appropriate measures to design balanced and compliant controls.

Furthermore, PlotBox provided an effective system for retaining cremation documentation to ensure that the crematorium can demonstrate compliance with the legislation. The legislation is prescriptive in terms of the forms that must be used, therefore, there are limited ways in which the Council can set the controls.

#### Control Effectiveness

The control effectiveness was Substantial because the controls that are in place are being consistently applied. This was a critical part of our review; to verify that the crematorium had complied with the statutory requirements.

Our review of cremation records, certificates and the permanent register confirmed the correct forms were used in the correct order for each type of death. Furthermore, the relevant medical signatures were obtained prior to a cremation taking place.

We have raised an Observation about the absence of formal and documented identity checks upon the receipt of the coffin from the funeral directors. Although, we understand that the funeral attendant does verify the cremation card on the coffin before accepting the deceased. Formal checks are performed after the service and before the cremation takes place, therefore, we do not feel this merits a formal finding. In particular, due to the sensitivity of the situation, we understand the rationale for minimal administration at that part of the process.

## 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.

### MAYORS PAY RISE AND NEW ALLOCATES PROPOSED FOR EAST MIDLANDS AUTHORITY

*The Mayor of the East Midlands Combined Authority is set to receive a pay rise under proposals due to be considered by the authority's board later this month.*

The East Midlands Combined County Authority (EMCA) is considering a proposal to increase the Mayor's pay and introduce a new allowances framework. The authority's board will review recommendations from an Independent Remuneration Panel, which was established to assess allowances for members of the newly formed authority. The proposed changes include raising the Mayor's allowance by 3.6% and setting the Deputy Mayor's allowance at £24,875. These adjustments follow the creation of the EMCA's in 2024, which unified Derbyshire, Nottinghamshire, Derby, and Nottingham under a single strategic body with powers over transport, skills, housing, and economic growth.

The panel's recommendations also suggest increased allowances for members of the Overview and Scrutiny Committee and the Audit and Governance Committee, along with new payments for vice-chairs and substitute scrutiny members. The report anticipates national changes from the English Devolution and Community Empowerment Bill, which could allow combined authorities to pay allowances to council leaders and members with special responsibilities. The financial impact of these changes is estimated at an additional £29,000 annually, with potential future allowances adding £114,000, subject to legislative approval. The scheme may be revisited following local government reorganisation in the East Midlands by 2028.

Mayor's pay rise and new allowances proposed for East Midlands - West Bridgford Wire

### FOR INFORMATION

For the Governance and Scrutiny Group and Executive Directors

### ADULT SOCIAL CARE FAIR PAY AGREEMENT IS 'UNWORKABLE' ACCORDING TO THE LOCAL GOVERNMENT ASSOCIATION (LGA)

*The LGA supports a focus on improving pay in adult social care but is warning that the proposed adult social care Fair Pay Agreement (FPA) model is unworkable without adequate funding and local government involvement in the negotiating body.*

LGA has announced its support for improving pay in adult social care but warns that the proposed FPA model is unworkable without adequate funding and local government involvement. Local authorities, as primary commissioners, spent £26.7bn on adult social care in 2025/26, representing 40% of council budgets.

In its response to the Department for Health and Social Care's consultation, the LGA stressed the need for local government to be central to the FPA process. The government has allocated £500 million for the first FPA in 2028, sourced from the £4bn announced in the Spending Review, including council tax income. However, with 1.6 million workers potentially affected, the LGA is concerned this funding is insufficient and could further strain council budgets.

The LGA has called for full central government funding for all costs, including implementation and legal liabilities, direct local government representation in the Adult Social Care Negotiating Body (ASCNB), and a comprehensive Equality Impact Assessment.

Councillor Pete Marland, Chair of the LGA's Local Government Resources Committee, highlights the importance of improving pay for sustainability but insists local government must be involved in decision-making to prevent jeopardising care supply and council financial stability.



Adult social care Fair Pay Agreement is 'unworkable' without proper funding and local government involvement, LGA says - Local Government Association

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**FOR INFORMATION**

For the Governance and Scrutiny Group and Executive Directors

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**COUNCILS REQUEST TO DELAY LOCAL ELECTIONS**

*Twenty-nine councils have written to the government asking their local elections to be postponed by a year, citing the resources needed to deliver the local government reorganisation (LGR) programme, and the cost of holding elections.*

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Twenty-nine councils have requested the government postpone their local elections by a year, citing the resources needed for local government reorganisation (LGR) and election costs. Among these councils, 21 are Labour led, four Conservative, two Liberal Democrat, one Green, and one independent. The government had offered 63 councils the option to delay their May elections due to LGR challenges, and all have now confirmed their positions. Local Government Secretary Steve Reed stated that most elections will proceed as scheduled, but delays are considered where significant reorganisation is underway.

Sky News reports that 29 councils requested a delay, 33 did not, and one was undecided. Councils argue that spending on elections for positions lasting only a year is impractical. The final decision rests with the government, facing criticism from opposition parties. Reform UK leader Nigel Farage plans a legal challenge against the delays, accusing major parties of excluding his party from power. The Electoral Commission's chief executive, Vijay Rangarajan, expressed concern over postponements, stressing that elections should proceed as planned unless exceptional circumstances arise, warning of potential impacts on local decision-making legitimacy and public confidence.

Number of councils that have requested delay to local elections revealed - Sky News







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**FOR INFORMATION**

For the Governance and Scrutiny Group and Executive Directors





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## 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
<b>Substantial</b> 	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.
<b>Moderate</b> 	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.
<b>Limited</b> 	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.
<b>No</b> 	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	
<b>High</b> 	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.
<b>Medium</b> 	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.
<b>Low</b> 	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**

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## **Governance Scrutiny Group**

**Thursday, 5 February 2026**

## **Internal Audit Strategy 2026-2029**

### **Report of the Director - Finance and Corporate Services**

#### **1. Purpose of report**

- 1.1. On 20 February 2025, the plan for 2025/26, as well as provisional internal audit plans for a new cycle of audits in 2026/27 and 2027/28, were approved by the Governance Scrutiny Group.
- 1.2. This report focuses on the planned audits due to take place in year two of the new cycle of audits. These are listed at Appendix A for consideration.
- 1.3. A member of the BDO internal audit team will attend the meeting to present the report and answer any questions the Group may have.

#### **2. Recommendation**

It is RECOMMENDED that the Governance Scrutiny Group review and approve:

- a) the Internal Audit Plan and Charter 2026/27-2028/29 Appendix A
- b) the Internal Audit Strategy, Appendix 1 of the Internal Audit Plan
- c) the Quality Assurance Improvement Plan (QAIP) Appendix 2 of the Internal Audit Plan.

#### **3. Reasons for Recommendation**

- 3.1. To conform with 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. This report presents the proposed audit plan for the three-year period 2026/27 to 2028/29.
- 4.2. The plan is set within the context of a multi-year approach to internal audit planning, such that areas of key risks would aim to be looked at over a three-year audit cycle.

- 4.3. Appendix A gives an indicative strategic plan for 2026/27-2028/29 and the programme is kept under continuous review during the year with any areas of significant risk added during that period. Ten audits are planned for 2026/27 totalling 150 days and covering a number of the Council's key policies and systems. These include:
- Main Financial Systems
  - Section 106 and CIL
  - Income receipts (Car Parks and Garden Waste)
  - Income receipts (Bingham Market)
  - Licensing
  - Waste and Recycling
  - Homelessness and Temporary Accommodation
  - GDPR
  - Fraud Report
  - Local Government Reorganisation.
- 4.4. There will also be a follow-up audit of recommendations made in previous years but not yet implemented to ensure that audit recommendations are being complied with by officers.
- 4.5. There are three questions to assist the Group in their consideration of the audit plan. These are:
- Is the Group satisfied that sufficient assurance is being received within their annual plan to monitor the Council's risk profile effectively?
  - Does the strategy for internal audit cover the Council's key risks as they are recognised by the Group?
  - Are the areas selected for coverage this coming year appropriate?
- 4.6. There is also a requirement that Councillors understand and approve the role and scope of Internal Audit covered in the Internal Audit Strategy as stated at Appendix 1 and the Quality Assurance Improvement Plan Appendix 2 of the audit plan. The Global Internal Audit Standards came into effect in January 2025 and for public sector authorities these engagements must be delivered in accordance with the Application Note Global Internal Audit Standards in the UK Public Sector.
- 4.7. To conform with the new standards, internal audit providers must have an Internal Audit Strategy and a Quality Assurance Improvement Programme to demonstrate how the service aligns with the organisation's strategic objectives and visions, and to demonstrate ongoing learning and improvement by the service over the course of the three-year plan. The appendices provided in this report show how the Internal Audit Three-Year Plan aligns with the Council's strategic objectives and the indicators that internal audit will measure itself against to maintain a high standard of quality and service.

## **5. Risks and Uncertainties**

- 5.1. There are no risks directly attributable to the report although the nature of the internal audit service and the audit plan helps manage risk. The audit fees are

always subject to risk in terms of if an internal control weakness is identified fees can potentially exceed the budget or work may take less time than planned (ie there is both upside and downside risk).

- 5.2. During the year it is possible other risks materialise and to this end the plan is in a state of flux and can be altered if an exceptional issue arises.

## **6. Implications**

### **6.1. Financial Implications**

The audit fee relating to the costs of the audit work is included within existing budgets. The audit plan is constrained by a finite number of days commensurate with the risks pertaining to the Council.

### **6.2. Legal Implications**

There are no legal implications arising from this report.

### **6.3. Equalities Implications**

There are no equalities implications arising from this report.

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

There are no Section 17 implications arising from this report.

### **6.5. Biodiversity Net Gain Implications**

There are no Biodiversity Net Gain implications arising from this report.

## **7. Link to Corporate Priorities**

The Environment	The nature of audit is that it is cross cutting across a range of services and will impact on all of the Council's Corporate Priorities.
Efficient Services	
Sustainable Growth	
Quality of Life	

## **8. Recommendations**

It is RECOMMENDED that the Governance Scrutiny Group review and approve:

- a) the Internal Audit Plan and Charter 2026/27-2028/29 Appendix A
- b) the Internal Audit Strategy, Appendix 1 of the Internal Audit Plan

- c) the Quality Assurance Improvement Plan (QAIP) Appendix 2 of the Internal Audit Plan.

<b>For more information contact:</b>	Peter Linfield Director - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	None
<b>List of appendices:</b>	Appendix A –Internal Audit Plan 2026/27-2028/29





Rushcliffe Borough Council

# Annual Plan and Charter for 2026-27

February 2026

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# Introduction and executive summary

## Introduction

- ▶ Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- ▶ Our approach is to help Rushcliffe Borough Council (the Council) accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Our approach complies with best professional practice, in particular, the principles set out in the Institute of Internal Auditor's (IIA's) International Professional Practices Framework (IPPF) which includes the new Global Internal Audit Standards that become effective from January 2025.
- ▶ The purpose of this paper is to set out, and seek agreement from, the Council's Governance Scrutiny Group on the Internal Audit Annual Plan for 2026/27.

## Internal Audit at Rushcliffe Borough Council.

We have been appointed as internal auditors to the Council to provide the Governance Scrutiny Group and the Executive Management Team with assurance on the adequacy of risk management, governance and internal control arrangements.

Responsibility for these arrangements remains fully with management who should recognise that Internal Audit can only provide 'reasonable assurance' and cannot give any guarantee against material errors, loss or fraud. Our role is aimed at helping management to improve its risk management, governance and internal control mechanisms, so reducing the effects of any significant risks facing the company.

In establishing the internal audit plan for 2026/27 we have sought to further clarify our initial understanding of the Council's business and risk profile in the context of:

- ▶ Corporate risks
- ▶ Management's priorities and objectives for the coming year
- ▶ The key challenges facing client name, by reviewing the corporate risk register
- ▶ The internal audit work carried out in prior years
- ▶ Cyclical coverage based on the audit universe
- ▶ Structural and governance changes across the sector with local government reorganisation expected to reduce the number of local authorities across England and Wales.

## Summary

- ▶ The Internal Audit Plan for 2026/27 is set out on pages 9-14 and comprises 9 audits, totalling 150 days.
- ▶ The rolling three-year Internal Audit Plan is set out on page 18 onwards and will be subject to review each year.
- ▶ The Internal Audit Plan for 2026/27 provides coverage across key strategic and operational service areas.

# Internal audit approach

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## Background

- ▶ Our risk-based approach to internal audit uses the Council's own risk management processes and risk registers as a starting point for audit planning, as this represents the authority's own assessment of the risks to it achieving its strategic objectives.
- ▶ The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own arrangements for managing risk. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the Council's current risk profile.

## Planned Approach to Internal Audit for 2026/27

The suggested Internal Audit Plan for 2026/27 is set out on pages 9 to 14. We will keep the plan under review throughout the year and we will highlight for consideration any significant areas of risk identified during that period that may need to be included as part of the internal audit plan.

- ▶ Where auditable areas correspond to corporate risks, we will take into account the mitigation strategies in place when performing our reviews. This is to ensure that the mitigating controls, as well as the actions that have been identified by management, are in operation and are effective.

## As High risk areas not included

There are high risk areas in the Council's Corporate Risk Register or based on our general understanding of local authorities. These are:

- ▶ The non approval of the Gamston supplementary planning document because this is a specific project which the Council is managing through regular contract management meetings with the developer and have developed a planning performance agreement to manage the risk.
- ▶ Centralised policy changes resulting in increased demand and leading to capacity challenges have been considered through certain review (Local Government Reorganisation, Waste and Recycling) however, there is other legislative changes that have not been specifically included in our plan.
- ▶ Central Government funding uncertainty due to one-year settlements and delays to reforms are not included because this is outside of the Council's control. Other impacted controls such as budget management and control are included in our plan.

## Contingency audits

Audits from page 15 (audits considered but not included) would be considered if any of our planned reviews are removed from the Internal Audit Plan.



# Internal audit approach



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## Variations to the Plan

We acknowledge that variations to the plan may arise from our reviews, changes to the Council's risk profile or due to management requests. Approval will be sought from the Governance Scrutiny Group before any changes to the plan are made.

## Individual Audits

In determining the timing of our individual audits, we will seek to agree a date most convenient to the Council which ensures the availability of key stakeholders. Once this plan is agreed we will discuss priorities and workloads with management and re-issue the plan including the proposed phasing of our internal audit work.

For each we have set out whether they are an assurance or advisory engagement. For each assurance review, we will identify the key objectives of the area subject to audit and the risks of those objectives not being met. We will assess the 'unmitigated' risk (i.e. before the operation of the controls in place) and, having identified and tested those controls, make an assessment of the 'mitigated' risk. This will enable us to confirm that the control infrastructure does reduce risk to a level the Council is comfortable with. Each of our audit reports will include two opinions:

- ▶ Firstly, on the design of controls that are in place
- ▶ Secondly, on the operational effectiveness of those controls in practice.

# Internal audit resources and outputs



Page 36

## Resourcing

The plan has been drafted giving consideration to the Council's budget and how coverage can be best obtained. Resource will be adequate to ensure the delivery of agreed reports to time, except where this is outside of our control. BDO has a core group of professionally qualified staff, including Chartered Accountants and The Institute of Internal Auditors qualified staff, as well as other specialists and experienced auditors. Our team is fully attuned with modern internal audit practice and recognised risk and governance standards.

Subject to approval of the budget, we can confirm that we have sufficient human, financial and technological resources to deliver the Internal Audit Plan.

## Core internal audit team

The core team that will be managing the internal audit programme is:

Name	Grade	Qualification	Email
Gurpreet Dulay	Partner	CPFA	<a href="mailto:Gurpreet.Dulay@bdo.co.uk">Gurpreet.Dulay@bdo.co.uk</a>
Max Armstrong	Manager	ACA	<a href="mailto:Max.Armstrong@bdo.co.uk">Max.Armstrong@bdo.co.uk</a>
Nathan Hall	Assistant Manager	ACA	<a href="mailto:Nathaniel.Hall@bdo.co.uk">Nathaniel.Hall@bdo.co.uk</a>

This team will be supported by members of our Risk Advisory Services (RAS) team and wider firm, as and when required.

## Reporting to the Governance Scrutiny Group

Each year we will submit the Internal Audit Plan for discussion and approval by the Governance Scrutiny Group. We will liaise with the Executive Director of Finance and Corporate Resources, the Assistant Director of Finance and other senior officers, as appropriate, to ensure that internal audit reports, summarising the results of our visits, are presented to the appropriate Governance Scrutiny Group meeting.

## Internal Audit Charter

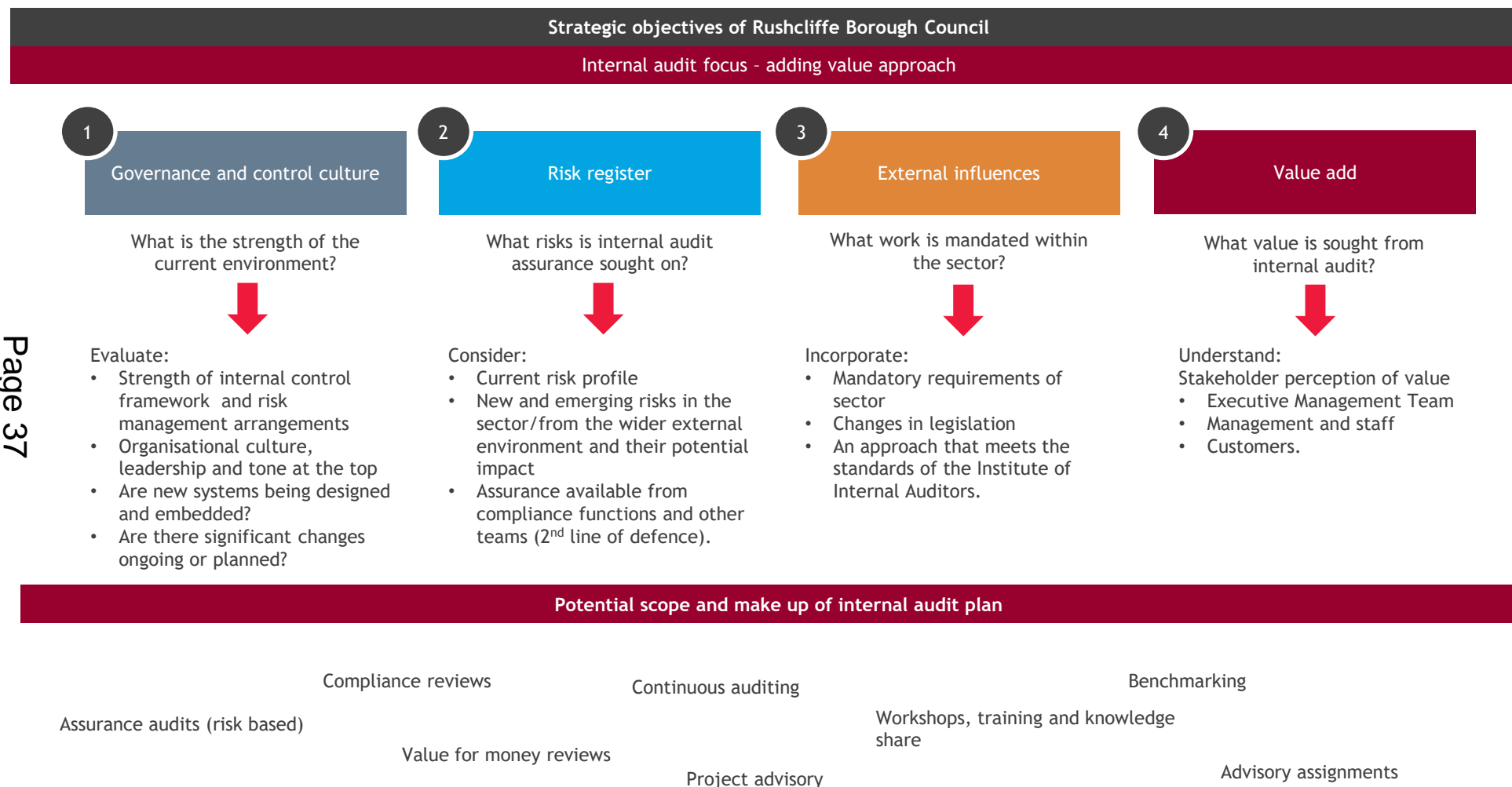
We have formally defined Internal Audit's purpose, authority and responsibility in an Internal Audit Charter, which can be found in Appendix I. The Charter establishes Internal Audit's position within the Council and defines the scope of its activities.

## Definitions

We define in Appendix II our approach for grading individual audit findings and overall audit reports. These definitions have been designed to make the ratings clear to both the Internal Audit team and audit stakeholders.

# Our approach to planning

## Planning approach





# Our approach to planning

## Planning approach

1

### Governance and control culture

The governance and control culture is a fundamental consideration when developing the internal audit approach. We believe that governance is not only affected by procedures, rules and regulations (hard controls); another equally important component is the established culture and behaviour of employees within the Council, as these determine the effectiveness of governance.

