MINUTES

OF THE MEETING OF THE

GOVERNANCE SCRUTINY GROUP

THURSDAY, 18 JUNE 2026

Held at 7.00 pm in the Council Chamber Area B, 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), P Gowland, H Om, N Regan and T Wells and R Bird (as substitute)

ALSO IN ATTENDANCE:

M Armstrong – BDO (Internal Audit)
M Surridge - Forvis Mazars (External Audit)
L Dennis - Nottinghamshire County Council

OFFICERS IN ATTENDANCE:

S Whittaker	Assistant Director of Finance
N Berry	Senior Property Surveyor
M Heald	Finance Business Partner
E Richardson	Democratic Services Officer

APOLOGIES:

Councillors A Edyvean, C Thomas, G Wheeler and J Causton

1 **Declarations of Interest**

There were no declarations of interest.

2 **Minutes of the Meeting held on 5 February 2026**

The minutes of the meeting held on 5 February 2025 were agreed as a true record and were signed by the Chair.

3 **External Audit Annual Plan 2025/26**

Mr Surridge from Forvis Mazars, the council's external auditors, presented the External Audit Annual Plan 2025/26.

Mr Surridge advised that the Council was in a good position, with the Financial Statements having been published in draft well in advance of the deadline. He advised that the Audit Plan set out the approach to the audit for the year and confirmed that they were a third of the way through their audits for the year. He said that financial statements work would focus on key risk areas, including management override of controls. He noted that there had been an accounting change in relation to the way that land and property was valued.

Mr Surridge advised that work would also be undertaken in relation to value for money arrangements, which assessed financial sustainability, with a programme of works completed to produce the Auditor’s Annual Report which would be received by the Group no later than November 2026.

It was **RESOLVED** that the Governance Scrutiny Group scrutinised the 2025/26 External Audit Annual Plan.

4 **Internal Audit Progress Report Q4**

Mr Armstrong from BDO, the Council’s Internal Auditors, presented the Internal Audit Progress Report for Quarter 4 and confirmed that this covered work completed within the final quarter of the year.

Mr Armstrong said that two final reports had been issued during the period, covering Health and Safety and Procurement and advised that work had started on the 2026/27 audit plan.

In relation to Health and Safety, Mr Armstrong explained that this related to corporate health and safety matters, such as policies and procedures and training. He said that the audit had received Substantial for Design and Moderate for Effectiveness ratings, with one medium and five low level recommendations, with a finding that better usage could be made of the accident reporting system to improve document retention and demonstrate remediation actions.

In relation to Procurement, Mr Armstrong explained that a Moderate rating for Design and Effectiveness had been given, with one medium and one low level recommendation. He noted that significant changes had been made to procurement legislation in the past 18 months and that this finding was in line with the wider public sector industry and that a key finding had related to non-compliance with some internal procedures.

The Chair asked what areas had been explored and reviewed as part of the Health and Safety audit. Mr Armstrong said that four key areas had been covered by the review, including ensuring the required policies and procedures were in place, that required and appropriate training had taken place, particularly for the higher risk roles, that the risk assessment process was fit for purpose and that appropriate reporting and recording of accidents and incidents was being completed. He said that the audit finding related to the recording of accidents and incidents with an update to recording and documentation practices having already been undertaken. He noted that no significant accidents or incidents had been reported that had needed to be escalated to other agencies during the period reviewed but that a comment had been raised around a potential increase in reporting of near misses as reporting appeared lower than might typically be expected for an organisation of the Council’s size. He explained that increased reporting of near misses could be a positive indicator of awareness and culture, and work would be undertaken to ensure employees understood what constituted a near miss and how to report it. The audit also found that while some supporting documents could be obtained, they were not consistently held centrally on the system and action had already been taken to improve this.

In relation to Procurement, Mr Armstrong said the new Procurement Act 2023, had come into force in February 2025 and he confirmed preparedness for the new legislation had formed part of the review and that positive work had been undertaken by the Council, including the development of templates, tools and guidance to support officers undertaking purchasing activity.