We have developed an understanding of these areas through a combination of our discussions with you about your corporate strategy and through review of documents such as your Annual Governance Statement, Statement of Accounts, Going Concern Assessment Report, the Greater Nottinghamshire Local Government Reorganisation Proposal, your Corporate Risk Register and previous internal audit reports, as well as the work we conducted between FY24 and FY26.

Assessment of culture and behaviour will be a key theme throughout the delivery of our work and we will look to provide insight into whether these cultural factors support ethical behaviour on an ongoing basis.

In deriving the plan for 2026/27 and onwards we will focus on any planned and ongoing changes to core systems and processes to respond to the changes in the wider environment.

3

### External influences

Our programme of work is designed to comply with the Global Internal Audit Standards which form part of the International Professional Practice Framework set out by The Institute of Internal Auditors.

For local government internal audit, internal audit is also required to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for the Governance of Internal Audit in UK Local Government, effective from 1 April 2025.

We will also consider in our work any externally imposed regulation relating to governance, risk and control.

2

### Current risk register

On an ongoing basis, our audit plan will be based upon a detailed assessment of those risks that affect the achievement of the Council's strategic objectives. Our audit programme will be designed to ensure that controls are in place such that key risks are appropriately managed and controlled. To understand the Council's objectives and key risks, we considered your following information:

- ▶ Strategy and objectives
- ▶ Risk Management Strategy and risk registers
- ▶ Financial forecasts and performance
- ▶ Reports from other assurance providers
- ▶ The content of your most recent internal audit reports

The internal audit plan and corporate risk register will be periodically reviewed during 2026/27. Should the plan need to change we will seek approval from the Governance Scrutiny Group.

4

### Value add

We understand that 'value' is perceived differently by each client and therefore we do not seek to have a standard approach to this element of the audit programme.

Our methodology considers the additional value the Governance Scrutiny Group and management are seeking from internal audit, beyond the assurance our work provides.

We therefore consider this alongside our understanding of the risks. Added value may take a range of forms, from benchmarking and other peer comparisons, to involvement with advising on new systems implementation, advisory assignments and providing training and seminars.

We will clearly set out in the plan which elements of adding value activity we will deliver.



# Internal audit plan for 2026/27

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Audit area	No. of days	Reason for selection	High level scope	Priority	Risk	Link to strategic objective				Proposed timing	Topical requirement
						Environ-ment	Quality of Life	Sustaina-ble Growth	Efficient Services		
Assurance reviews											
Section 106 and Community Infrastructure Levy	15	S106/CIL funding contributes to investment in local infrastructure by property developers to alleviate the impact of large developments on resources and infrastructure. The Council hold c£40m in S106/CIL funding to invest into local projects.	The purpose of this review is to provide assurance over the Council's strategy and planning for the allocation of S106/CIL funding prior to local government reorganisation. We will also assess the arrangements for monitoring when trigger points are met by developers to ensure S106/CIL income is collected promptly.	Medium	OR_DEG07	✓	✓	✓		Q3	
Income Receipts (Car Parks and Green Waste)	9	Cash and income collection are naturally a higher risk area due to the potential for theft, fraud or misappropriation of the Council's assets.	This review will assess the reconciliation and income collection for the Council's car parks and green waste.	Medium	CRS_FCS03 OR_FCS06				✓	Q2	
		The areas of focus in this audit have been considered higher risk areas as collection processes are outsourced to third parties.	<u>Car Parking</u> Income is collected and banked by NSL with reconciliation, so we will test the completeness and adequacy of these processes.  <u>Green Waste</u> Receipts are collected by the Council so this review will assess the reconciliation and collection processes.								
Income Receipts (Bingham Market)	5	Cash and income collection is a higher risk to the Council as the operation of the market is outsourced to third parties.	This will be a focused review on income collection at Bingham Market, including site inspections to ensure these align with reconciliation reports.	Medium	CRS_FCS03 OR_FCS06				✓	Q1	

# Internal audit plan for 2026/27

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Audit area	No. of days	Reason for selection	High level scope	Priority	Risk	Link to strategic objective				Proposed timing	Topical requirement
						Environ- ment	Quality of Life	Sustaina- ble Growth	Efficient Services		
Assurance reviews											
Licensing	14	<p>Local authorities have a statutory duty to administer various types of licences. Other licenses can be applied on a discretionary basis.</p> <p>A concern around licensing was raised at a Governance Scrutiny Group meeting in 2025/26, therefore, we consider this to be an area of coverage in 2026/27 to provide the Group with assurances over controls and processes.</p>	<p>We will assess the adequacy of controls and procedures for administering and documenting evidence for a range of licenses, including checking whether statutory and mandatory checks of applicants are performed and evidence is retained.</p> <p>We will also benchmark the Council’s licences to other authorities to assess the consistency of licence fees and types of services that it licences to identify potential gaps.</p>	Medium	CRR_CED02 CRR_FCS11			✓	✓	Q2	
Waste and Recycling	15	<p>The Simpler Recycling legislation was introduced for households in March 2026, requiring separate collections for dry recyclables. Food and residual waste collections must be implemented by March 2027. Local authorities are responsible for implementing these changes.</p> <p>The Council started the kerbside glass recycling collections on 1 December 2025. As this is new legislation placing new requirements on local authorities, this is a heightened area of risk.</p>	<p>This review will assess the adequacy of the Council’s arrangements to maintain compliance with the new Simpler Recycling legislation for glass and dry recycling kerbside collections, including procedures for allocating new bins to residents, planning collection routes and ensuring recycling is separated.</p> <p>We will also assess the effectiveness of processes for monitoring and investigating reports of non-compliance with the rules by businesses and escalating these to the Environment Agency.</p>	High	OPP_FCS02	✓	✓		✓	Q3	

# Internal audit plan for 2026/27

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Audit area	No. of days	Reason for selection	High level scope	Priority	Risk	Link to strategic objective				Proposed timing	Topical requirement
						Environment	Quality of Life	Sustainable Growth	Efficient Services		
Assurance reviews											
Homelessness and Temporary Accommodation	15	The Council cooperate with Broxtowe Borough Council and Gedling Borough Council on the South Nottinghamshire Homelessness and Rough Sleeping Strategy. The Council has a statutory obligation to provide main duty and relief duty to those presenting as homeless.	<p>This review will cover the Council’s management of homelessness and temporary accommodation, including the design and effectiveness of controls to comply with the Homelessness Reduction Act 2017.</p> <p>We will select a sample of homelessness cases and temporary accommodation placements to assess whether processes have been followed appropriately to ensure the Council have sufficient demonstrated its exercising of the main and relief duty.</p>	Medium	ORR_NS31		✓		✓	Q4	
GDPR	14	<p>The General Data Protection Regulations (GDPR) were implemented into the Data Protection Act 2023, to establish standards for securely managing and protecting personal and sensitive data.</p> <p>This is a higher area of risk due to the penalties that can be imposed for non-compliance and increased threats of lost data due to cyber security risks.</p>	<p>We will use IT specialists to undertake a review of the Council’s arrangements to comply with GDPR requirements.</p> <p>This will include training and awareness for staff on their responsibilities under the legislation and monitoring and reporting on data held in systems in accordance with ICO guidance.</p>	Medium	CRR_FCS25 CRR_FCS27				✓	Q2	

# Internal audit plan for 2026/27

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Audit area	No. of days	Reason for selection	High level scope	Priority	Risk	Link to strategic objective				Proposed timing	Topical requirement
						Environ ment	Quality of Life	Sustaina ble Growth	Efficient Services		
Advisory reviews											
Main Financial Systems	15	The new finance system is expected to be rolled out by 1 April 2026. Effective financial controls in built into the finance system is critical to ensure that the Council has effective financial management and administration. This is a core area of control that supports our annual opinion.	These audit days will be used during the year in conjunction with discussion with management to provide advice on the transition to the new finance system. The days may be allocated to areas such as: <ul style="list-style-type: none"><li>▶ Reviewing the opening balances on the new system</li><li>▶ Reviewing core controls on the new finance system including separation of duties and workflows</li><li>▶ Access controls to the new finance system.</li></ul>	Medium	CRR_FCS24 OR_FCS11					✓	Q1
Fraud Report	10	CIFAS reported in 2019 of the rise of local authority fraud and lack of identification across the sector, therefore it is a significant risk across the sector. There was estimated to be £33bn lost to fraud in the public sector in 2020/21, including from local authorities.  Fraud is becoming more sophisticated and a higher threat to local authorities.	Provide an annual report on the activities of the Council and areas of potential fraud such as council tax and benefits as well as compliance with functional standards and ensuring up-to-date policies and procedures are in place.	Medium	CRR_FCS03 OR_FCS06					✓	Q1

## Internal audit plan for 2026/27

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Audit area	No. of days	Reason for selection	High level scope	Priority	Risk	Link to strategic objective				Proposed timing	Topical requirement
						Environ ment	Quality of Life	Sustaina ble Growth	Efficient Services		
Advisory reviews											
Local Government Reorganisati on	15	Local government is the most significant to most local authorities, causing uncertainty around the future of councils and the services provided. It is expected that the preparations for local government reorganisation could lead to capacity and resource challenges to local authorities, as staff manage the transition to the new authority while continuing to deliver services to residents.  There are several high risks on the Council’s Corporate Risk Register relating to the impact of local government reorganisation.	We will hold a number of days in our audit plan to provide advisory support to the Council in preparation for local government reorganisation. The use of these days will be allocated during the year based on the progress made and the changing risk dynamics relating to local government reorganisation.	High	CRR_CED08 CRR_FCS34 CRR_FCS35	✓	✓	✓	✓	Q4	

## Internal audit plan for 2026/27

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Audit area	No. of days	Reason for selection	High level scope	Priority	Risk	Link to strategic objective				Proposed timing	Topical requirement
						Environ ment	Quality of Life	Sustaina ble Growth	Efficient Services		
Management and recommendation follow up											
Contingency	3	Flexible audit days are built into our plan to manage and support on emerging risks that develop throughout the year.	We have built contingency days into our Audit Plan to be allocated to flexible work or to expand scope of existing audits.	N/A	N/A	✓	✓	✓	✓	Q1-4	
Follow up	7	To ensure high and medium significance audit recommendations are implemented to improve controls.	We will follow up on all high and medium recommendations and report to management on the implementation of these.	N/A	N/A	✓	✓	✓	✓	Q1-4	
Management	13	To provide effective management and reporting on our audit work, days are allocated for ongoing contract management and attending Governance Scrutiny Group meetings.	This is time assigned to attend Governance Scrutiny Group, planning and reporting.	N/A	N/A	✓	✓	✓	✓	Q1-4	
Total	150										

The priority rating assigned to each review has been determined through the internal audit risk assessment which considers the Council's governance, strategy, strategic and corporate risks, risk appetite and reliance on control.

## Areas considered but not included

The following areas have been considered for 2026/27 but have been de-prioritised. This will be considered in future years and should any areas of the Internal Audit Plan be removed during the year, we will consider whether any of these can be brought forward.

Audit area	Reason for de-selection	Priority	Risk	Link to strategic objective			
				Environment	Quality of Life	Sustainable Growth	Efficient Services
Leisure Services	The Council's contracts with existing operators is due for renewal in 2030, with the private finance initiative contracts due to end in July 2027. In consultation with the Executive Director of Neighbourhoods it was proposed the greater value would be added from an internal audit review in 2028/29.	Medium	CRR_FCS21		✓		
Local Development Plan	This review was considered as part of our three-year internal audit plan. The Local Development Plan has been submitted for examination which is expected to take place in quarter 1 of 2026/27 and so it is expected that the plan will be full adopted towards the end of 2027. This will be considered as part of the audit plan for 2028/29.	Medium	CRR_DEG07	✓		✓	
Cyber Security	Due to the high risk associated with cyber threats and attacks in the public sector, this is considered as part of our planning for all local authorities. We have deferred this review to 2027/28 as this area was last reviewed in 2024/25 with Substantial assurance provided for the design of controls and Moderate assurance for the effectiveness of controls. Other IT areas are included in our plan each year.	High	CRR_FCS23 CRR_FCS24 CRR_FCS25 CRR_FCS27				✓
Staff Recruitment and Retention	This risk has reduced on the CRR but remains a medium risk due to the potential impact of local government reorganisation on the Council's workforce. Resourcing and capacity will be a consideration in each audit assignment under our assessment of root cause of findings.	Medium	CRR_CED08	✓	✓	✓	✓

## Link to risk register

We have linked the Council's risk register to the audits in our Internal Audit Plan (as of September 2025).

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Ref	Risk Name	Current risk score	Previously audited			Audit in IA plan		
			FY24	FY25	FY26	FY27	FY28	FY29
CRR_CED01	Equal pay claim	6		✓				
CRR_CED02	Inadequate services	3	✓	✓	✓	✓	✓	✓
CRR_CED06	Health and safety	3			✓			
CRR_CED07	Elections	4						
CRR_CED08	Difficulty recruiting and retaining staff	6		✓			✓	✓
CRR_DEG01	Five-year housing supply	6						✓
CRR_DEG02	Council Assets	3			✓			
CRR_DEG03	Rushcliffe Oaks Crematorium not meeting the business model targets	6	✓		✓			
CRR_DEG07	Greater Nottingham Strategic Plan	4						
CRR_DEG11	UKSPF Compliance	4						
CRR_DEG12	Gamston SPD	9						
CRR_DEG13	Impact of changes to government planning policy and legislation	6				✓		
CRR_FCS01	Failure to deliver legislation	4		✓	✓	✓	✓	✓
CRR_FCS02	Reducing New Homes Bonus	6						
CRR_FCS03	Fraud identification	4	✓	✓	✓	✓	✓	✓
CRR_FCS05	Reduction in the Business Rates base	6			✓			
CRR_FCS07	Centralised policy changes	9				✓	✓	✓
CRR_FCS08	Capital resources	6						✓
CRR_FCS09	Local economic changes	8				✓	✓	
CRR_FCS11	Increased Service demand	6	✓	✓	✓	✓	✓	✓



## Link to risk register

We have linked the Council's risk register to the audits in our Internal Audit Plan (as of September 2025).

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Ref	Risk Name	Current risk score	Previously audited			Audit in IA plan		
			FY24	FY25	FY26	FY27	FY28	FY29
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	8						✓
CRR_FCS21	Potential inflationary pressures	9	✓	✓	✓	✓	✓	✓
CRR_FCS22	Central Government funding	9						
CRR_FCS23	Loss of ICT supplier	6		✓			✓	
CRR_FCS24	Failure of ICT systems	8	✓	✓			✓	
CRR_FCS25	Sensitive data lost or compromised	6	✓	✓		✓	✓	✓
CRR_FCS27	Cyber-attack	8	✓	✓			✓	
CRR_FCS32	Business Continuity	3			✓			
CRR_FCS33	Failure of partnerships	6	✓					
CRR_FCS34	Break in service delivery	16			✓	✓	✓	✓
CRR_FCS35	Risk to the Medium-Term Financial Strategy (MTFS)	16		✓		✓	✓	✓
CRR_NS11	Emergency planning	3			✓			
CRR_NS19	Safeguarding children and vulnerable adults	3						
CRR_NS22	Asylum Relocation schemes	4						
CRR_NS23	Carbon Management Plan	6		✓				✓
CRR_NS35	CCTV Cameras	9					✓	

# Internal audit three-year plan 2026-29

The table below outlines our proposed three-year plan for the Council's mapped to each of its core service areas for 2026-29. Audits included in Year 2 and Year 3 are indicative of what might be included based on our initial discussions with management, the current risk register and out audit needs assessment but will be subject to a formal review towards the end of Year 1.

Audit area	FY27	FY28	FY29
Chief Executive's Department		<ul style="list-style-type: none"> <li>▶ Staff Recruitment and Retention</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sickness and Absence Management</li> <li>▶ FOIs and DSARs</li> </ul>
Finance and Corporate Services	<ul style="list-style-type: none"> <li>▶ GDPR</li> <li>▶ Main Financial Systems</li> <li>▶ Fraud Report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Main Financial Systems</li> <li>▶ Payroll</li> <li>▶ Fraud Report</li> <li>▶ Cyber Security</li> <li>▶ Employment Rights Act 2025</li> </ul>	<ul style="list-style-type: none"> <li>▶ Main Financial Systems</li> <li>▶ Fraud Report</li> <li>▶ Budget Management and Medium-Term Financial Strategy</li> <li>▶ IT Disaster Recovery Planning</li> </ul>
Economic Growth and Development	<ul style="list-style-type: none"> <li>▶ Section 106 and Community Infrastructure Levy</li> <li>▶ Local Government Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Economic Growth (East Midlands Freeport)</li> <li>▶ Local Government Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Capital Projects</li> </ul>
Neighbourhoods, Community and Place	<ul style="list-style-type: none"> <li>▶ Income Receipts (Car Parks and Green Waste)</li> <li>▶ Income Receipts (Bingham Market)</li> <li>▶ Licensing</li> <li>▶ Waste and Recycling</li> <li>▶ Homelessness and Temporary Accommodation</li> </ul>	<ul style="list-style-type: none"> <li>▶ CCTV Management</li> <li>▶ Renters' Rights Act 2025</li> </ul>	<ul style="list-style-type: none"> <li>▶ Environment and Air Quality Management</li> <li>▶ Strategic Housing</li> <li>▶ Leisure Contracts</li> </ul>

# Appendix I: Internal audit charter

## Internal Audit's Purpose and Mandate

### Purpose

The purpose of the internal audit function is to strengthen Rushcliffe Borough Council's (the Council's) ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the Council's:

- ▶ Successful achievement of its objectives
- ▶ Governance, risk management, and control processes
- ▶ Decision-making and oversight
- ▶ Reputation and credibility with its stakeholders
- ▶ Ability to serve the public interest

The Council's internal audit function is most effective when:

- ▶ Internal auditing is performed by competent professionals in conformance with the Institute of Internal Audit's Global Internal Audit Standards™, which are set in the public interest.
- ▶ The internal audit function is independently positioned with direct accountability to the board.
- ▶ Internal auditors are free from undue influence and committed to making objective assessments.

### Mandate

#### Authority

The board grants the internal audit function the mandate to provide the board and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the board. Such authority allows for unrestricted access to the board.

The board authorises the internal audit function to:

- ▶ Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- ▶ Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- ▶ Obtain assistance from the necessary organisation's personnel in relevant engagements, as well as other specialised services from within or outside the organisation to complete internal audit services.

#### Independence, position, and reporting relationships

The Head of Internal Audit (HoIA) HoIA will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.

The HoIA will report functionally to the board and administratively to the Executive Director for Finance and Corporate Services.

This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The HoIA will confirm to the board, at least annually, the organisational independence of the internal audit function.

The HoIA will disclose to the board any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

# Appendix I: Internal audit charter

## Board Oversight

To establish, maintain, and ensure that the Council's internal audit function has sufficient authority to fulfil its duties, the board will:

- ▶ Discuss with the HoIA and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- ▶ Ensure the HoIA has unrestricted access to and communicates and interacts directly with the board, including in private meetings without senior management present.
- ▶ Discuss with the HoIA and senior management other topics that should be included in the internal audit charter.
- ▶ Participate in discussions with the HoIA and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- ▶ Review and approve the internal audit function's charter annually, which includes the internal audit mandate and the scope and types of internal audit services.
- ▶ Approve the risk-based internal audit plan.
- ▶ Approve the internal audit function's human resources administration and budgets.

- ▶ Collaborate with senior management to determine the qualifications and competencies the organisation expects in a chief audit executive.
- ▶ Authorise the appointment and removal of the chief audit executive and out-sourced internal audit provider.
- ▶ Approve the fees paid to the out-sourced internal audit provider.
- ▶ Review the chief audit executive's and internal audit function's performance.
- ▶ Receive communications from the HoIA about the internal audit function including its performance relative to its plan.
- ▶ Ensure a quality assurance and improvement program has been established and review the results annually.
- ▶ Make appropriate inquiries of senior management and the HoIA to determine whether scope or resource limitations are inappropriate.

### Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, board, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- ▶ A significant change in the Global Internal Audit Standards.
- ▶ A significant acquisition or reorganisation within the organisation.
- ▶ Significant changes in the chief audit executive, board, and/or senior management.
- ▶ Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- ▶ New laws or regulations that may affect the nature and/or scope of internal audit services.



# Appendix I: Internal audit charter

## HolA Roles and Responsibilities



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### Ethics and Professionalism

The HolA will ensure that internal auditors:

- ▶ Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- ▶ Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- ▶ Encourage and promote an ethics-based culture in the organisation.
- ▶ Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### Objectivity

The HolA will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the HolA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment

Internal auditors will:

- ▶ Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, board, management, or others.
- ▶ Exhibit professional objectivity in gathering, evaluating, and communicating information.
- ▶ Make balanced assessments of all available and relevant facts and circumstances.
- ▶ Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

# Appendix I: Internal audit charter

## HolA Roles and Responsibilities



### Managing the Internal Audit Function

The HolA has the responsibility to:

- ▶ At least annually, develop a risk-based internal audit plan that considers the input of the board and senior management. Discuss the plan with the board and senior management and submit the plan to the board for review and approval.
  - ▶ Communicate the impact of resource limitations on the internal audit plan to the board and senior management.
  - ▶ Review and adjust the internal audit plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls.
  - ▶ Communicate with the board and senior management if there are significant interim changes to the internal audit plan.
  - ▶ Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
  - ▶ Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.
  - ▶ Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate
  - ▶ Identify and consider trends and emerging issues that could impact the Council and communicate to the board and senior management as appropriate
- ▶ Consider emerging trends and successful practices in internal auditing
  - ▶ Establish and ensure adherence to methodologies designed to guide the internal audit function
  - ▶ Ensure adherence to relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the board and senior management
  - ▶ Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the HolA cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the board.