Mr Armstrong explained that the procurement finding related to non-compliance with some internal procedures and advised of an instance where the policy required three quotations but only two had been obtained and of an instance where a signed order was not available. Mr Armstrong explained that these examples did not suggest fundamental control failure, as procurement activity had still taken place, but they highlighted gaps in evidencing compliance with internal requirements.

It was **RESOLVED** that the Governance Scrutiny Group considered the quarter 4 progress report for 2025/26 (Appendix A) prepared by the Council's Internal Auditor.

5 **Internal Audit Annual Report 2025/26**

Mr Armstrong from BDO, the Council's Internal Auditors, presented the Internal Audit Annual Report 2025/26.

Mr Armstrong explained that the audit was required by the Public Sector Internal Audit Standards and provided the annual Internal Audit opinion on the Council's risk management, internal control and governance arrangements. He said that the overall opinion was Good, which was the highest rating on the four-point opinion scale, and was the fifth consecutive year in which the Council had received this level of opinion.

Mr Armstrong advised that the opinion reflected the strength of the Council's governance and control arrangements and was based on the work delivered throughout the year. He said that, as the Council moved towards local government reorganisation, it would be important to maintain focus on assurance, control and governance arrangements.

It was **RESOLVED** that the Governance Scrutiny Group noted Internal Audit's Annual Report in relation to 2025/26 (Appendix A).

6 **Annual Fraud Report 2025/26**

Mr Armstrong from BDO, the Council's Internal Auditors, presented the Annual Fraud Report 2025/26 which summarised any incidences of fraud and fraud prevention activities at Rushcliffe Borough Council.

Mr Armstrong said that no fraud had been identified during the year, either by Internal Audit or by management. He said that the Council had engaged in National Fraud Initiative activity and referred to the table on page 89 which included data matching information in relation to housing benefit awards and council tax. He said that he and a colleague had held a training session for management and one of the recommendations had been to broaden that training out to other members of staff, with the Council having rolled out an e-learning module to Officers. The Assistant Director of Finance added that the Council would also be rolling out e-learning on Chartered Institute of Public Finance and Accountancy's (CIPFA) Failure to Prevent. Mr Armstrong said that the next annual audit would include some coverage of fraud awareness.

Councillor Gaunt asked about whistleblowing and Mr Armstrong said that whistleblowing was an important route for staff to raise concerns about potential fraud or other matters and thought that having a very low number of whistleblowing reports could indicate either that there were no concerns or that employees were not sufficiently aware of how to report them. The Assistant Director of Finance added that the Council's whistleblowing policy had been publicised to staff and further work would be undertaken to test awareness, including whether employees knew where to find the policy and how to report concerns.

The Chair asked whether the Council benchmarked against fraud incidents at other councils to learn from serious fraud cases elsewhere. Mr Armstrong confirmed that Internal Audit used sector intelligence and examples from other authorities to inform audit planning, training and discussions with management, which included considering whether similar risks could exist locally and whether controls in place were sufficiently robust. The Assistant Director of Finance said that the Council had a number of external sources, such as banking partners and Internal and External Audit, who would notify them of risks and which the Council would communicate to relevant Officers, with this monitoring and awareness taking place throughout the year.

It was **RESOLVED** that the Governance Scrutiny Group considered the Annual Fraud Report for 2025/26.

7 **Annual Procurement Report**

The Assistant Director of Finance introduced the Annual Procurement Report and advised that new legislation had come into effect in February 2025, hence this new report to the Committee. She explained that the report covered the Council's new procurement strategy and activity and performance for 2024/25 and 2025/26 and demonstrated how procurement was being delivered and contractual procedures were being followed in line with the new Act.

Ms Dennis explained that Nottinghamshire County Council had provided a service to the Council since October 2023. She noted that the County Council was updating its reporting systems and that the statistics were improved from those provided in the report. She said that the County Council was keen to measure the number of contracts going to small and medium-sized enterprises (SMEs) and local suppliers and informed the Group that 64% of the Council's contracts had been awarded to SMEs and that 36% had been awarded to local suppliers, both of which were above the average for the Country. She said work had taken place on setting up frameworks which could be used at no cost and providing training sessions for Officers and Councillors regarding the new legislation, which was ongoing. She added that much work had also taken place on the contracts register to ensure information was being captured.