# Appendix I: Internal audit charter

## HolA Roles and Responsibilities

### Communication with the Board and Senior Management

The HolA will report quarterly to the board and senior management regarding:

- ▶ The internal audit function's mandate
- ▶ The internal audit plan and performance relative to its plan
- ▶ Internal audit budget
- ▶ Significant revisions to the internal audit plan and budget
- ▶ Potential impairments to independence, including relevant disclosures as applicable
- ▶ Results from the quality assurance and improvement program, which include the internal audit function's conformance with the IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement
- ▶ Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the board
- ▶ Results of assurance and advisory services
- ▶ Resource requirements
- ▶ Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the organisation's risk appetite.



### Quality Assurance Improvement Programme (QAIP)

The HolA will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function.

The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.

Annually, the HolA will communicate with the board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside BDO; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

# Appendix I: Internal audit charter

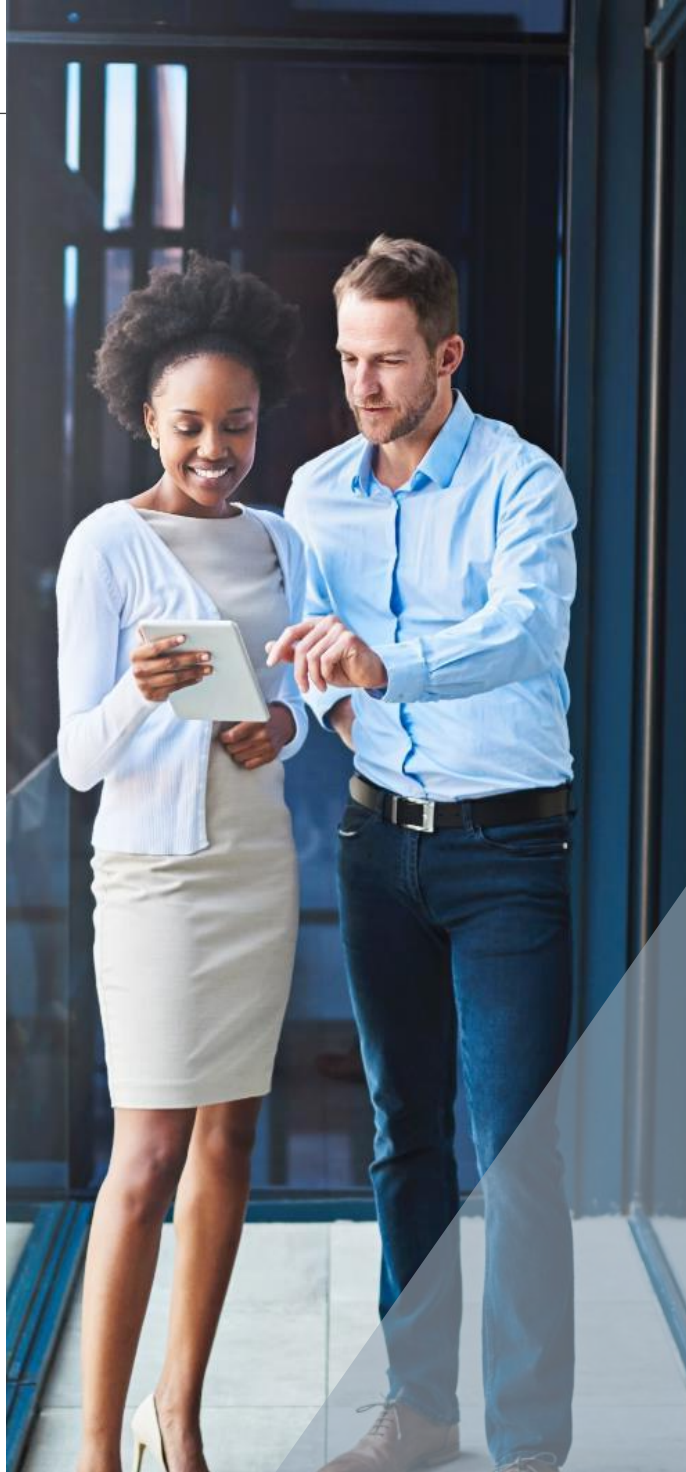
## Scope and Types of Internal Audit Services

### Scope and Types of Internal Audit Services

- ▶ The scope of internal audit services covers the entire breadth of the organisation, including all the Council's activities, assets, and personnel.
- ▶ The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the board and management on the adequacy and effectiveness of governance, risk management, and control processes for the organisation.
- ▶ The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- ▶ Risks relating to the achievement of the organisation's strategic objectives are appropriately identified and managed.
- ▶ The actions of the Council's officers, directors, management, employees, and contractors or other relevant parties comply with organisational policies, procedures, and applicable laws, regulations, and governance standards.
- ▶ The results of operations and programs are consistent with established goals and objectives.
- ▶ Operations and programs are being carried out effectively and efficiently.
- ▶ Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the organisation.
- ▶ The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- ▶ Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.





## Appendix II: Definitions

Level of Assurance	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
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				
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, Partner

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Washcliffe Borough  
Council  
Internal Audit  
Strategy

February 2026



# Internal Audit Strategy

## Business strategic context

The purpose of lower-tier local authorities is to manage and deliver local services to residents. Rushcliffe Borough Council (the Council) are responsible for providing statutory and discretionary services across the borough of Rushcliffe. The Council’s Corporate Strategy for 2024-27 defines its four key priorities; the environment, quality of life, sustainable growth and efficient services.

**Environment** - building on its Climate Change Strategy for 2021 to 2030, the Council is committed to contributing to the protecting the environment by reducing its own emissions to being net-zero in its own operations and supporting nature conservation initiatives in the area to preserve the natural environment and wildlife.

**Quality of Life** - provide high quality facilities, local infrastructure and initiatives to improve the lives of residents across the borough, making it a great place to live, work and socialise.

**Sustainable Growth** - collaborate with partners to lead and contribute to local economic growth, supporting the provision of job opportunities and homes in the borough, ensuring that there is development in local infrastructure and assets.

**Efficient Services** - deliver efficient and effective statutory services to residents through good governance and management to provide value for money.

## Internal audit vision and objectives

Internal Audit is positioned to play a critical role in the Council’s drive to continued success as a high-performing local authority, providing assurance over the design and effectiveness of controls and that these are enhancing the resident experience in an efficient way. Local government reorganisation is the largest structural overhaul to local authorities for a generation, with proposals for the future of local government in Nottinghamshire awaiting consideration from central government. Internal Audit will support the Council to meet its strategic objectives over this period, preparing for local government reorganisation, but also ensuring that core services and policies continue to operate effectively during this transition.

## Strategic pillars

### Supporting the strategy

- Internal Audit is positioned to serve as a trusted and strategic advisor, providing business leadership with forward-looking, high-value insights that support strategic decision-making, enhance risk awareness, and align with the organisational risk appetite.
- Internal Audit will work closely with other assurance providers - notably second line functions such as IT security, Risk, Compliance and Legal.
- A growing proportion of our activities will focus on advisory engagements, striking a balance that allows us to address both critical projects and programmes, core business processes and emerging risks.

### People management and development

- A high-performing and flexible Internal Audit team is essential for delivering quality and impactful audit services.
- The people strategy focuses on recruiting and nurturing a talented, versatile, and technically proficient workforce.
- By investing in IIA/CCAB trainees, advanced qualifications, availability of SMEs and specialised training across key areas—such as ESG, fraud, IT, operations, and regulatory frameworks we will deepen the team’s expertise and strengthen our capacity to address complex audit demands.

### Process and methodology

- Optimising our audit methodologies to ensure they remain agile, relevant, and compliant with the latest IIA standards and regulatory expectations.
- Maintaining strong relationships with the Institute and regulators.
- Quality will remain at the heart of our service with robust assurance checking and review procedures, overseen through annual and periodic hot/cold review procedures.
- Our Quality Assurance and Improvement Programme (QAIP) will continue to be robust, involving regular internal and external assessments that align with industry best practices.

### Technology development

- In an environment of rapid technological change, Internal Audit will continuously evolve and adopt digital innovations to deliver more effective, insightful, and efficient assurance. This strategy prioritises the integration of advanced data analytics and AI across audit operations, positioning these tools as essential elements of our methodology.
- Internal Audit will maintain close relationships with the CIO, DPO of the business to ensure our approach is aligned with the organisation’s approach to data protection and cyber security.



# Internal Audit Strategy - proposed actions 2026/29

Area	Initiative / action
Strategy support	<ul style="list-style-type: none"> <li>Continue to work closely with wider second line group to align working practices to support assurance over the strategy</li> <li>Ensure our annual plan was wide coverage of the four strategic priorities, providing assurances over the delivery of strategies and objectives across the whole Council, including front-line services impacting residents</li> <li>Apply a blend of audit and advisory techniques using our various toolkits to assess the Council's 'soft controls' such as EDI, Environment, Governance/Culture, Sustainability, etc. This will provide roadmaps to applying best practice controls to achieve objectives</li> <li>Focus our audits on preparations and planning for local government reorganisation, both in specific audit engagements and the risks linked to local government reorganisation in operational audits.</li> </ul>
People	<ul style="list-style-type: none"> <li>Commit to maintaining a constant audit team, with the Head of Internal Audit remaining consistent supported by a Manager and Assistant Manager to operationally manage audit delivery and quality control procedures</li> <li>Use SMEs and specialist skills and knowledge for highly technical areas of testing</li> <li>Ensure 60% of qualified resources are used in the delivery of the audit plan</li> <li>Ensure team members hold or are working towards professional and relevant qualifications</li> <li>Team members will comply with the firm's and professional bodies policies on CPD requirements</li> <li>Governance Scrutiny Group meetings and all contract management meetings will be attended by the Engagement Partner (Gurpreet Dulay) and/or the Engagement Manager (Max Armstrong).</li> </ul>
Process	<ul style="list-style-type: none"> <li>Perform annual desktop review of manual and methodology to confirm in line with professional standards</li> <li>Undertake annual self assessment against EQA</li> <li>Participate in BDO cold/hot review process act upon any improvement points</li> <li>Ensure of QAIP is a live document subject to ongoing review to monitor our delivery of our progress and retain flexibility to adjust to changes in the Council's environment</li> <li>Commission independent EQA every five years.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Use BDO tools on data analytics and AI to improve the quality of information and output to the Council, extending our testing to full populations of data.</li> <li>Invest in new technologies and team training as required to widen the use of GenAI in IA delivery</li> <li>Continue to manage your data securely and confidentially on our audit systems.</li> </ul>

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Wushcliffe Borough  
Council

Internal Audit -  
Quality Assurance  
Improvement  
Programme (QAIP)

February 2026



# Quality assurance improvement programme

In accordance with Standard 8.3 of the Global Internal Audit Standards, we must develop, implement and maintain a quality assurance improvement programme (QAIP).

Our QAIP is premised on the following three key activities. We will report annually to the Governance Scrutiny Group, on the results of the ongoing monitoring of quality and performance (including the results of the internal quality assessments). Results of the external quality assessments will be reported when completed. If applicable, plans to address any improvements identified will also be communicated.

## Ongoing monitoring of quality and performance

**Internal audit methodology** - A standard internal audit methodology, working papers and templates are in use. Our methodology is updated when necessary and formally reviewed on an annual basis.

**Supervision and review of outputs** - All internal audit work is supervised and formal review of all deliverables including annual plans, terms of reference, draft and final reports and written advice is performed by Gurpreet Dulay before issue.

**Use of subject matter experts** - Our work employs sufficient technical knowledge and skills to safeguard quality. To deliver your Internal Audit Plan, we will draw on the use of subject matter expert (SME) for the following assignments; GDPR and the Fraud Report. The SME will be used either to review the scope and work or to deliver the fieldwork for the review.

**Monitoring of the performance** - A suite of quantitative and qualitative key performance metrics is in place to monitor the performance and effectiveness of the Internal Audit team and the value Internal Audit brings to the business.

**Stakeholder feedback** - is requested from audit stakeholders after each audit and used to identify ways to improve our service. We will also share a feedback survey to the Governance Scrutiny Group Chair to obtain feedback on our presentations and audit quality.

**Sharing of good practice** - we promote a culture where lessons learned and good practice are shared across the team. We will continue to share benchmarking on specific audits and sector updates with the Governance Scrutiny Group to ensure that you are up-to-date on developments in the local government sector.

## Internal assessments

**Annual self assessment** - On an annual basis, an experienced review Partner or Director will perform a self-assessment of compliance with the Global Internal Audit Standards which will include a sample of files. An improvement action plan will be drafted based on the findings.

**Hot and cold reviews** - During the year, an experienced review Partner, Director or Senior Manager, independent of the engagements under review, will also review a selection of individual internal audit engagements to obtain ongoing assurance on the technical quality of our work. These will be performed based upon an agreed review programme, of closed (cold) files and thematic (hot) reviews of in-flight engagements.

**Four eyes principle** - All our outputs and the key underlying documentation are subject to review by a second person. For you, our work will be subject to one detailed review by a manager and a higher-level review by the Partner. Any specialist or high-risk work will be subject to a second Partner review by a SME.

**Ongoing review** - All audit files will be subject to a detailed review by a Manager or Assistant Manager to ensure that the quality of audit work meets our expected standards. Additionally, mid-file reviews will be performed on all audits during the fieldwork to ensure all key risk areas discussed and agreed at the scoping meeting are being covered during the fieldwork, allowing any gaps to be remediated during the audit.

**Closing meetings** - The closing meeting agenda will be reviewed by a Manager or Assistant Manager before being issued to officers.

## External assessments

In accordance with Standard 8.4, an external assessment of the quality (EQA) of our internal audit work must be conducted at least once every five years by a qualified, independent assessor or assessment team.

### Previous EQA

At BDO we recognise the importance of independent quality assurance and so submit our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2021. We engaged the Chartered Institute of Internal Auditors (CIIA) to carry out the EQA and, in summary, their conclusion was that BDO generally conforms to the International Professional Practices Framework (IPPF). This is the highest of the three gradings awarded by the CIIA.

A copy of the EQA report is available to our clients so they can obtain comfort regarding our working practices.

### Next EQA

Our next EQA is expected to be delivered in 2026. As part of communications with clients, the project team will discuss the results of the external assessment with the Audit Committee



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# Quality assurance improvement programme

Specific improvement actions to enhance the Internal Audit function in line with the Internal Audit Strategy are:

Initiative	Benefit	Due date	Completed
Ensure our annual plan was wide coverage of the four strategic priorities, providing assurances over the delivery of strategies and objectives across the whole Council, including front-line services impacting residents	Align our audit plan to the Council's strategic risks, ensuring that areas we cover link back to strategic objectives	Ongoing throughout delivery of our 26/27 IA plan	
Apply a blend of audit and advisory techniques using our various toolkits to assess the Council's 'soft controls' such as EDI, Environment, Governance/Culture, Sustainability, etc. This will provide roadmaps to applying best practice controls to achieve objectives	Allows management to gain insights into emerging risks with advisory support rather than traditional third line assurance	Ongoing throughout delivery of our 26/27 IA plan and over our three-year plan to FY29	
Use SMEs and specialist skills and knowledge for highly technical areas of testing  Ensure 60% of qualified resources are used in the delivery of the audit plan  Ensure team members hold or are working towards professional and relevant qualifications  Team members will comply with the firm's and professional bodies policies on CPD requirements	Allow the Council continue to benefit from expertise across our firm on specific, technical audit engagements. Furthermore, use of qualified staff and ensuring our staff maintain relevant CPD ensures that emerging issues and risks are addressed in our audit work to maximise the value to the Council	Through the delivery of individual audit engagements during 26/27 and throughout the full plan for the year	
Perform annual desktop review of manual and methodology to confirm in line with professional standards	Ensuring that our manual and methodology meet our professional standards to give you assurance over the quality and approach of our work	At the end of 26/27	

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# Quality assurance improvement programme

Specific improvement actions to enhance the Internal Audit function in line with the Internal Audit Strategy are:

Initiative	Benefit	Due date	Completed
Commission independent EQA every five years	Allows for independent assurance that our work conforms with the GIAS.	Every five year, with the next review due in 2026	
Use BDO tools on data analytics and AI to improve the quality of information and output to the Council, extending our testing to full populations of data	Allows for full population and broader audit testing, reducing the sample risk and giving you greater assurance over the conclusions drawn from our work. This will also enable more nuanced and exception-focused auditing to establish the root cause of control issues	Ongoing throughout delivery of our 26/27 IA plan  At the end of 26/27 we will evaluate whether data analytics and AI tools have been used where appropriate	
Act on stakeholder feedback and engagement to evolve and improve the service	Allows for ongoing improvement and development to ensure that our internal audit service meets your expectations	After each internal audit assignment	
Seek feedback from the Governance Scrutiny Group (via the Chair) on our reporting and feedback approach	Ensures that our reports and presentation approach meets the expectations of the Governance Scrutiny Group to ensure that you are receiving the assurance you require to discharge your duties effectively.	A survey will be issued to the Chair annually and an offer for a 1:1 feedback meeting to discuss the audit service	

FOR MORE INFORMATION:

Gurpreet Dulay, Partner

Gurpreet.Dulay@bdo.co.uk

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## **Governance Scrutiny Group**

**Thursday, 5 February 2026**

## **Progress Report and Indicative Audit Plan 2025/26**

### **Report of the Director – Finance and Corporate Services**

#### **1. Purpose of report**

- 1.1. The report aims to provide the Governance Scrutiny Group with information about progress of Forvis Mazars in delivering their responsibilities as the Councils' external auditors for the 2025/26 financial year.
- 1.2. Mazars staff will be available at the meeting to answer any detailed questions arising from the report.

#### **2. Recommendation**

It is RECOMMENDED that the Governance Scrutiny Group review the Progress Report and Indicative Audit Plan for 2025/26.

#### **3. Reasons for Recommendation**

To comply with the Audit Commission's Code of Audit Practice and relevant legislation and accord with good governance.

#### **4. Supporting Information**

- 4.1. Forvis Mazars have held discussions with management to agree the timings of the audit and to agree deliverables for the interim stage.
- 4.2. Councillors will be aware that the Council has a legal requirement to produce a draft Statement of Accounts by the 30 June which is then subject to review by the Authority's external auditors, Forvis Mazars, and approval by 'those charged with governance', the Governance Scrutiny Group, by the 31 January 2027 (the 'backstop' date for 2025/26 accounts).
- 4.3. The formal Audit Plan will be presented to the Governance Scrutiny Group in June 2026, ahead of the start of the main audit.
- 4.4. The expected areas of audit focus can be found on page 3 and cover Financial Statement risks and Value for Money (VFM) risks. The key risks are expected to be: management override of controls, valuation of land, Valuation of the LGPS Defined Benefit Asset and Liability and buildings and transfer to new ledger system.

- 4.5. On page 7 of the Indicative Plan, Forvis Mazars have set the completion target as September to November. The statutory deadline for the accounts sign off of 2025/26 accounts is 31 January 2027 and therefore the approval of the completion report is expected to be presented to GSG at the November meeting. We will aim for the September meeting but this is subject to risk, not least the completion of the Pension Fund audit.
- 4.6. It should be noted that the audit fees for 2025/26 are currently set at £146,459 (2024/25 fees £157,004 including fee variations) . If any additional audit work is required beyond what is covered by the scale fee, PSAA will review the associated costs in line with their established fee variation process.
- 4.7. Management will continue to challenge any increases in fees and their reasonableness compared to audit risk particularly at a time of cost pressures across all service areas. Any future rationalisation of audit requirements could result in reduced fees although it is not known when or if this may happen.

## **5. Risks and Uncertainties**

The Forvis Mazars report highlights relevant risks (page 6).

## **6. Implications**

### **6.1. Financial Implications**

The audit fee (paragraph 4.6) relating to the costs of the audit work will be met from existing budgets.

### **6.2. Legal Implications**

The Governance Scrutiny Group plays a key role in supporting the Council's governance controls by supporting and contributing to the Council's responsibility to maintain an adequate and effective system of internal control.

### **6.3. Equalities Implications**

There are no equalities implications.

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

There are no Section 17 implications.

### **6.5. Biodiversity Net Gain**

There are no Biodiversity Net Gain implications.

## 7. Link to Corporate Priorities

The Environment	There is no link to this corporate priority within this report.
Efficient Services	Undertaking an external audit of the financial accounts ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	There is no link to this corporate priority within this report.
Quality of Life	There is no link to this corporate priority within this report.

## 8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group review the Progress Report and Indicative Audit Plan 2025/26.

<b>For more information contact:</b>	Peter Linfield Director - Finance and Corporate Services 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	None.
<b>List of appendices:</b>	<b>Appendix 1</b> – Progress Report and Indicative Audit Plan 2025/26

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# Audit Progress Report

## Rushcliffe Borough Council

February 2026

# 2025/26 Audit Progress and Indicative Audit Plan

# Audit progress

## Purpose of this report

This report aims to provide the Governance Scrutiny Group with information about progress in delivering our responsibilities as the Councils' external auditors for the 2025/26 financial year.

## Conclusion of 2024/25 Audit and issue of Audit Certificate for 2023/24

As communicated as verbal update to the Governance Scrutiny Group in December 2025, we completed our work and issued our audit opinion for the year ended 31 March 2025 on 24<sup>th</sup> November 2025, well ahead of the statutory deadline of 27<sup>th</sup> February 2026. Our opinion on the statement of accounts was unqualified and we did not identify any significant weaknesses in the Council's arrangements for securing Value for Money.

We have not yet received confirmation from the NAO that the group audit of the Whole of Government Accounts has been completed and that no further work is required from us. Once this confirmation has been received, we can complete the formality of issuing the audit certificate. It should be noted that this has no impact on the statutory February deadline and applies to all local authorities nationally.

NAO confirmation was received and our audit certificate was issued in respect of 2023/24 on 4<sup>th</sup> September 2025.

## 2025/26 Audit Progress

Our annual accounts workshop for finance team members will take place in March 2026 (date to be confirmed).

Since our last progress report to Members we have:

- submitted our list of required deliverables to the Council for the planning and interim stages of the audit
- had ongoing discussions with management to organise audit timing and logistics and to integrate lessons learned from the prior year audit

We will present our formal Audit Strategy Memorandum in Spring 2026 and will continue to keep the committee updated with progress.

The expected areas of focus will include:

Financial statement risks:

- Risk of management override of controls (mandatory risk on all audit engagements)
- Valuation of the LGPS Defined Benefit Asset and Liability
- Revaluation of Land & Buildings (Property, Plant & Equipment and Investment Properties)
- Risks around the data transfer to the new ledger system (NB: we will need to confirm with management whether this will impact the 2025/26 or 2026/27 audit years before we can issue our formal audit plan)

Value for money arrangements:

- Financial sustainability
- Governance
- Improving Economy, Efficiency and Effectiveness



# Engagement and responsibilities summary

We are appointed to perform the external audit of Rushcliffe Borough Council (the “Council”) for the year to 31 March 2026. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

## Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Council Accounting.

Our audit does not relieve management or Governance Scrutiny Group, as those charged with governance, of their responsibilities.

The Director of Finance & Corporate Services (s151 Officer) is responsible for the assessment of Rushcliffe Borough Council’s ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the s151 Officer’s use of the going concern basis of accounting in the preparation of the financial statements.

## Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rushcliffe Borough Council’s internal control.

## Whole of Government Accounts

We report to the NAO on the consistency of the Council’s financial statements with its Whole of Government Accounts (WGA) submission.



## Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

## Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in the ‘Value for Money’ section of this report.

## Wider reporting and electors’ rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.



**Mark Surridge**

**Key Audit Partner**

Mark.Surridge@mazars.co.uk

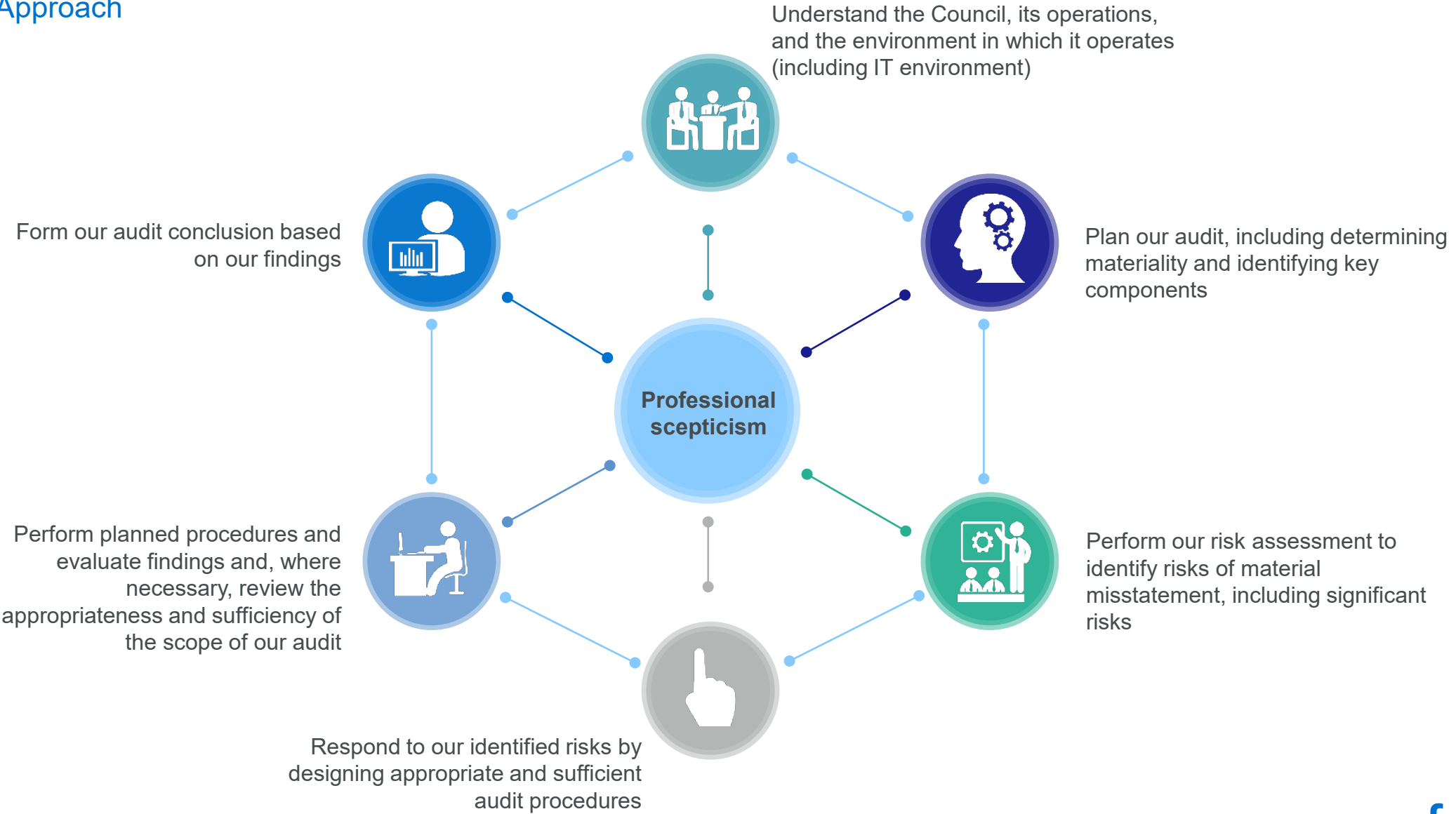


**Jennie Norman**

**Audit Manager**

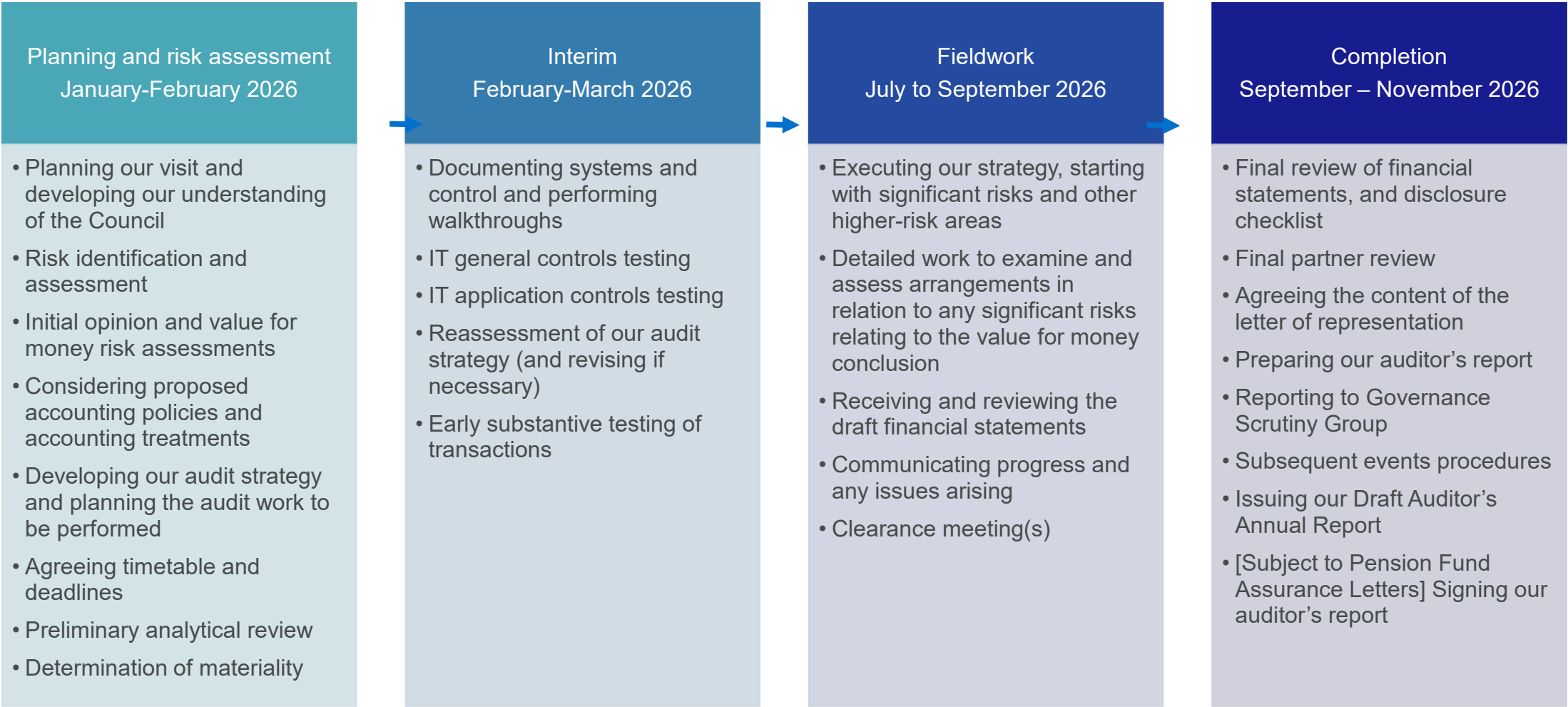
Jennifer.Norman@mazars.co.uk

Risk-based Approach



# Audit scope, approach, and timeline

Page 77



# Value for money

## The framework for value for money work

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.

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.

The 2024 Code of Audit Practice requires us to issue our Auditor's Annual Report for the year ending 31st March 2026 to you in draft by the 30th November 2026. 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).

## Specified reporting criteria

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

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **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 approach

Our work falls into three primary phases as outlined opposite. We gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified, we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle, and we are not expected to wait until issuing our overall commentary to do so.

Planning	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: <ul style="list-style-type: none"><li>• NAO guidance and supporting information</li><li>• Information from internal and external sources including regulators</li><li>• Knowledge from previous audits and other audit work undertaken in the year</li><li>• Interviews and discussions with staff and members</li></ul>
Additional risk based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements which forms part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none"><li>• Significant weaknesses identified and our recommendations for improvement; and</li><li>• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.</li></ul>



# Audit fees and other services

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

Our proposed fees (exclusive of VAT) as the Council’s appointed for the year ended 31 March 2026 are outlined below.

Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

Area of work	2025-26 Fees	2024-25 Fees*
Code Audit Work (Scale Fee)	£146,459	£142,471
Additional fees in respect of additional work on journal testing for control finding	N/A	£2,527
Additional work arising from the implementation of IFRS 16 Leases	TBC	£12,006
Total fees	£146,459	£157,004

\*Our proposed fee variation has been submitted to PSAA for final approval

# Contact

## Forvis Mazars

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Partner

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**Jennie Norman**

Manager

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## Governance Scrutiny Group

Thursday, 5 February 2026

## 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 25 September 2025. It provides a summary of risks in the Council's Risk Register 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 Register 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 13 January 2026, 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 has been arranged for Councillors prior to this meeting.

#### 4.4. Risk Management Strategy

The Risk Management Strategy has been updated and is on the agenda for this meeting. There are no major changes as there is currently no new legislation or best practice to incorporate.

- 4.5. There are currently 36 corporate risks and 21 operational risks (the same as the previous report) on the risk register. In addition, there are 3 opportunity risks (the same as the previous report). The number of risks within the registers will fluctuate as active risk management is undertaken. Challenges facing local government and the proactive work of managers to identify risks as they emerge locally 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. The risk relating to the Gamston Supplementary Planning Document (CRR\_DEG12) has not changed, however it must be noted that there is a potential impact as a result of the Cabinet decision to pause the current SPD approval process in response to comments made to the public consultation, whilst more detailed information is requested on highways, especially the connectivity of the site to and across the A52.
- 4.6. Appendix A presents the Council's existing Risk Register containing corporate, operational risks and opportunity risks. There are no new risks and three have been removed since the last meeting. Risks that have decreased or increased risk ratings are summarised below:

##### **Risks Increased**

- **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.** The likelihood increased from 2 to 3 due to land supply falling to 5.2 years.
- **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.** The impact has increased from 2 to 3 due to RBC receiving high numbers of notifications from Serco in respect of potential HMOs as a result of the asylum dispersal scheme.

## Risks reduced

- **CRR\_FCS21 Inflation – Potential inflationary pressure due to changes in the economic environment leading to increased costs and volatility over prediction for the budget.** Likelihood has been reduced from 3 to 2 as inflation has been falling and we manage the impact through the MTFS.
- **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.** Significant Carbon reduction progress has been made against the action plan with the most recent being the purchase of land for offsetting which will make a significant contribution to our 2030 target.
- **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.** The likelihood has decreased from 3 to 2 as a result of a CCTV register has been set-up, more modern equipment is being acquired, and working towards relevant policy and legislation.

## Risks removed

- **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.** This is no longer a high risk as a 3-year settlement is in place and funding reform has been released to apply from 2026/27.

## 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. Mitigation measures to reduce risk can have financial implications particularly with the utilisation of reserves.

### 6.2. Legal Implications

There are no direct legal implications arising from this report, however, the processes in place in the Council's Risk Management Strategy provide for the effective reporting and management of risk.

### 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.

### 6.5. Bio Diversity Net Gain

The Governance Scrutiny Group and Risk Management Group ensure that the Bio Diversity Net Gain 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 Register during this period
- b) considers and makes recommendations on risks that have red alert status.

<b>For more information contact:</b>	Peter Linfield Director - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	There are no additional papers
<b>List of appendices:</b>	Appendix A – Risk Register – Corporate, Operational and Opportunity Risk








## Key

Risk Status	
	Alert
	Warning
	OK
	Unknown









## 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 - Delivery of inadequate services as a result of insufficient training		3	1	3
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		2	3	6
















Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
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	 to 	3	2 to 3	6 to 9
<p>Likelihood increased from 2 to 3 due to the supply figure dropping. The most recently published figure for the supply of deliverable housing sites is 5.2 years. An updated figure is due to be published shortly, and it is possible that this could be below 5 years.</p> <p><b>Mitigation:</b>  Progress planning applications for strategic sites allocated in Rushcliffe Local Plan Part 1: Core Strategy and Part 2 of the Local Plan.  Engage with landowners/developers on strategic and other allocated sites to quickly bring forward development  Lobby government to review national policy relating to housing land supply  Seek to secure available Government funding to support and accelerate strategic development proposals.</p>				
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
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_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
<p><b>Mitigation:</b>  Regular meetings with the developers are ongoing and additional consultants have been secured to support with specialist areas.  A planning performance agreement is being worked upon to identify timescales and additional funding for resources to ensure work can continue in a timely manner to develop the SPD.</p>				

Resources within the team are being reviewed to ensure resilience and resource is in place to support this project.







Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
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
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		2	3	6
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		3	2	6
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
<b>Mitigation:</b> 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

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
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 result in a budget deficit, reputational damage and potentially measures put in place to balance the budget position		2	4	8
CRR_FCS21 Inflation - Potential inflationary pressures due to changes in the economic environment leading to increased costs and volatility over prediction for budget	 to 	3	3 to 2	9 to 6
Likelihood reduced from 3 to 2 as inflation has been falling and we manage the impact through the MTFS <b>Mitigation:</b> Conduct regular budget monitoring and reporting through performance clinics to identify potential overspends. Incorporate inflationary adjustments within the budgeting process and maintain a general contingency fund.				
<del>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</del>	<del></del>	<del>3</del>	<del>3</del>	<del>9</del>
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

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
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
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
<b>Mitigation</b> 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
<b>Mitigation:</b> 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
CRR_NS22 Asylum Relocation schemes - Failure to deliver the national relocation schemes (Asylum, Homes for Ukraine (HFU), Afghan Relocation Programme) in accordance with	 to 	2 to 3	2	4 to 6

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				
Impact increased from 2 to 3 (likelihood increased to 3 for a short period and reduced to 2) The Council is receiving high numbers of notifications from Serco in respect of potential HMOs for use the asylum dispersal scheme. The Council has a role in advising Serco if we believe the property would be acceptable in a given location. There is a worrying trend that despite the Council recommending that properties be declined usually being in a rural location with little or no transport links, limited access to shops etc as well as the overall "fit" within a community that Serco are ignoring our advice. If this continues, we will see a significant increase in HMOs in locations where officers feel they would be unsuitable. There are significant concerns in respect of community cohesion and anti-social behaviour Officers are meeting with Serco to outline our concerns with the current system. In addition, there is a scrutiny session planned with Serco and Home Office invited to answer member questions on the scheme in January 2026.				
Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
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	 to 	3	2 to 1	6 to 3
Likelihood reduced from 2 to 1. Significant Carbon reduction progress has been made against the action plan with the most recent being the agreed purchase of land for offsetting which will make a significant contribution to our 2030 target				
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	 to 	3	3 to 2	9 to 6
<b>Mitigation:</b> Exploring viable options with external partners to ensure continued service delivery and compliance with legal requirements. A CCTV register has been set-up, more modern equipment is being acquired, and working towards relevant policy and legislation.				

## 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
<p>Impact has increased from 2 to 3 as a result of the costs incurred from appeals that require external support. Appeal at Wysall has been confirmed as a Public Inquiry (sitting for 7 days). External planning support and legal counsel have been instructed. A further one-day public inquiry also confirmed for Red Hill Marina, also requiring external legal support.</p> <p>The three procedures for handling appeals are: Written Representations for simple cases, Hearings for more complex cases, and Public Inquiries for complex cases involving legal or technical issues. Whilst the majority of appeals nationally are dealt with through written representation, RBC has seen an upturn in appeals held through Hearings and Public Inquiries. Whilst the Council and appellant can propose how they wish for an appeal to be heard, it is ultimately the Inspector's decision. To defend an appeal held through a Public Inquiry can be costly, not only through the instruction of technical experts, solicitors, barristers and officer/admin time, but also in potential costs which may be awarded to appellants.</p>				

**Mitigation:**










Development Management approach - working proactively with developers to address any issues/adverse impacts arising from development proposals. The aim of this approach is to address as many technical issues, even if there remains a policy objection, thereby reducing the number of issues to be addressed at appeal. Core Strategy is now adopted, and the preparation of the Local Plan Part 2 is now at an advanced stage and should be given appropriate (greater) weight. The Core Strategy identifies the location for a SUE south of Clifton and east of Gamston a strategy for provision of housing in the major settlements.

Local Plan adopted December 2014




The reserves have been increased to £500k to cover current and future appeal costs.

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
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
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
Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
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
<b>Mitigation</b> - 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
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_FCS01 Interest rates - Decreases in interest rates leading to reduced interest income and reduced cost of borrow if the Council decides to borrow		4	2	8
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

		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, 5 February 2026**

## **Draft Risk Management Strategy 2026 - 2029**

### **Report of the Director – Finance and Corporate Services**

#### **1. Purpose of report**

- 1.1. The current Risk Management Strategy is due to expire in April 2026. A light-touch review has taken place, and minimal changes have been made.
- 1.2. The Council's Risk Management Strategy forms the framework within which risks are identified, articulated, assessed and managed. Identified risks are reviewed monthly by Managers, bi-monthly by Assistant Directors, and twice a year by the Risk Management Group and Governance Scrutiny Group.

#### **2. Recommendation**

It is RECOMMENDED that Governance Scrutiny Group:

- a) Considers the attached draft Risk Management Strategy for 2026-2029
- b) Approves the Risk Management Strategy for 2026-2029.

#### **3. Reasons for Recommendation**

- 3.1. To provide guidance on the review of the Risk Management Strategy and the Council's approach to risk management to demonstrate good governance.

#### **4. Supporting Information**

- 4.1. Rushcliffe Borough Council takes risk management seriously and has had a Risk Management Strategy since 2010. This Strategy provides guidance and assurances that are used in order to identify, mitigate and control risks that have potential impact on the strategic and operational business of the Council.
- 4.2. The Council's Internal Audit provider BDO provided training for key officers in 2024, to follow up on training provided in 2022, 2019 and 2016. They have also provided training for members of the Governance Scrutiny Group this evening prior to the meeting.
- 4.3. A significant review of the Strategy was undertaken in 2023. Taking this into consideration, and the prospect of Local Government Reorganisation in the near future, a light-touch review of the Strategy has been undertaken. There have been no



major changes in good practice, legislation or Council risk appetite.

- 4.4. A revised Risk Management Strategy is presented at Appendix One.

## **5. Risks and Uncertainties**

- 5.1. Maintaining a responsive risk register is essential to the Council's ability to manage potential risks focusing attention on controls and mitigating actions.

## **6. Implications**

### **6.1. Financial Implications**

Risk Management training will be met from the Council's existing budgets.

Indirectly a more robust risk management process will ensure financial risks are minimised.

### **6.2. Legal Implications**

There are no direct legal implications.

### **6.3. Equalities Implications**

The risk of not complying with Equalities legislation is an active risk on the Council's risk register and is monitored and reviewed regularly.

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

There are no direct implications.

### **6.5. Biodiversity Net Gain**

There are no direct implications.

## **7. Link to Corporate Priorities**

The Environment	The report links to all key themes within the Corporate Strategy
Quality of Life	
Efficient Services	
Sustainable Growth	

## **8. Recommendations**

It is RECOMMENDED that that Governance Scrutiny Group:

- a) Considers the attached draft Risk Management Strategy for 2026-2029
- b) Approves the Risk Management Strategy for 2026-2029.

<b>For more information contact:</b>	Charlotte Caven-Atack Assistant Director – Corporate Services Tel: 0115 9148278 <a href="mailto:ccaven-attack@rushcliffe.gov.uk">ccaven-attack@rushcliffe.gov.uk</a>
<b>Background papers available for Inspection:</b>	
<b>List of appendices:</b>	Appendix One – Draft Risk Management Strategy 2026-2029

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# **RUSHCLIFFE BOROUGH COUNCIL RISK MANAGEMENT STRATEGY 2026 - 2029**

Published: xxx

Next Review due xxx

Draft

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## **1. INTRODUCTION**

### **1.1. Overview**

This strategy outlines Rushcliffe Borough Council's approach to risk management. It has been developed to ensure that areas of risk are identified and appropriate remedial action is considered.

Rushcliffe Borough Council considers Risk Management to be a series of coordinated actions seeking to control and mitigate risks bringing the negative consequences of such risks within tolerable levels or maximising the potential of opportunity risks being realised. The Council recognises that only risks that are properly identified can be effectively addressed.

Failure to pay attention to the likelihood and impact of risks can have significant consequences. These can include endangering public health, reputational damage, financial costs, compensation claims and disruption to critical services. The effective management of risk is therefore a critical part of Rushcliffe Borough Council's approach to delivering services and maintaining high levels of performance.

The Council operates three risk registers – one for Strategic Risks, a second for Operational Risks and a third for Opportunity Risks (specific project risks are maintained within the Project Management Framework). The Strategic Risk Register contains high level risks specifically related to the achievement of the organisation's corporate objectives including risks associated with future business plans and strategies. The Operational Risk Register contains service-based risks that effect an individual business unit or those risks associated with inadequate or failed internal processes, people or systems. Opportunity Risks are those associated with the positive gains or benefits of a specific course of action.

The Council has embedded risk management into its cultures, processes and structures to ensure that opportunities are maximised and risk minimised. This Strategy will enable the Council to develop risk management further through its effective use in management and decision-making processes.

The Council recognises that there are risks involved in everything it does and that it has a duty to manage these risks efficiently and effectively. This duty is to staff, residents, service users, partners, contractors and funding agencies.

### **1.2. Statement of Commitment**

The Leader and Cabinet are committed to:

- Adopting best practice in the identification, evaluation and cost-effective control of risks.
- Ensuring wherever possible that risks are either, reduced to a level within the Council's risk tolerance or eliminated.
- Maximising opportunities to achieve the Council's corporate objectives and deliver core service provisions.

### **1.3. Funding**

The risk and insurance reserve provides senior managers with the encouragement to increase levels of risk awareness within their areas of responsibility by formally identifying risks and proposals for action.

The reserve provides the opportunity to apply for financial support and creates an incentive for loss control, without adversely affecting service area budgets. This investment in risk management measures should lead to a reduction of insured and uninsured losses and eventually to lower costs, including premiums.

Other reserves exist such as Planning Appeals and Investment Properties to help mitigate against other specific risks. A Climate Change Reserve has been created to help the Council address environmental risks. Service budgets and the Capital Programme may also be utilised to mitigate risk.

The S151 Officer will ensure that appropriate insurance cover is in place for all identified risks. Managers, where necessary, will utilise budgets to help mitigate risk.

### **1.4. Sources of assurance**

Assurances are sought to provide evidence that the management of risk is carried out effectively. These exist at different levels to ensure that risks are identified and controlled appropriately. An assurance framework is included in appendix A.

#### **Identification and articulation**

Risks can be identified by all staff liaising with Lead Specialists (via team meetings or service planning exercises) with emerging risks brought to the attention of Directors and Assistant Directors either through the bi-monthly performance clinic process, at team meetings or at the more formal Risk Management Group. Those topics raised that are considered to be risks (an occurrence that may or may not happen in the future) as opposed to issues (something which is happening in the here and now that requires immediate action) are discussed and a risk identification template completed and submitted to the Performance Officer. The articulation of risks is an important part of the process, and the risk identification template encourages the identification of cause-risk-consequence reflecting best practice in this area.

### **Monitoring via performance clinics**

Pentana is the Council's chosen performance management tool – it also acts as a repository for identified risks. Managers are responsible for reviewing risk ratings (likelihood and impact) at a minimum of every other month in line with bi-monthly performance clinics. A written performance clinic is produced for each of the Council's four service areas, presented at the clinic meeting by Assistant Directors and challenge is provided by other Assistant Directors present. Any changes to risk ratings since the last clinic are highlighted in the performance clinic document.

### **Monitoring via Risk Management Group**

The Council has an active Risk Management Group which consists of the Chief Executive and three Directors (including the Council's Section 151 Officer). The Monitoring Officer and Senior Information Risks Officer are consulted as necessary. The Risk Management Group meets twice a year to review the Corporate and Operational Risk Registers and challenge risk ratings and control measures where necessary.

### **Monitoring at Governance Scrutiny Group**

Risk Management is scrutinised twice a year by the Governance Scrutiny Group. All three Risk Registers are presented and the Group's attention is drawn to any changes officers have made to risk ratings since the last meeting. Controls and mitigating actions are made available for risks currently rated as 'red' risks to focus Councillors attention on the Council's most important risks.

Third line of assurance over controls is provided by our Internal Auditors, BDO, who offer occasional training to officers and Councillors. The Internal Audit Plan is developed on a risk basis, using a range of sources such as the Council's risk register, their understanding of the sector risk landscape and other intelligence from management.

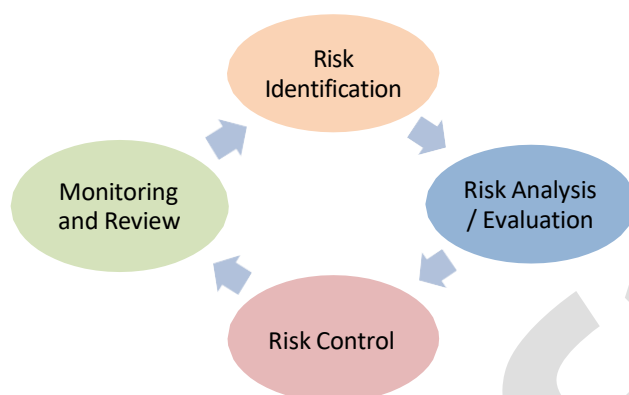
## **2. RISK MANAGEMENT PROCESS**

### **2.1. Overview**

Risk management entails identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them. It is a means of minimising costs and disruption caused by undesirable events.

The aim of this process is to reduce the frequency of incidents and minimise the severity of their effects. Even when the likelihood of an event occurring cannot be controlled, steps can be taken to limit its consequences (for example, by developing effective emergency and business continuity plans).

Risk management involves the following processes (the risk management cycle):



## 2.2. Identification

A systematic assessment of risk needs to be undertaken when judging all policy and service delivery options available to the authority. By identifying areas of risk before an event occurs, steps can be taken to prevent an incident from arising.

## 2.3. Analysis

Having identified areas of potential concern, risks need to be systematically and accurately assessed. This process requires managers to evaluate:

- The probability of a particular incident occurring
- The potential consequences should such an incident occur
- The anticipated cost of future incidents.

The Council has a risk identification template which helps a manager to correctly and effectively define the risk (using the cause-risk-consequence model), rate the risk at identification (often called inherent risk) in terms of how likely the risk is and what the potential impact of that risk might be if it is realised, whether the risk should be tolerated, treated, terminated or transferred, what controlling and mitigating actions should be taken if the risk is retained to reach a target risk rating, and, finally, the residual risk rating once those actions have been put in place. This information is entered into Pentana, the Council's performance management tool.

## 2.4. Control

A variety of options exist for controlling risk. These include:

- Terminate
- Treat
- Transfer
- Tolerate.



Terminating risk involves the authority opting not to undertake a current or proposed activity because the risk is deemed too significant. By taking the decision not to pursue the project or activity the risk is effectively eliminated. Given the nature of the public sector this option is only available for discretionary services.

Treating (or controlling) risk involves taking action (such as implementing projects or developing procedures) to reduce the likelihood of an incident occurring and limit the severity of its impact. If the current risk score is higher than the target risk score, actions should be identified to mitigate the risk and reduce its potential likelihood and / or impact to the target level. These actions are noted on the risk identification template and recorded within Pentana. They are then monitored by Managers to ensure that the controls and mitigating actions taken are effective. Financial provision to implement risk reduction measures will be made available where appropriate, with funding for initiatives provided from the risk management reserve, specific earmarked reserves, the revenue budget or the capital programme. Where these additional mitigating actions cannot be justified or implemented, the review process will result in the target risk score being raised.

Transferring risk refers to allocating liability for the consequences of an event to another body. Legal liability may be transferred to an alternative provider under contractual arrangements for service delivery. Transferring some or all of the financial risk to external insurance companies may also reduce the costs associated with a damaging event.

There may be occasions when the cost of implementing risk reduction measures will outweigh the anticipated benefits. This is often because the likelihood of a risk occurring is deemed to be very low or its impact negligible. In such instances, a decision may be taken to tolerate the risk and no additional control measures will be undertaken.

## **2.5. Monitoring and Review**

The risk management process does not end once control measures are identified. Regular monitoring and reviews should take place of:

- The implementation of agreed control actions
- The effectiveness of these actions in controlling the risk
- How the likelihood and impact of the risk has changed over time
- Ongoing review of risks in totality along with the Risk Management Strategy.

Corporate and Operational Risks Registers are reviewed on a regular basis as described elsewhere in this Strategy. Risks that are tolerated still need to be reviewed as their likelihood and / or impact may increase over time.

This Risk Management Strategy is reviewed every three years by the Risk Management Group and approved by the Governance Scrutiny Group.

## **2.6. Risk Appetite**

Our 'risk appetite' guides how much risk the Council is willing to seek or accept to achieve its objectives. Taking risks, both operationally and to achieve the priorities set out in our Corporate Strategy 2024-2027, is a necessary part of business. Good risk management ensures the Council makes well informed decisions where the associated risks are understood and managed. By ensuring that risks are properly managed, the Council is more likely to achieve its priorities. Effective risk management also provides a high level of due diligence consistent with the Council's responsibility to manage public money prudently.

As a Council, we recognise effective risk management considers not just threats but also opportunities; namely, what is to be gained by taking a risk. Our approach to risk takes account of both opportunities and threats. By encouraging managed risk taking, and considering all of the available options, we seek a balance between caution and innovation. Our risk appetite reflects our current position. We encourage managed risk taking for minor to moderate level risks, and control, more closely, those risks which register at a higher point on our risk matrix where the benefits to our residents or to the organisation are greatest. We accept that our appetite for risk will vary over time depending on our ambitions and corporate priorities as well as the external environment the Council is operating in. This position will be reviewed on a regular basis as part of the Council's Risk Management Strategy.

Risk appetite goes 'hand-in hand' with how much the Council will tolerate risk, what is its risk threshold? Appendix B details the Council's risk tolerance level for both risk threats and opportunities (see para 2.7 below) and what constitutes, low, medium or high risk.

## **2.7 Opportunity Risk**

The Council has an entrepreneurial approach to seizing opportunities and has been able to successfully manage its finances throughout a challenging period of austerity. Successful organisations need a balance between risk taking and caution and this approach has ensured the delivery of major projects with lasting benefit to residents in the borough.

An opportunity risk matrix (Appendix B) has been developed to provide guidance and a scoring mechanism when making decisions about potential opportunities. By using the matrix to establish the greatest potential benefits, the Council is ensuring that its finances are used in the best possible way.

## **2.8 Project Risks**

The Council has a formalised project management framework that provides the basis for



officers managing projects within their team and jointly with other members of staff. The framework provides guidance on what risk assessments are required for projects based on a scale of 1-4 determined by the complexity and project costs. Projects that fall within levels 3 and 4 require a full risk register and with controls in place to mitigate against the risks. These projects also require a greater degree of monitoring to ensure the project remains on track and aligned with the budget.

### **3. ROLES AND RESPONSIBILITIES**

#### **3.1. Overview**

The following representatives have responsibilities for Risk Management.

Councillors:

- To oversee and scrutinise the effective management of risk by officers through the Governance Scrutiny Group.

Chief Executive:

- To ensure the risk management strategy is implemented effectively.

Director (Finance and Corporate Services):

- To ensure the corporate risk register is reviewed regularly
- To maintain an overview of the risk management strategy and its implementation
- To review the risk management strategy
- To provide updates on risk management to Councillors at Governance Scrutiny Group meetings
- To ensure that an effective strategy is in place for development of business continuity arrangements.

S151 officer:

- To ensure a proper system of internal audit is carried out within the authority
- To ensure reserves and budgets are sufficient to manage and mitigate both upside and downside risks (in consultation with EMT and Cabinet)
- To ensure that appropriate insurance cover is in place and that a register of claims is maintained.

Director (Neighbourhoods)

- To ensure that an effective strategy is in place for development of emergency planning arrangements.

Chief Executive and Directors:

- To identify risks of loss, damage, injury or performance facing service areas

- To implement appropriate risk control measures (i.e. terminate, treat, transfer, tolerate)
- To seek assurance that risk management arrangements for service areas are implemented effectively and reviewed on a regular basis
- To ensure service areas have arrangements in place for updating the corporate risk management system
- To oversee the implementation of agreed recommendations from internal audits
- To promote good risk management practice throughout the authority by co-operation and liaison with employees and relevant external agencies.

#### Monitoring Officer

- To report on matters they believe are, or are likely to be, illegal or amount to maladministration
- To be responsible for matters relating to the conduct of Councillors

#### Performance Officer:

- To support and assist technical use of the corporate risk management system (Pentana).
- To prepare risk management reports for the Risk Management Group and Governance Scrutiny Group
- To liaise with Internal Audit providing all information requested
- To arrange risk management training for officers and Councillors.

#### Emergency Planning Officer:

- To advise the Risk Management Group on emergency planning and business continuity arrangements
- To update the corporate emergency plan and corporate business continuity plan
- To ensure that business continuity plans for service areas are reviewed on a regular basis
- To co-ordinate training and exercising for staff, including participating in relevant activities undertaken by the Local Resilience Forum (LRF).

## **4. TERMS OF REFERENCE: RISK MANAGEMENT GROUP**

### **4.1. Overview**

The corporate Risk Management Group oversees the management of risk across the organisation and has responsibility for ensuring that adequate sources of assurance are in place. The Risk Management Group will meet twice a year and instigate actions, allocate resources and communicate important messages to service areas as necessary.

### **4.2. Membership**

The Risk Management Group (also the Council's Executive Management Team) is made up of the following officers:

- Chief Executive
- Director – Finance and Corporate Services
- Director – Neighbourhoods
- Director – Development and Economic Growth.

The Monitoring Officer and Chief Information Officer will be consulted as necessary. Other representatives (such as the Performance Officer and / or Emergency Planning Officer) will be invited to attend as required.

### **4.3. Objectives**

Objectives of the Risk Management Group include:

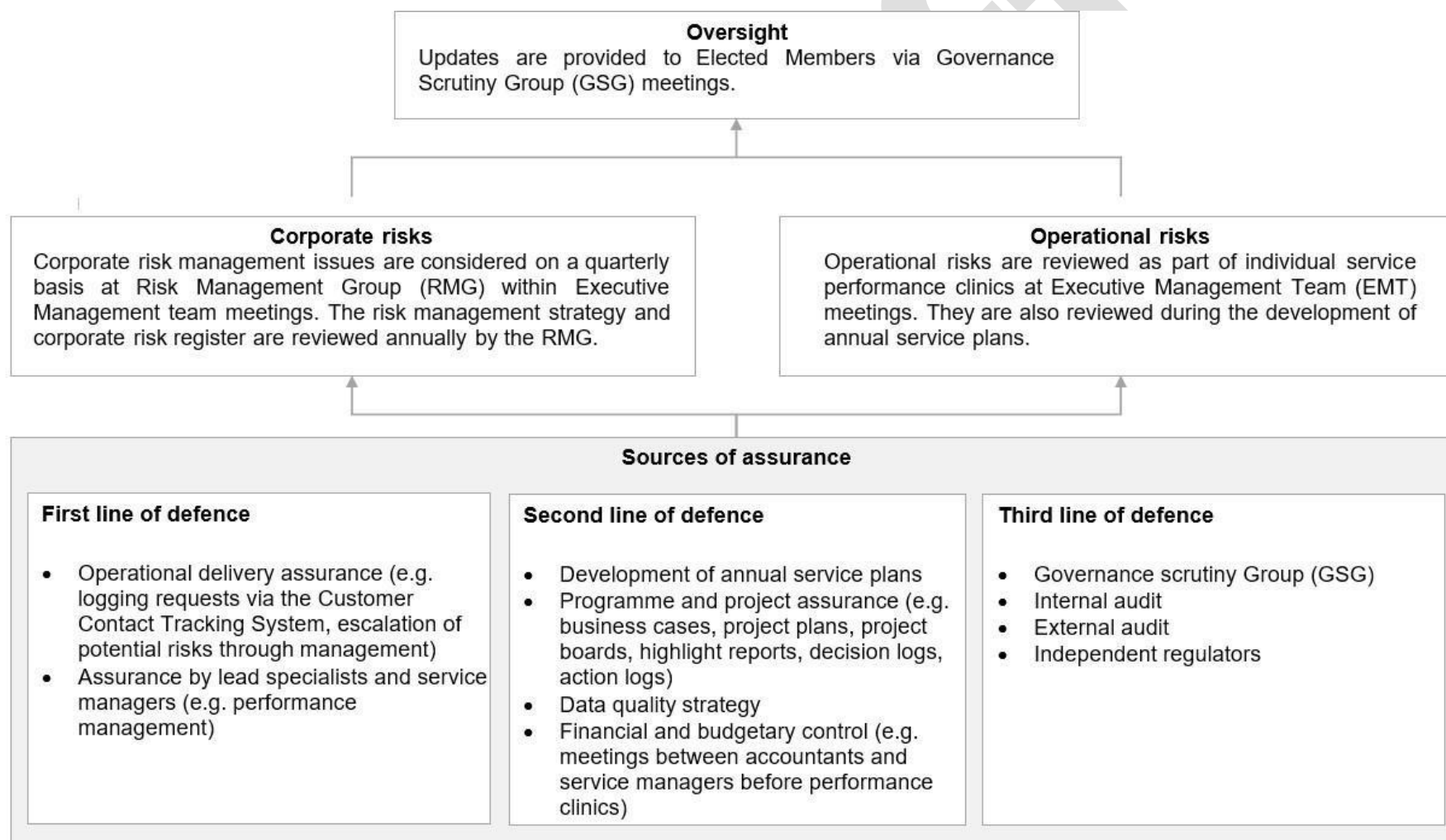
1. Coordinating risk management throughout the authority
2. Keeping the corporate risk register and risk management strategy under review
3. Identifying strategic and operational practices that present significant risk to the authority
4. Identifying emerging risks by drawing on information from other organisations and external sources of information
5. Making proposals for reducing the likelihood and / or impact of risks
6. Coordinating and prioritising risk control measures
7. Advising on the use of the risk management reserve to support funding necessary for initiatives that will reduce risk (e.g. vandalism, arson, theft, damage to property, personal injury to employees, visitors and persons under the care of the authority)
8. Monitoring the number and type of insurance claims being received by the authority
9. Coordinating the management of information security
10. Evaluating new approaches on risk management and the extent to which they could assist the authority and its services
11. Promoting good risk management practice by liaising with employees and identifying training needs
12. Ensuring effective business continuity arrangements are in place, including those

of critical suppliers

13. Ensuring effective emergency planning arrangements are in place
14. Participating in the work of the Local Resilience Forum (LRF) and working closely with other organisations as appropriate.

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## ASSURANCE FRAMEWORK



## RISK TOLERANCE THRESHOLDS

The Council has set its risk tolerance level for risk threats at the threshold between medium and high rated risks. A matching but reverse tolerance level has been set for positive risk but the ambition is to move all opportunity risks to their highest impact and likelihood but as with risk threats, only above tolerance risks will be reported by exception.

		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					

Key to risk threats: **Green** – Low, **Amber** – Medium, **Red** – High

**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

Risk - Threats		Risk - Opportunities	
Impact	Thresholds and Description	Impact	Thresholds and Description
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
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	
Impact	Thresholds and Description	Impact	Thresholds and Description
1 – Rare	Unlikely	1 – Rare	Opportunity has not been fully investigated but considered extremely unlikely to materialise



Risk - Threats		Risk - Opportunities	
Impact	Thresholds and Description	Impact	Thresholds and Description
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

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## Governance Scrutiny Group

Thursday, 5 February 2026

### Capital and Investment Strategy – Quarter Report 3 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 31 December 2025.

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).

- 1.2. 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 the Group considers the Capital and Investment Strategy update position as of 31 December 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. The first quarter was dominated by US trade tariffs and the negative impact on equity and bond markets, whilst the second quarter saw this somewhat reversed. Quarter 3 saw the government's autumn Budget. Despite much speculation and drip-feeding of potential policies in the weeks leading up to the event, what was ultimately announced was generally deemed more muted than was anticipated, helping ease investors' fears of significantly higher government borrowing.
- 4.2. Inflation (CPI) was 3.2% in November, down from 3.8% in September and lower than the 3.5% expected. Core CPI eased to 3.2% from 3.5%, against forecasts of it being 3.6%.

- 4.3. The Bank of England (BoE) reduced the base rate to 3.75% at its meeting in December 2025, down 25 basis points from 4%. This follows multiple cuts during 2025. The Council's treasury advisors are expecting this downward trend to continue over the medium term with the next cut anticipated in February 2026 and rates expected to stabilise around 3.25%.
- 4.4. The labour market continues to ease (where demand for workers is weakening relative to supply) with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, while the employment rate slipped to 74.9%. Going forward, the Bank predicts the unemployment rate will remain around 5.0% before trending downwards in 2026 at a gradual pace over the rest of the time horizon.
- 4.5. The UK economy has expanded slightly with gross domestic product (GDP) having increased by 0.1% in quarter 3 (July to September 2025), although the ONS estimated that GDP fell in October.

### **Investment Income**

- 4.6. Based on the Arlingclose interest rate forecast at the time of budgeting (an average rate of 4.06%), the Council budgeted to receive £1,434,900 in investment income in 2025/26. Actual interest earned to 31 December 2025 totalled £1,431,100 with total receipts for the year expected to be approximately £1,908,100 (£2,168,616 in 2024/25). Interest receipts are higher than estimated due to investment balances and interest rates both being higher than expected. All investments have been made in accordance with the Council's Capital and Investment Strategy. The Council achieved an average interest rate of 4.08% in quarter 3.
- 4.7. The average level of funds available for investment purposes during the quarter was £77.44m, and at 31 December 2025 were £89m. The level of funds dependent on the timing of precept payments, receipt of grants, S106 receipts 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).
- 4.8. 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 £7.54m. A full list of investments at 31 December can be found at **Appendix A**.
- 4.9. The Council ensures investments are secure and that liquidity is maintained whilst proactively looking to maximise its rate of return.
- 4.10. The Council's diversified funds are subject to fluctuations in fair value. The current position is an overall capital value deficit of £0.562m from initial investment. Further details 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 (current balance of £1.310m). There is a statutory override currently in place, preventing any accounting adjustments impacting on the revenue accounts. This is due to end 1st April 2029. Whilst the value of this type of investment can fluctuate, the interest received makes up a healthy proportion of the overall returns on investment, with the fair value of these investments

accounting for 16% of average investment balances and generating 34% interest in 2024/25. The Council will continue to monitor the position on these investments and take advice from the treasury advisors.

## Capital Expenditure and Financing

- 4.11. The original Capital Programme for 2025/26 was £8.344m. This has been revised to £14.186m, mainly due to carry forwards from 2024/25 £4.308m and acceleration of schemes from 2026/27. The projected outturn at Quarter 3 is £12.646m, resulting in an estimated underspend of £1.54m, primarily arising from the need to reprofile expenditure to 2026/27: Land Acquisition for Carbon Offsetting £459k; The Crematorium post opening enhancements £238k; Edwalton Golf Course enhancements £237k; Highways Verges £225k; Toothill Grant for Athletics Track and Hockey Pitches £200k; and Bingham Arena post opening enhancements £218k.
- 4.12. Capital expenditure forms one of the required prudential indicators. Table 1 below shows capital expenditure and how this is financed.

**Table 1 – Capital Expenditure**

	2025/26 Estimate £'000	2025/26 Projection £'000	Projected Variance £'000
<b>Capital Programme</b>			
<b>Capital Expenditure</b>	14,186	12,646	(1,540)
<b>Less Financed by:</b>			
Capital Receipts	(4,460)	(3,736)	724
Capital Grants	(3,720)	(3,975)	(255)
Reserves	(6,006)	(4,935)	1,071
<b>Increase in borrowing need</b>	0	0	0

- 4.13. 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.

**Table 2 – Capital Financing Requirement**

	2024/25 Actual £'000	2025/26 Estimate £'000	2025/26 Projection £'000
<b>Capital Financing Requirement (CFR)</b>			
Opening Balance	9,889	10,010	10,010
Add: unfinanced capital expenditure (IFRS16)	2,773	0	0
Less MRP/VRP	(1,652)	(1,648)	(1,648)
Less applied Capital Receipts and S106	(1,000)	0	0
Closing Balance	10,010	8,362	8,362

## Treasury Management and Prudential Indicators

- 4.14. 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**.

- 4.15. During the quarter ended 31 December 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.
- 4.16. All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.
- 4.17. No external borrowing was undertaken during the quarter ended 31 December 2025 and the Council does not anticipate a need to externally borrow in this financial year or over the Medium Term.
- 4.18. 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. The projected position is healthier than originally estimated due larger investment balances due to reprofiling of the Capital Programme and S106 balances. This has a knock-on effect on the upper limit for principal sums invested over one year and this is set at a maximum of 50% of investment balances.
- 4.19. 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 (see table 3). This indicator shows the proportion of net income that is used to pay for financing costs. The projected actual at quarter 3 is -0.71%, the minus indicating that interest receipts exceed financing costs and interest receipts are higher than estimated as stated at paragraph 4.6 above.

**Table 3 – Financing Cost to Net Revenue Stream**

	2025/26 Estimate	2025/26 Projection
Ratio of Financing costs to net revenue stream	£'000	£'000
Net Financing Costs	333	(141)
Net Revenue Stream	19,889	19,893
Ratio	1.67%	(0.71%)

- 4.20. Net Income from Commercial and Service Investments to Net Revenue Streams reflects the Council's dependence on investments (see table 4). The projected figure is marginally higher than originally estimated due to higher interest receipts.

**Table 4 – Net Income to Net Revenue Stream**

	2025/26 Estimate	2025/26 Projection
Net Income to Net Revenue Stream	£'000	£'000
Net Income from commercial and service investments	(2,097)	(2,234)
Net Revenue Stream	19,889	19,893
Ratio	(10.54%)	(11.23%)

## Commercial Investments

- 4.21. The Council must disclose its dependence on commercial income, and the contribution non-core investments make towards core functions.

- 4.22. The projected position for total contribution of non-core investments towards core functions is 12.1% compared with the estimated figure of 12.5%. This figure is only marginally lower than estimated, due to total income being higher than estimated primarily due to interest receipts as mentioned in paragraph 4.6. (see Table 5 below).

**Table 5 – Commercial Investments**

	2025/26 Full Year Budget £'000	2025/26 Actual Qtr 3 £'000	YTD Budget Qtr 3 £'000	25-26 Full Year Projection £'000
<b>Commercial Investments</b>				
Commercial Property Income	(1,979)	(1,439)	(1,484)	(1,935)
Running Costs	465	340	351	459
<b>Net contribution to core functions</b>	<b>(1,514)</b>	<b>(1,099)</b>	<b>(1,133)</b>	<b>(1,476)</b>
Interest from Commercial Loans	(59)	(45)	(45)	(59)
<b>Total Contribution</b>	<b>(1,573)</b>	<b>(1,144)</b>	<b>(1,178)</b>	<b>(1,535)</b>
Total Income	(12,537)	(10,762)	(9,158)	(12,660)
<b>Total Contribution/Total income</b>	<b>12.5%</b>	<b>10.6%</b>	<b>12.9%</b>	<b>12.1%</b>
Sensitivity +/- 10%	(198)	(144)	(148)	(194)

## 5. Conclusion

- 5.1. Officers can confirm that the approved limits within the Capital and Investment Strategy were not breached during the quarter ended 31 December 2025.
- 5.2. Treasury Management is affected by global activities the most recent being the United States intended acquisition of Greenland. The President's policy decisions to impose further tariffs will have an inflationary effect globally and threats may affect confidence in the financial markets. Officers will continue to monitor the environment and report any significant issues to the Governance Scrutiny Group.

## 6. Risk and Uncertainties

- 6.1. 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 Councils 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. Biodiversity Net Gain Implications

There are no BNG 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 the Group considers the Capital and Investment Strategy update position as of 31 December 2025.

<b>For more information contact:</b>	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 <a href="mailto:plinfield@rushcliffe.gov.uk">plinfield@rushcliffe.gov.uk</a>
<b>Background papers available for inspection</b>	Capital and Investment Strategy 2025/26 Capital and Investment Update Q1 and Q2
<b>List of Appendices:</b>	Appendix A – Investments at 31 December 2025 Appendix B – Pooled Funds Appendix C – Prudential and Treasury Indicators for 2025/26 at 31 December 2025

## Investment Balances - 31 December 2025

Type	Financial Institution	Amount £	Length of Maturity Date for		Interest
			Investment	Fixed Investments	
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	202,533	Call		3.95%
MMF	BlackrodK	1,036,509	Call		4.01%
MMF	CCLA - PSDF	1,350,133	Call		3.99%
MMF	Federated Investors (UK)	9,756,630	Call		4.06%
MMF	Goldman Sachs Asset Management	60,677	Call		3.94%
MMF	HSBC Asset Management ESG	5,715,624	Call		4.03%
MMF	Invesco AIM	9,636,232	Call		4.02%
MMF	Aberdeen Asset Management	9,945,886	Call		4.04%
MMF	HSBC Asset Management Business Deposit	680,168	Call		1.41%
Government	Cheshire East Council	5,000,000	364 Days	13/07/2026	4.30%
Government	Blackpool Council	5,000,000	181 Days	12/05/2026	4.25%
Government	Leeds City Council	5,000,000	212 Days	24/04/2026	4.25%
Government	Telford & Wrekin	5,000,000	185 Days	26/01/2026	4.20%
Government	Lancashire County Council	5,000,000	364 Days	18/06/2026	4.25%
Banks Secured	Standard Chartered	6,000,000	94 Days	19/01/2026	3.93%
Banks Unsecured	Bank of Scotland PLC	833	Call		0.01%
Banks Unsecured	Bank of Scotland PLC32	119,132	32 Days		2.50%
Banks Unsecured	Barclays Bank PLC	257,739	Call		1.38%
Banks Unsecured	Barclays Bank PLC 32	4,774,701	32 Days		3.80%
Banks Unsecured	Handelsbanken PLC	12,396	Call		3.85%
Banks Unsecured	Handelsbanken PLC35	13,147	35 Days		3.60%
Banks Unsecured	Santander UK PLC	470,814	Call		1.98%
Banks Unsecured	Santander UK PLC35	92,283	35 Days		3.53%
Average Interest Rate					4.08%
Total Investments		89,054,306			

## Pooled Funds

		Difference from Amount			Difference in valuation from initial investment
Fair Value	31.03.25	31.12.25	31.03.25	Invested	
Aegon-Previously Kames	4,560,790	4,955,654	394,864	5,000,000	(44,346)
Ninety One-Previously Investec	4,518,894	4,621,171	102,277	5,000,000	(378,829)
RLAM	1,015,613	1,026,306	10,692	1,000,000	26,306
CCLA Property	2,008,092	2,011,052	2,960	2,000,000	11,052
CCLA Divesified	1,825,481	1,824,177	(1,303)	2,000,000	(175,823)
	<b>13,928,870</b>	<b>14,438,360</b>	<b>509,491</b>	15,000,000	<b>(561,640)</b>

## Prudential and Treasury Indicators Quarter 3

Prudential & Treasury Indicators 31st December 2025	2025/26 Estimate £'000	2025/26 Projected £'000
<b>Prudential Indicators</b>		
Capital Expenditure	14,186	12,646
Expected Investment Position at 31 March 2026	73,021	76,415
Capital Financing requirement at 31 March 2026	8,362	8,362
Proportion of financing costs to net revenue streams	1.67%	(0.71%)
Gross Debt (Debt incl PFI & Leases)	0	0
Net Income (from Commercial and Service Investments) to Net Revenue Streams	(10.5%)	(11.2%)
<b>Treasury Management Indicators</b>		
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%	35%
Upper limit for variable rate exposure (investments)	100%	65%
Upper limit for total principal sums invested over 1 year	36,500	38,208
Liability Benchmark	(61,174)	(61,512)

## **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, 5 February 2026**

## **Capital and Investment Strategy 2026/27**

### **Report of the Director – Finance and Corporate Services**

#### **1. Purpose of report**

- 1.1. The purpose of this report is to provide the Group with details of the Capital and Investment Strategy for 2026/27 to 2030/31 focusing on both traditional treasury activity and the Council's commercial property investments in line with CIPFA's Prudential and Treasury Management Codes.
- 1.2. The Local Government Act 2003 requires the Council to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (updated December 2021) along with revised guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) when carrying out capital and treasury management activities.
- 1.3. The objectives of the CIPFA Prudential Code are to ensure that capital investment plans are affordable and proportionate, and all borrowing and other long-term liabilities are at prudent and sustainable levels, and that treasury management decisions are taken in accordance with the Council's treasury management strategy.
- 1.4. The Capital and Investment Strategy 2026/27 to 2030/31 (Appendix A) reflect Government Guidance, and the CIPFA Treasury Management and Prudential codes.

#### **2. Recommendation**

- 2.1. It is RECOMMENDED that the Governance Scrutiny Group scrutinise and recommend for approval by Full Council:
  - a) The Capital Strategy and Capital Prudential Indicators and limits for 2026/27 to 2030/31 contained within Appendix A (paragraphs 4 to 14);
  - b) The Minimum Revenue Provision (MRP) Statement contained within Appendix A (paragraphs 15 and 16) which sets out the Council's policy on MRP;
  - c) The Treasury Management Strategy 2026/27 to 2030/31 and the Treasury Indicators contained within Appendix A (paragraphs 17 to 69);
  - d) The Commercial Investments Indicators and Limits for 2026/27 to 2030/31 contained within Appendix A (paragraphs 70 to 83);

- e) The Treasury Management Policy Statement for 2026/27 (Appendix B);

### **3. Reasons for Recommendation**

- 3.1. To comply with the Council's Financial Regulations, and the Local Government Act 2003 which requires the Council to adhere to the CIPFA Prudential Code for Capital Finance in Local Authorities.

### **4. Supporting Information**

#### **Capital Prudential Indicators**

- 4.1. Appendix A (paragraphs 4 to 14) details the Capital Strategy and Capital Prudential Indicators for 2026/27 to 2030/31.
- 4.2. The Capital Prudential Indicators highlight the following:
- Projected capital expenditure plans and funding
  - The Council's Borrowing Need (the Capital Financing Requirement or CFR)
  - The on-going impact of the capital programme on the investment balance.

#### **Minimum Revenue Provision Policy**

- 4.3. Appendix A (paragraphs 15 and 16) contains the Minimum Revenue Provision (MRP) Policy Statement, which details the methodology used to calculate the charge to the revenue account for the cost of borrowing to fund capital expenditure.
- 4.4. The Government Guidance and the Council's MRP Policy includes limits to the period over which the cost of borrowing can be recovered from the revenue account (a maximum of 40 and 50 years respectively for property and land). It also clarifies the position on Voluntary Revenue Provision (VRP) and that in times of financial crisis then there is the option to not apply VRP.

#### **Treasury Management Strategy**

- 4.5. Appendix A (paragraphs 17 to 69) details the Treasury Management Strategy which covers:
- The current economic climate and prospects for interest rates
  - The Council's debt and investment projections
  - The limits and prudence of future debt levels
  - The affordability impact of the capital programme
  - The Council's borrowing and investment strategies
  - Specific limits on treasury activities; and
  - Any local treasury issues.

## **Commercial Investments**

- 4.6. The revised definition of investments in the CIPFA Treasury Code includes assets which the organisation holds primarily for financial returns, such as investment property portfolios.
- 4.7. Paragraph 71 of the Capital and Investment Strategy confirms the latest guidance from MHCLG that Local Authorities cannot borrow to fund non-financial assets solely to generate a profit. Whilst the Council adheres to this the appraisal techniques previously used are discussed in paragraph 4.8.
- 4.8. Appendix A (paragraphs 70 to 83) details the indicators used to assess commercial investments, and provides a risk assessment of the level of commercial investments by identifying:
  - The limit on the Council's dependency on commercial income; and
  - How risk is spread across both commercial sectors and the size of investments proportionately in relation to asset value.

## **Conclusion**

- 4.9 The Capital Prudential Indicators and Treasury Management Strategy give both a position statement and details of the future position of the Council's Capital, Commercial Investment and Treasury plans. The documents comply with best professional practice and as such are recommended to go forward for approval by Full Council. Positively the Council still remains debt free and continues to invest in its asset base via its own funds and retains a healthy level of well managed investments.

## **5. Risks and Uncertainties**

- 5.1. The report identifies the risks relating to interest rates, use of counterparties for investments and the returns from commercial investments.
- 5.2. There is a risk to the lifespan of this strategy due to Local Government Reorganisation. Updates will be reported to Governance Scrutiny Group and Full Council.

## **6. Implications**

### **6.1. Financial Implications**

Financial Implications are covered in the Capital and Investment Strategy (Appendix A) and integrated into the Council's Medium Term Financial Strategy 2026/27 to 2030/31.

### **6.2. Legal Implications**

The Strategy demonstrates compliance with The Local Government Act 2003 and adherence to the CIPFA Prudential Code for Capital Finance in Local Authorities.



### 6.3. Equalities Implications

There are no equalities implications associated with the recommendations of this report.

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

There are no Crime and Disorder implications associated with the recommendations of this report.

### 6.5 Biodiversity Net Gain Implications

There are no Biodiversity Net Gain Implications associated with the recommendations in this report.

## 7. 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
Efficient Services	Responsible income generation and maximising returns
Sustainable Growth	No direct impact

## 8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group scrutinise and recommend for approval by Full Council:

- a) The Capital Strategy and Capital Prudential Indicators and limits for 2026/27 to 2030/31 contained within Appendix A (paragraphs 4 to 14);
- b) The Minimum Revenue Provision (MRP) Statement contained within Appendix A (paragraphs 15 and 16) which sets out the Council's policy on MRP;
- c) The Treasury Management Strategy 2026/27 to 2030/31 and the Treasury Indicators contained within Appendix A (paragraphs 17 to 69);
- d) The Commercial Investments Indicators and limits for 2026/27 to 2030/31 contained within Appendix A (paragraphs 70 to 83);
- e) The Treasury Management Policy Statement for 2026/27 (Appendix B).

<b>For more information contact:</b>	Peter Linfield Director - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	Council Financial Regulations Treasury Management in the Public Services: Code of Practice (CIPFA) The Prudential Code for Capital Finance in Local Authorities (CIPFA) Guidance on Local Government Investments (MHCLG) Statutory Guidance on Minimum Revenue Provision (MHCLG)
<b>List of appendices:</b>	Appendix A – Capital and Investment Strategy 2026/27 – 2030/31 Appendix B – Treasury Management Policy Statement

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## **CAPITAL AND INVESTMENT STRATEGY 2026/27 – 2030/31**

### **Introduction**

1. The Local Government Act 2003 requires the Council to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (the CIPFA code) when carrying out capital and treasury management activities.
2. The Ministry of Housing Communities and Local Government (MHCLG) has issued Guidance on Local Council Investments that requires the Council to approve an investment strategy before the start of each financial year.
3. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the MHCLG Guidance.

### **The Capital Strategy**

4. The Council's capital expenditure plans are summarised below and forms the first of the prudential indicators. Capital expenditure needs to have regard to:
  - Corporate Priorities (e.g., strategic planning)
  - Stewardship of assets (e.g. asset management planning)
  - Value for money (e.g. option appraisal)
  - Prudence and sustainability (e.g. implications for external borrowing and whole life costing)
  - Affordability (e.g. implications for council tax)
  - Practicability (e.g. the achievability of the Corporate Strategy)
  - Proportionality (e.g. risks associated with investment are proportionate to financial capacity); and
  - Environmental Social Governance (ESG) (e.g. address environmental sustainability in a manner which is consistent with our corporate policies. This is now a requirement of the Treasury Management (TM) Code)
5. Each year the Council will produce a Capital Programme to be approved by Full Council in March as part of Council Tax setting.
6. Each scheme is supported by a detailed appraisal (which may also be a Cabinet Report), as set out in the Council's Financial Regulations. The capital appraisals will address the following:
  - a) A detailed description of the project
  - b) How the project contributes to the Council's Corporate Priorities and Strategic Commitments (particularly the Council's environmental and carbon policies)
  - c) Anticipated outcomes and outputs
  - d) A consideration of alternative solutions
  - e) An estimate of the capital costs and sources of funding

- f) An estimate of the revenue implications, including any savings and/or future income generation potential
- g) A consideration of whether it is a new lease agreement (IFRS 16)
- h) How the project affects the Council's Environmental targets
- i) Any other aspects relevant to the appraisal of the scheme as the S151 Officer may determine.

The appraisal requirement applies to all schemes except where there is regular grant support and if commercial negotiations are due to take place and further reporting to Cabinet or Full Council is therefore required.

7. From time-to-time unforeseen opportunities may arise, or new priorities may emerge, which will require swift action and inclusion in the Capital Programme. These schemes are still subject to the appraisal process, and the Capital Programme will contain a contingency sum to allow such schemes to progress without disrupting other planned capital activity.

### Capital Prudential Indicators

#### a) Capital Expenditure Estimates

8. Capital expenditure can be financed immediately through the application of capital resources, for example, capital receipts, capital grants or revenue resources. However, if these resources are insufficient or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need. Table 1 summarises the capital expenditure projections and anticipated financing. The detail behind the schemes is included in the Medium-Term Financial Strategy (MTFS) presented to Full Council.

Table1: Projected Capital Expenditure and Financing

	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000
<b>Capital Expenditure</b>	<b>14,186</b>	<b>6,898</b>	<b>5,703</b>	<b>4,472</b>	<b>4,740</b>	<b>3,283</b>
<b>Less Financed by:</b>						
Capital Receipts	4,460	325	625	315	915	435
Capital Grants/ Contributions	3,720	2,224	3,350	2,487	1,850	870
Reserves	6,006	4,349	1,728	1,670	1,975	1,978
<b>Total Financing</b>	<b>14,186</b>	<b>6,898</b>	<b>5,703</b>	<b>4,472</b>	<b>4,740</b>	<b>3,283</b>
Underlying need to Borrow	0	0	0	0	0	0

9. The key risks to the capital expenditure plans are that the level of grants estimated are subject to change, anticipated capital receipts are not realised/deferred or spend is more than expected in the medium term. We now know New Homes Bonus has been discontinued in the 2026/27 finance settlement.

## b) The Council's Underlying Need to Borrow and Investment position

10. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR) which remains a key indicator under the Prudential Code. The CFR increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP) and capital receipts used to replace debt. In addition, the CFR will reduce with any voluntary contributions (VRP) made.
11. The Council also holds usable reserves and working capital which represent the underlying resources available for investment. The Council's current strategy is to use these resources, by way of internal borrowing, to avoid the need to externalise debt.
12. Table 2 below summarises the overall position regarding borrowing and available investments. It shows a decrease in CFR as the final residual MRP payment in relation to the Arena is made in 2026/27.

Table 2: CFR and Investment Resources

	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000
Opening CFR	10,010	8,362	7,125	6,693	6,381	6,063
CFR in year	-	-	-	-	-	-
Less: MRP, VRP, IFRS16 MRP	(1,648)	(1,237)	(432)	(312)	(318)	(325)
<b>Closing CFR</b>	<b>8,362</b>	<b>7,125</b>	<b>6,693</b>	<b>6,381</b>	<b>6,063</b>	<b>5,738</b>
Less: External Borrowing	-	-	-	-	-	-
<b>Internal Borrowing</b>	<b>8,362</b>	<b>7,125</b>	<b>6,693</b>	<b>6,381</b>	<b>6,063</b>	<b>5,738</b>
<b>Less:</b>						
Usable Reserves	(33,573)	(32,705)	(33,105)	(32,856)	(30,937)	(30,466)
Working Capital	(46,301)	(44,301)	(42,301)	(40,301)	(38,301)	(38,301)
<b>Available for Investment</b>	<b>(71,512)</b>	<b>(69,881)</b>	<b>(68,713)</b>	<b>(66,776)</b>	<b>(63,175)</b>	<b>(63,029)</b>

\*The CFR increase in 2024/25 arose from a change in the accounting for leases.

13. The Council is currently debt free and the assumption in the capital expenditure plan is that the Council will not need to externally borrow over the period of the MTFS predominantly due to the ability to internally borrow using Community infrastructure Levy (CIL) and S106 monies. Available resources (usable reserves and working capital) gradually reduce with usable reserves being used over the medium term to finance both capital and revenue expenditure. Reserves will decrease further when spending plans are finalised and unknown costs such as those relating to Local Government Reorganisation impact on the Council. Working capital is projected to steadily reduce as S106 monies in relation to education are no longer paid to the Council and monies from developers are released.
14. Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement (see above). Statutory

guidance is that debt should remain below the CFR, except in the short term. As can be seen from table 3, the Council expects to comply with this. A reducing CFR is also positive as the Council's underlying need to borrow reduces.

**Table 3 – Prudential Indicator: Gross Debt and the Capital Financing Requirement**

	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000	2028/29 Forecast £'000	2029/30 Forecast £'000	2030/31 Forecast £'000
Debt (IFRS16 lease liability)	2,321	1,848	1,350	1,093	955	811
Capital Financing Requirement	8,362	7,125	6,693	6,381	6,063	5,738

### **Minimum Revenue Provision Policy**

15. MHCLG Regulations require the Governance Scrutiny Group to consider a Minimum Revenue Provision (MRP) Statement in advance of each year. Further commentary regarding financing of the debt is provided in paragraphs 27-32. A variety of options are provided to Councils, so long as there is prudent provision. As with previous strategies, the Council implements the Asset Life Method (Option 3 within the Guidance) with the following recommended MRP Statement:

*MRP will be based on the estimated life of the assets, in accordance with Option 3 of the regulations. Estimated life periods within this limit will be determined under delegated powers, subject to any statutory override. (MHCLG revised guidance states maximum asset lives of 40 and 50 years for property and land respectively)*

*As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.*

*This option provides for a reduction in the borrowing need over approximately the asset's life.*

16. As well as the need to pay off an element of the accumulated General Fund borrowing requirement, used to fund capital expenditure each year (the CFR), through a revenue charge (the MRP), the Council is also permitted to make additional voluntary contributions (VRP). In times of financial crisis, the Council has the flexibility to reduce voluntary contributions. Once payments in relation to the Arena finish (2026-27) the Council does not envisage making VRP contributions on any other scheme. Table 2 (paragraph 12) includes the use of capital receipts to bring the CFR down by funding capital expenditure.

## **Treasury Management Strategy 2026/27 to 2030/31**

17. The CIPFA Code of Practice for Treasury Management in the Public Services (the “CIPFA Treasury Management Code”) defines treasury management activities as:

*“The management of the organisation’s borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.”*

The code also includes non-cash investments which are covered at paragraph 70 below. Under the revised Prudential code, investments are separated into categories for Treasury Investment, Service Investment and Commercial Investment.

18. The CIPFA CIPFA Treasury Management Code and the CIPFA Prudential Code require local authorities to produce a Treasury Management Strategy before the start of each financial year.
19. This Strategy includes those indicators that relate to the treasury management functions and help ensure that the Council’s capital investment plans are affordable, prudent, and sustainable, while giving priority to the security and liquidity of those investments. Treasury Management Practices (TMP) 1 sets out the Council’s practices relating to Environmental Social Governance (ESG) and is a developing area.

### **The Current Economic Climate and Prospects for Interest Rates**

20. The impact on the UK from the government’s Autumn Budget, is an influence on the Council’s treasury management strategy for 2026/27. Other influences will include lower short-term interest rates alongside higher medium and longer-term rates, modest economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and ongoing geopolitical issues.
21. The Bank of England’s (BoE) reduced the base rate to 3.75% at its meeting in December 2025, down 25 basis points from 4%. This follows multiple cuts during 2025. The Council’s treasury advisors are expecting this downward trend to continue over the medium term with the next cut anticipated in February 2026 and rates expected to stabilise around 3.25%.
22. The Consumer Prices Index (CPI) was 3.2% in November, down from 3.8% in September and lower than the 3.5% expected. Core CPI eased to 3.2% from 3.5%, against forecasts of it being 3.6%. The BoE projects inflation to reach the 2% target by late 2026 or early 2027.
23. The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, while the employment rate slipped to 74.9%. Going forward,



the Bank predicts the unemployment rate will remain around 5.0% before trending downwards in 2026 at a gradual pace over the rest of the time horizon.

24. Table 4 below shows the assumed average interest (which reflects a prudent approach) that will be made over the next five years for budget setting purposes.

**Table 4: Budgetary Impact of Assumed Interest Rate Going Forward**

	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate
<b>Anticipated Interest Rate</b>	3.31%	3.25%	3.00%	3.00%	3.00%
<b>Expected interest from investments (£)</b>	1,263,100	1,235,200	1,163,300	1,091,900	1,033,900
<b>Other interest (£)</b>	54,400	48,800	44,300	39,900	35,200
<b>Total Interest (£)</b>	<b>1,317,500</b>	<b>1,284,000</b>	<b>1,207,600</b>	<b>1,131,800</b>	<b>1,069,100</b>
<b>Sensitivity:</b>	£	£	£	£	£
- 0.25% Interest Rate	82,100	78,600	84,700	77,800	83,100
+ 0.25% Interest Rate	(82,100)	(78,600)	(84,700)	(77,800)	(83,100)

25. In the event that a bank suffers a loss, the Council could be subject to bail-in to assist with the recovery process. The impact of a bail-in depends on the size of the loss incurred by the bank or building society, the amount of equity capital and junior bonds that can be absorbed first and the proportion of insured deposits, covered bonds and other liabilities that are exempt from bail-in.
26. The Council has managed bail-in risk by both reducing the amount that can be invested with each institution to £10 million and by investment diversification between creditworthy counterparties.

### **Borrowing Strategy 2026/27 to 2030/31**

#### **Prudential Indicators for External Debt**

27. Table 2 above identifies that the Council will not need to externally borrow over the MTFs instead choosing to internally borrow. Whilst this means that no external borrowing costs (interest/debt management) are incurred, there is an opportunity cost of using internal borrowing by way of lost interest on cash balances.
28. The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility
  - National Wealth Fund (formerly UK Infrastructure Bank)
  - Any institution approved for investments
  - Any other bank or building society authorised to operate in the UK
  - Any other public sector body
  - UK public and private sector pension funds
  - Capital market bond investors
  - Retail investors via a regulated peer-to-peer platform

- Special purpose companies created to enable local authority bond issues

Public Works Loan Board (PWLB) borrowing is at Gilts +80bps (certainty rate). If applying, there is the need to categorise the capital programme into 5 categories including service, housing and regeneration (not anticipated). If any Council has assets that are being purchased 'primarily for yield' anywhere in their capital programme they will not be able to access PWLB funding.

Other sources of debt finance, in addition to the above, that are not borrowing but may be classed as other debt liabilities are listed below. These options would be subject to due diligence in the event that any are proposed methods to finance Council debt.

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback
- Similar asset-based finance

#### **a) Authorised Limit for External Debt**

29. The authorised limit is the "affordable borrowing limit" required by section 3 (1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited. It shows the maximum amount the Council could afford to borrow in the short term to maximise treasury management opportunities and either cover temporary cash flow shortfalls or use for longer term capital investment. It should be set higher than the CFR (see table 3) plus a safety margin of £10m to £15m. The limits below satisfy this requirement.

Table 5: The Authorised Limit

	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000
<b>Authorised Limit</b>	20,000	20,000	20,000	20,000	20,000	20,000

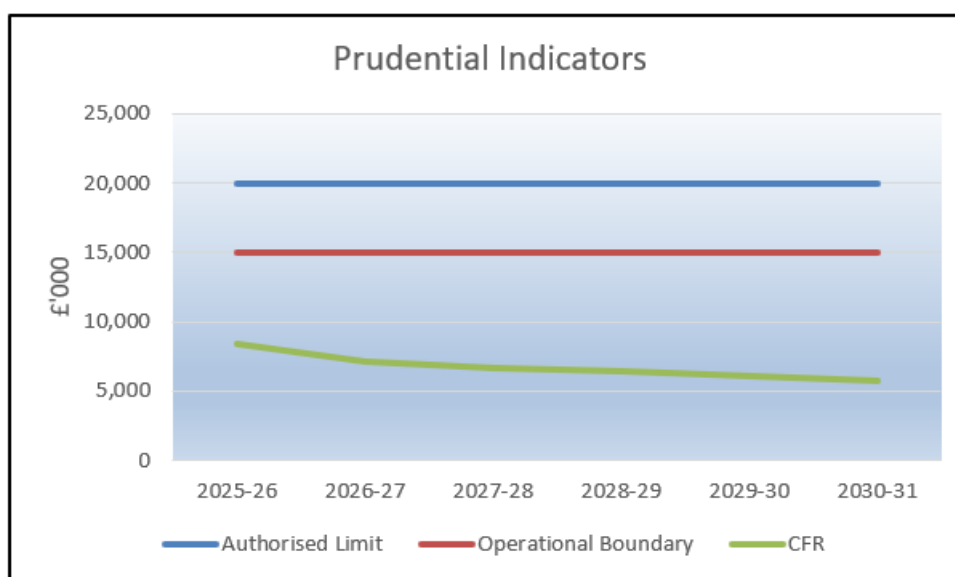
#### **b) Operational Boundary for External Debt**

30. The operational boundary is the expected borrowing position of the Council during the year. The operational boundary is not a limit, and actual borrowing can be either below or above the boundary subject to the authorised limit not being breached. The Operational Limit has been set at £15m (Table 6) and, whilst the Council is not expected to externally borrow over the period of the MTFS, this provides a cushion and gives flexibility should circumstances significantly change.

Table 6: The Operational Boundary

	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000
<b>Operational Boundary</b>	15,000	15,000	15,000	15,000	15,000	15,000

Chart 1 below shows the prudential indicators graphically



31. The Council's is required to show the maturity structure of borrowing. The Council had no debt and is unlikely to need to borrow over the medium term and if it did, it would only be for small amounts so there are no significant refinancing risks and therefore the limits in the strategy do not need to be restrictive (see Table 7).

Table 7 – Prudential Indicator: Refinancing Risk Indicator

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months an within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

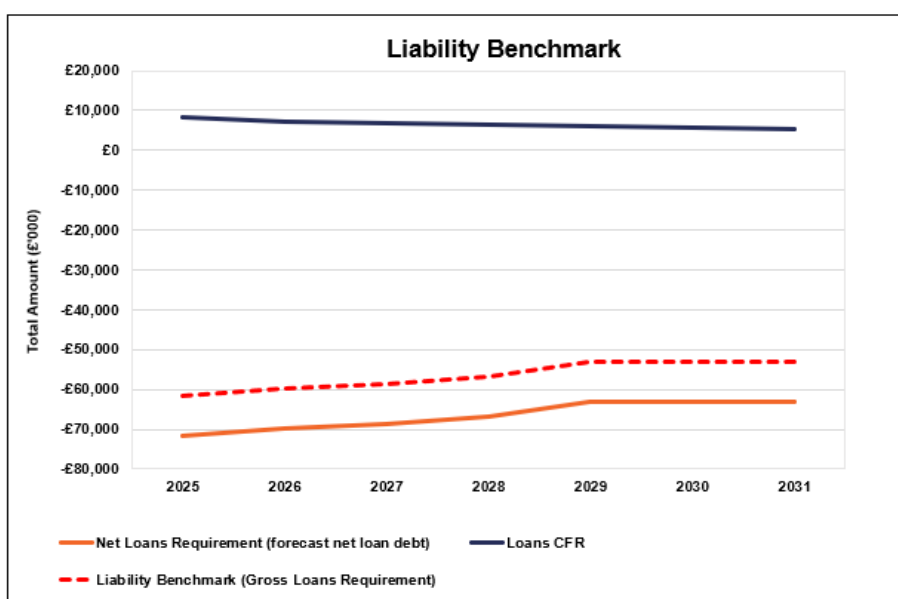
32. The Liability Benchmark reflects the real need to borrow and can be seen in table 8. In accordance with the Code this must also be shown graphically (Chart 2). The Council's CFR is reducing due to MRP repayments. Reserves are being

used to fund future capital expenditure and working capital/S106 monies are returning to a normal level. As demonstrated by the credit figures below, the Council expects to be a long-term investor and has no need to borrow over the medium term.

Table 8 Prudential Indicator: Liability Benchmark

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Closing CFR	8,362	7,125	6,693	6,381	6,063	5,738
<b>Less:</b>						
Usable Reserves	(33,573)	(32,705)	(33,105)	(32,856)	(30,937)	(30,466)
Working Capital	(46,301)	(44,301)	(42,301)	(40,301)	(38,301)	(38,301)
Plus minimum investments	10,000	10,000	10,000	10,000	10,000	10,000
<b>LIABILITY BENCHMARK</b>	<b>(61,512)</b>	<b>(59,881)</b>	<b>(58,713)</b>	<b>(56,776)</b>	<b>(53,175)</b>	<b>(53,029)</b>

Chart 2 Prudential Indicator: Liability Benchmark



### Prudential Indicators for Affordability

33. Affordability indicators provide details of the impact of capital investment plans on the Council's overall finances.

#### a) Actual and estimates of the ratio of net financing costs to net revenue stream

34. This indicator identifies the trend in net financing costs which include borrowing costs (MRP and IFRS16 interest for Rushcliffe) less investment income, against

net revenue income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs is changing over time.

35. A credit indicates net interest earned rather than an interest cost. The figures fluctuate over the MTFS period, but all figures after 2026/27 are a credit. This is reflective of the reducing MRP payments, as payments in relation to Rushcliffe Arena finish in 2026/27. There are other non-treasury capital commitments in relation to Rushcliffe Oaks Crematorium and Bingham Arena and Enterprise Centre which give rise to further MRP, but repayments are lower because they are spread over a longer period.
36. Net revenue streams fluctuate over the period. Following the Fair Funding Review, individual income streams (such as New Homes Bonus) have now been replaced with a single Revenue Support Grant to support transition and provide a funding 'floor'. Allocations are confirmed until 2028/29 after which it is expected that this will reduce. Later years also reflect both the downward trend in interest from lower investment balances and fluctuating net revenue streams from Council Tax and Localised Business Rate changes.

Table 9: Proportion of Financing Costs to Net Revenue Stream

	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate
Net Interest Payable/(Receivable)	34	(762)	(831)	(762)	(699)
Net Revenue Stream	17,907	17,705	17,445	16,394	17,057
<b>Financing costs:Net Revenue Stream</b>	<b>0.19%</b>	<b>-4.30%</b>	<b>-4.76%</b>	<b>-4.65%</b>	<b>-4.10%</b>

#### **b) Estimates of net income to net revenue stream**

37. This indicator that looks at net income from commercial and service investments (for example it includes Rushcliffe Oaks Crematorium and Bingham Market) and expresses it as a percentage of net revenue streams. The increase reflects rent increases and improved commercial performance of the crematorium.

Table 10: Proportion of Net Income to Net Revenue Stream

	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate
Net Income from investments	(2,094)	(2,284)	(2,345)	(2,411)	(2,482)
Net Revenue Stream	17,907	17,705	17,445	16,394	17,057
<b>Net Income:Net Revenue Stream</b>	<b>11.7%</b>	<b>12.9%</b>	<b>13.4%</b>	<b>14.7%</b>	<b>14.6%</b>

#### **Investment Strategy 2026/27 to 2030/31**

38. Table 11 below shows the Council's investment balance projections. The downward movement reflects the use of capital receipts to finance capital

expenditure. In addition, it reflects the release of S106 monies and the loss of S106 receipts for Education which are no longer paid to the Council.

Table 11: Investment Projections

	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate
<b>Investments at 31 March £'000</b>	71,500	69,900	68,700	66,800	63,200	63,000

39. The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitable low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing (see paragraph 41). The Council ensures that robust due diligence procedures cover all external investments.
40. As demonstrated by the liability benchmark above (paragraph 32), the Council expects to be a long-term investor and treasury investments will therefore include both short-term low risk instruments to manage day to day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support the services the Council provides.
41. ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will (in accordance with treasury advice) prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance (NZAM) and/or the UK Stewardship Code. Note that the NZAM is currently suspended but has announced a resumption from January 2026. Ultimately security, liquidity and yield are the overriding principles that drive where the council invests its resources.
42. The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole of the Council's inflation exposures.

43. The Council will invest its surplus funds with any of the counterparty types in Table 12 below, subject to the limits shown and counterparties included at Appendix i.

Table 12: Counterparty Details

Sector	Time limit †	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments - government collateral	25 years	£10m	Unlimited
Secured investments - other collateral*	10 years	£10m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£5m
Registered providers (unsecured) *	5 years	£5m	£5m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£30m
Real estate investment trusts	n/a	£5m	£10m
Other investments *	5 years	£5m	£10m

\*Please refer to Glossary at Appendix (iv)

Although the above table details the counterparties that the Council could invest funds with, it would not invest funds with counterparties against the advice of Arlingclose (the Council's Treasury Management Advisors) even if they met the criteria above.

44. Credit rating information is provided by Arlingclose on all active counterparties that comply with the criteria above. A counterparty list will be maintained from this information and any counterparty not meeting the criteria will be removed from the list.
45. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
46. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn (on the next working day), will be made with that organisation until the outcome of the review is announced. This policy will

not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

47. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will be given to other available information on the credit quality of the organisations in which it invests, including financial statements, information on potential government support, reports in the quality financial press and analysis and advice from Arlingclose.
48. The Council is aware that investments with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism that may affect its public reputation, and this risk will also be considered when making investment decisions. Many local authorities are not rated by credit rating agencies, although some are. The Council will always take reasonable steps as mentioned in paragraph 47 and carry out due diligence before investing.
49. Although the Council has never made use of financial derivatives and has no current plans to do so, in line with the CIPFA code, the Council would seek external advice before entering into such an agreement to ensure that it fully understands the implications (see paragraph 64 for more detail).

### **Credit Risk**

50. The CIPFA Treasury Management Code recommends that organisations should clearly specify the minimum acceptable credit quality of its counterparties; however, they should not rely on credit ratings alone and should recognise their limitations. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantial doubts about its credit quality, even though it may meet the credit rating criteria.
51. When deteriorating financial market conditions affect the credit worthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.



## **Current investments**

52. The Council uses its own processes to monitor cash flow and determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial strategy and cash flow forecast.
53. Surplus funds are invested in accordance with the Council's cash flow requirements in order to gain the maximum benefit from the Council's cash position throughout the year. Generally speaking, in times of declining interest rates it is prudent to lock into longer deals to take advantage of higher rates, whilst also ensuring a diversified portfolio. Funds are separated between service investment and non-specified investments as detailed in paragraphs 57 to 59 below.
54. The Council currently holds a total of £15m in pooled/diversified funds. The fair value of these funds fluctuates, and the current value of these investments can be seen in Appendix ii. The downward trend experienced in previous years is starting to reverse but these funds are still susceptible to global unrest, inflation and monetary policies.
55. The fluctuations in capital value of the pooled/diversified funds to date is a loss of £0.561m. This is currently reversed by the statutory override preventing any accounting loss impacting on the revenue accounts. This is due to end 1 April 2029. The risk of this loss crystallising after this period has been mitigated by appropriations of £1.310m to the Treasury Capital Depreciation Reserve.
56. It should be noted that whilst the capital value of this type of investment can fluctuate, the revenue returns make up a significant proportion of the overall returns on investments. The fair value of these investments accounted for 16% of average investment balances in 2024/25 but generated 34% interest. The Council will continue to monitor the position on these investments and take advice from the treasury advisors.

## **Service investments**

57. The Council invests its money for three broad purposes:
  - because it has surplus cash as a result of its day-to-day activities (treasury management),
  - to support local public services by lending to or buying shares in other organisations (service investments), and
  - to earn investment income (or known as commercial investments where this is the main purpose).
58. The Council can lend money to its suppliers, parish councils, local businesses, local charities, employees, housing associations to support local public services

and stimulate local growth, normally at market interest rates. The Council has existing loans to Nottinghamshire Cricket Club which not only stimulates the local economy but provides social outcomes. The Trent Bridge Community Trust delivers projects that have positive impacts on local communities such as tackling social exclusion and anti-social behaviour. The main risk when making service loans is that the borrower may be unable to repay the principal lent and/or the interest due. In order to limit this risk and ensure that total exposure to service loans remains proportionate to the size of the Council, the upper limit on any category of borrower will be £5 million.

### **Non-specified investments**

59. Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The Council does not intend to make any such investments, that are defined as capital expenditure by legislation.

### **Investment Limits**

60. The Council's revenue reserves available to cover investment losses in a worst-case scenario are forecast to be around £17.5 million on 31st March 2026 and £19.3 million on 31st March 2027. The maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £10 million (table 12). This figure is constantly under review to assess risk in the case of a single default. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries, and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 13: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£10m per manager
Investments held in a broker's nominee account	£10m per broker
Foreign countries	£3m per country

### **Treasury Management limits on activity**

61. The Council measures and manages its exposures to treasury management risks using the following indicators:

#### **a) Interest Rate Exposures**

62. This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposure is usually expressed as a percentage of the amount of net interest payable. However, for the Council, interest costs on borrowing are greatly exceeded by interest and investment

income, therefore the upper limit for fixed and variable interest rate exposure in absolute terms will be negative. The Council has set a limit of 50% on fixed interest rate exposure. During a time of falling interest rates as forecast (paragraph 24) this indicator should not be restrictive or prevent the Council from locking more investments into higher interest rates. The definition of fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

**Table 14: Interest Rate Exposure**

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Upper Limit on fixed interest rate exposure</b>	50%	50%	50%	50%	50%	50%
<b>Upper Limit on variable interest rate exposure</b>	100%	100%	100%	100%	100%	100%

### **Principal Sums Invested over 1 year**

63. This limit is intended to contain exposure to the possibility of any loss that may arise as a result of the Council having to seek early repayment of any investments made. It includes long-term investments with no fixed maturity date including strategic pooled/diversified funds. The limits on the long-term principal sum invested to final maturities beyond the period end are set at 50% of the sum available for investment (to the nearest £100k), as follows:

**Table 15: Principal Sums Invested over 1 year**

	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate
<b>Limit on Principal invested over 1 year £'000</b>	35,800	34,900	34,400	33,400	31,600	31,500

### **Policy on the use of financial derivatives**

64. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO (Lender Option Borrowers Option) loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

65. The Council will only use standalone financial derivatives (such as swaps, forwards, futures, and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
66. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

### **Treasury Management Advisors**

67. Arlingclose will act as the Council's treasury management advisors until 31 October 2026 (with optional extension to 31 October 2028). The company provides a range of services which include:
- Technical support on treasury matters and capital finance issues
  - Economic and interest rate analysis
  - Investment advice on interest rates, timing, and investment instruments; and
  - Credit ratings/market information service comprising the three main credit rating agencies.
68. Whilst the treasury management advisors provide support to the internal treasury function, the current market rules and the CIPFA Treasury Management Code confirms that the final decision on treasury management matters rests with the Council. The service provided by the Council's treasury management advisors is subject to regular review.

### **Other Options Considered**

69. The MHCLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance and Corporate Services, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Our policy is to have a feathered approach ie a range of counterparties spread over different time periods (short/medium/long term), this mitigates risk of changes in credit ratings and interest rates whether they go up or down.

### **Commercial Investments**

70. The CIPFA definition of investments in treasury management activities above (paragraph 17) covers all financial assets of the organisation as well as other

non-financial assets which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations.

71. Under the updated Prudential Code, Local Authorities are no longer allowed to borrow to fund non-financial assets solely to generate a profit.
72. The Council will maintain a summary of current material investments, subsidiaries, joint ventures, and liabilities, including financial guarantees and the organisation's risk exposure. The current summary is included at Appendix iii.
73. The Council will also monitor past commercial property investments against original objectives and consider plans to divest as part of a biennial review. The last report was presented to Governance Scrutiny Group in February 2024 (see paragraph 83) with the next report due in June 2026.
74. Proportionality is included as an objective in the Prudential Code. Clarification and definitions to define commercial activity and investment are also included, and the purchase of commercial property purely for profit cannot lead to an increased capital financing requirement (CFR).
75. The Council must disclose its dependence on commercial income, and the contribution non-core investments make towards core functions. This covers assets previously purchased through the Council's Asset Investment Strategy (AIS), as well as other pre-existing commercial investments.

**a. Dependence on commercial income and contribution non-core investments make towards core functions**

76. The expected contributions from existing commercial investments are shown in Table 16. To manage the risk to the Council's budget, the contribution from commercial investments should not account for a significant proportion of the Council's total income. Over the medium term the contribution from commercial investments is around 10% each year leaving the Council less exposed to risks surrounding commercial property.
77. This percentage is declining over the medium term due to the Council's budgeted total income increasing relative to rental income.

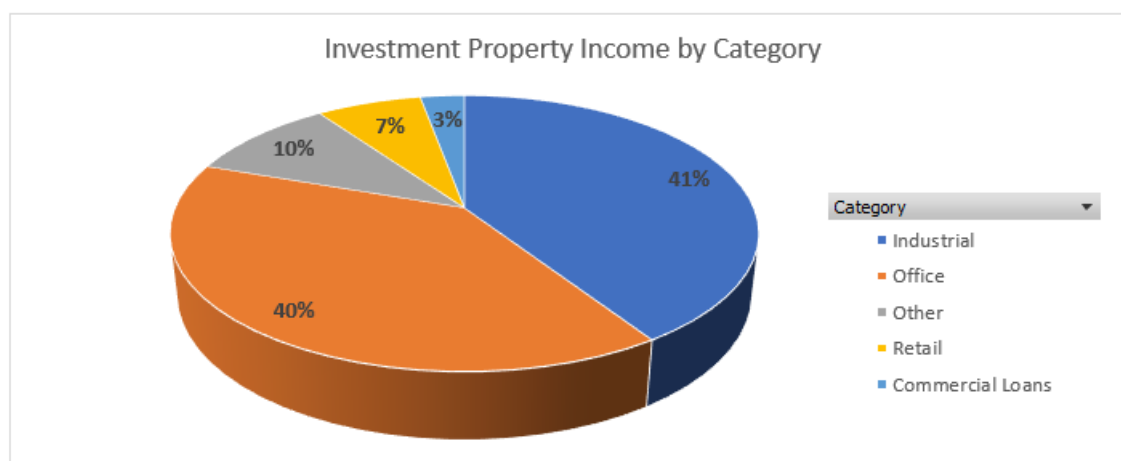
Table 16: Commercial Investment income and costs

	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
<b>Commercial Property Income</b>	(1,837)	(1,940)	(1,940)	(1,940)	(1,940)
<b>Running Costs</b>	503	483	492	501	510
<b>Net Contribution to core functions</b>	(1,333)	(1,457)	(1,448)	(1,439)	(1,430)
 <b>Interest from Commercial Loans</b>	 (55)	 (49)	 (44)	 (40)	 (35)
 <b>Total Contribution</b>	 (1,388)	 (1,506)	 (1,492)	 (1,479)	 (1,465)
<b>Sensitivity:</b>					
+/- 10% Commercial Property Income	184	194	194	194	194
<b>Indicator:</b>					
Total Contribution as a % of total Council Income	10.0%	10.4%	10.0%	9.8%	9.5%
 Total Income	 13,952	 14,441	 14,864	 15,147	 15,435

## b) Risk Exposure Indicators

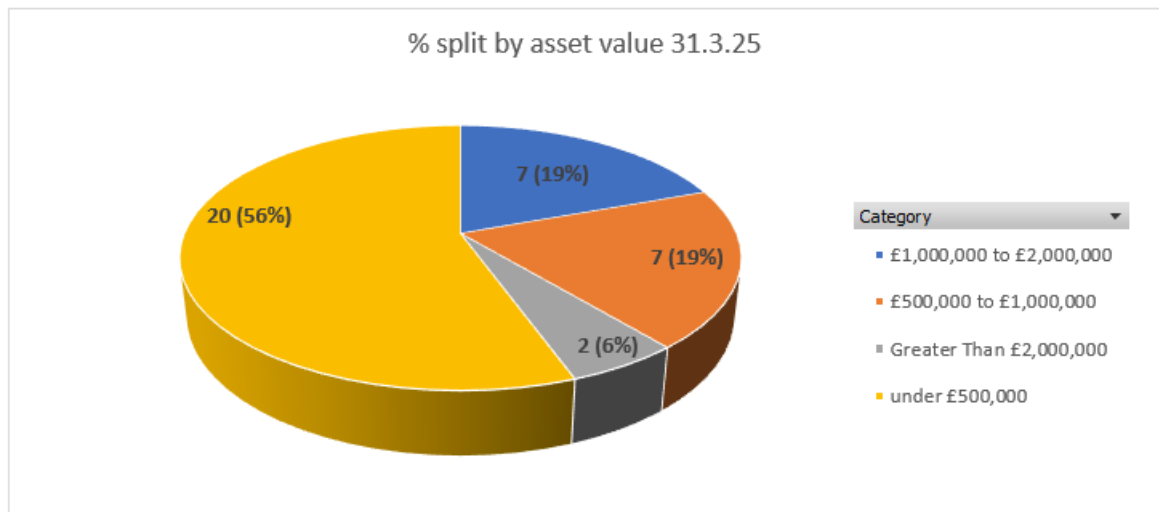
78. The Council can minimise its exposure to risk by spreading investments across sectors and by avoiding single large-scale investments (Chart 3 and 4 below). Generally, there is a spread of investment across sectors in the Council's portfolio. The Council's previous commitment to economic regeneration (not purely financial return) has meant that many of its investments have been in industrial units, which have been very successful. This is closely followed by income from Office accommodation which in some cases is linked to economic regeneration schemes. Bingham Enterprise Centre is the latest investment which is now fully let and generating rental income of £108,000 per annum.

Chart 3 Investment Income by Category



### c) Security and Liquidity

Chart 4 Investment by Asset Value



79. Commercial investments are held for longer term asset appreciation as well as yield. Investments or sales decisions will normally be planned as part of the consideration of the 5-year capital strategy to maximise the potential return. Nevertheless, the local and national markets are monitored to ensure any gains are maximised or losses minimised.
80. To help ensure asset values are maintained the assets are given quarterly inspections, together with a condition survey every 3 years. Any works required to maintain the value of the property will then form part of Council's spending plans.
81. The liquidity of the assets is also dependent on the condition of the property, the strength of the tenants and the remaining lease lengths. The Council keeps these items under review with a view to maximising the potential liquidity and value of the property wherever possible.
82. The liquidity considerations for commercial investments are intrinsically linked to the level of cash and short-term investments, which help manage and mitigate the Council's liquidity risk.
83. The investments are subject to ongoing review with regards to their financial viability or indeed whether they are surplus to requirement. At the February 2024 Governance Scrutiny Group Meeting, details on the risks surrounding the Council's commercial properties were reported, as well as providing a pathway to potential commercial asset disposal, if required.

## **Knowledge and Skills**

84. The TM Code requires Local Authorities to document a formal and comprehensive knowledge and skills schedule reflecting the need to ensure that both members and officers responsible for treasury management are suitably trained and kept up to date (TMP 10). There will be specific training for members involved in scrutiny and broader training for members who sit on full Council. Training for Members was last delivered in January 2026. The Council specifically addressing this important issue by:

- Periodically facilitating workshops for members on finance issues.
- Interim reporting and advising members of Treasury issues when necessary via Governance Scrutiny Group.

With regards to officers, the Council employs professionally qualified and experienced staff in senior positions and continues to support professional development by:

- Attendance at training events, seminars, and workshops; and
- Support from the Council's treasury management advisors
- Identifying officer training needs on treasury management related issues through the Performance Development and Review appraisal process

85. The Council will continue to have its Annual Treasury Management training session with Councillors provided by its Treasury advisers.



## **Counterparty Registrations under MIFID II**

The Council is registered with the following regulated financial services organisations who may arrange investments with other counterparties with whom they have themselves registered:

- BGC Brokers LP
- Royal London Asset Management
- Tradition UK Ltd
- King & Shaxson
- Aberdeen Asset Management
- Aviva
- Institutional Cash Distributors Ltd
- Federated Investors (UK) LLP
- Invesco Asset Management Ltd
- CCLA
- Goldman Sachs Asset Management
- Black Rock
- Aegon Asset Management
- Ninety-One
- HSBC Asset Management
- Imperial Treasury Services

### Pooled Funds – Changes in Fair Value since Acquisition

Pooled Funds	Fair Value 31.03.25	Difference			Difference in valuation from initial investment
		Fair Value 31.12.25	from 31.03.25	Amount Invested	
Aegon-Previously Kames	4,560,790	4,955,654	394,864	5,000,000	(44,346)
Ninety One-Previously Investec	4,518,894	4,621,171	102,277	5,000,000	(378,829)
RLAM	1,015,613	1,026,306	10,692	1,000,000	26,306
CCLA Property	2,008,092	2,011,052	2,960	2,000,000	11,052
CCLA Divesified	1,825,481	1,824,177	(1,303)	2,000,000	(175,823)
	<b>13,928,870</b>	<b>14,438,360</b>	<b>509,491</b>	15,000,000	<b>(561,640)</b>

## Current Book Value of Non-Treasury Investments

<b>INVESTMENT PROPERTY</b>	<b>Book Value 31.3.25 £000</b>	<b>Book Value 31.3.24 £000</b>
The Point Office Accommodation	3.282	3.272
Hollygate Lane, Cotgrave Industrial Units	2.944	2.776
Unit 3 Edwalton Business Park	2.194	2.223
Bardon Single Industrial Unit	1.929	1.929
Unit 1 Edwalton Business Park	1.731	1.787
Trent Boulevard	1.414	1.428
Colliers Business Park Phase 2	1.511	1.386
Cotgrave Phase 2	1.231	1.227
Bingham Hub Offices	1.116	1.112
Bridgford Hall Aparthotel and Registry Office	0.955	1.061
Finch Close	0.914	0.911
Boundary Court	0.742	0.787
Colliers Business Park Phase 1	0.863	0.775
Cotgrave Precinct Shops	0.526	0.487
Mobile Home Park	0.477	0.477
New Offices Cotgrave	0.504	0.470
<b>TOTAL INVESTMENT PROPERTY</b>	<b>22.333</b>	<b>22.108</b>
Notts County Cricket Club Loan	1.384	1.499
<b>TOTAL</b>	<b>23.717</b>	<b>23.607</b>

## Glossary

**CPI:** is the consumer price index. A measure of the cost of living for the typical person.

**Core CPI:** is the CPI for energy and food prices.

**Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than [AA-]. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £10 million per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

### † Time limits

These start on the earlier of date that the Authority is committed to make the investment and the date that cash is transferred to the counterparty.

### UK Government

Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Local authorities and other government entities:** Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. The counterparty limit for loans to local authorities will be increased to an unlimited amount where (a) the government has announced that the Council will merge with the borrowing authority and (b) the loan is scheduled to be repaid after the expected date of the merger.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and

reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments. A higher limit applies for investments fully secured on UK or other government collateral.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds, including exchange traded funds, that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, they can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and unsecured loans to companies and

universities. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank. These are not classed as investments but are still subject to the risk of a bank bail-in and balances will therefore be kept below **£10 million** per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

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## **TREASURY MANAGEMENT POLICY STATEMENT**

### **1. Introduction and Background**

- 1.1. The Council's Treasury Management Policy Statement follows the recommendations set out in Section 6 of CIPFA's *Treasury Management in the Public Services: Code of Practice* (2021).
- 1.2. Full Council has delegated responsibility for ensuring effective scrutiny of reports on treasury and investment policies, practices and activities, and the implementation and regular monitoring of the Council's treasury management activities to the Council's Governance Scrutiny Group.
- 1.3. Full Council will receive an annual strategy in advance of the year
- 1.4. Reports on its treasury management policies, practices and activities and an annual report after its close, will be scrutinised by Governance Scrutiny Group.
- 1.5. The Governance Scrutiny Group will in addition receive an update on progress against the strategy at quarters 1,2 and 3 and a final outturn position report (Quarter 4).

### **2. Treasury Management Activities**

- 2.1. The Council defines its treasury management activities as:

*"The management of the Council's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks."*

- 2.2. The prime objectives of the Council's treasury management activities are the effective management and control of financial risks.

### **3. Statement of Policies**

#### **Risk management**

- 3.1. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.



### Value for money

- 3.2. This Council acknowledges that effective treasury management will provide support for the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

### Borrowing policy

- 3.3. The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The Council will set an affordable borrowing limit each year in compliance with the *Local Government Act 2003* and will have regard to the *CIPFA Prudential Code for Capital Finance in Local Authorities* when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

### Investment Policy

- 3.4. The Council's primary objective for the investment of its surplus funds is to protect the principal sums invested from loss (the security of capital) and to ensure adequate liquidity so that funds are available for expenditure when needed. Yield earned on investments is an important but secondary to security and yield considerations.
- 3.5. The Council will have regard to the MHCLG Guidance on Local Council Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one counterparty.

### Policy on Environmental, Social and Governance issues (ESG)

- 3.6. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will (in accordance with treasury advice) prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.



## Governance Scrutiny Group

Thursday, 5 February 2026

## 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.

#### xx June 2026

- Annual Fraud Report
- Annual Governance Statement
- Internal Audit Progress Report
- Internal Annual Report
- Code of Conduct
- Investment Property Review
- Constitution update
- Capital and Investment Strategy Outturn
- Procurement Strategy

<b>For more information contact:</b>	Peter Linfield Director – Finance and Corporate Services 0115 914 8349 <a href="mailto:plinfield@rushcliffe.gov.uk">plinfield@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	None
<b>List of appendices (if any):</b>	None

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