Ms Dennis said that the number of contracts awarded this year was lower than the previous year but that this was explained due to a number of contracts nearing expiration last year, with this year more accurately reflecting business as usual.

Councillor Regan asked how local suppliers and supply chains were defined and for examples. Ms Dennis said that local referred to within Nottingham and Nottinghamshire and said that current reporting was based on postcode and head office location, but that the new system would provide improved location data and help distinguish between head office location and delivery from a local office. She said that types of local contracts included construction works, grounds maintenance, car parks, grounds works, temporary staffing agencies and local IT suppliers.

Ms Dennis said that the County Council held a number of supplier engagement events for local suppliers which were highly attended and which trained suppliers in how to use the Council's framework.

Councillor Gowland asked about the reasons for the positive performance with SMEs and local suppliers and Ms Dennis said that the increase in use of local suppliers was being seen across all of the local councils that she supported and thought that the supplier engagement events and some changes introduced by the Procurement Act 2023 had all helped, with the legislation providing more flexibility in some circumstances to restrict opportunities to local suppliers.

Councillor Gaunt asked about preference for local suppliers and Ms Dennis said that contracts could only be awarded according to the criteria of the contract. She said that if going out to open tender and restricting a contract to local suppliers due to the value added by that, if only one bid was received that would be classed as open and fair.

The Chair asked about assurance and vetting of contracts and suppliers and Mr Dennis confirmed that the County Council was responsible for this work. She confirmed that for smaller suppliers when a contract went out for tender, bidders would answer a set of general questions, for example in relation to health and safety, and that when a contract was awarded, it was awarded subject to due diligence and the supplier would then be required to provide the appropriate documentation, such as for health and safety, and that checks, such as financial checks, would be be carried out, depending on what was relevant for each contract.

It was **RESOLVED** that Governance Scrutiny Group scrutinised the procurement activity and performance for 2024/25 and 2025/26.

8 **Investment Property Review**

Mr Berry presented the Investment Property Review report and advised that the review provided an update on the Council's commercial property portfolio over the previous two years.

Mr Berry informed the Group that the portfolio continued to perform well, with occupancy at 96.4% and income of approximately £1.9 million per annum, mainly generated from the investment properties the Council had purchased. He said that the portfolio was operating in a challenging market, with businesses facing inflationary pressures, wages and increased utility costs which had contributed to some tenants entering administration. He said that the portfolio included a range of industrial estates, including multi-let and single-let properties. He also noted that since the previous review the Council had completed the sale of a freehold of Candleby Lane and had undertaken significant refurbishment works at Manvers business park.

Mr Berry explained that the review had assessed a range of factors, including asset value, projected rent and financial return, property condition and potential capital requirements for upgrading and statutory requirements, such as minimum energy efficiency standards (MEES), tenant covenant risk and economic obsolescence. He said that MEES presented a key risk and as such the Council had reviewed its portfolio to understand its position and potential future obligations, concluding that it was in a good position overall. Mr Berry took the Group through the portfolio of properties owned by the Council, explaining their current condition, occupancy and anticipated maintenance requirements. He noted that one property, at Walkers Yard, presented future capital risk due to its low EPC rating due to it being an old building.

Councillor Regan asked about valuations and Mr Berry advised that the figures were asset valuations informed by rental and market evidence rather than open market sale processes.

Councillor Regan asked about tenant bankruptcies and whether the Council had incurred additional liabilities or costs due to these. Mr Berry explained that as part of the bankruptcy process, the administrators would at some point issue notice to discharge leases but that the Council also had other ways to take back ownership of the property, such as through a forfeiture notice. He said that it some instances the administrators would pay the rental up to the point of auctioning off the goods.

Councillor Om asked how many units were let and vacant in The Point and Mr Berry explained that there were nine suites in total, with seven let and two vacant, which these two currently being marketed.

Councillor Om asked about the lower risk rating for units at Walkers Yard and Mr Berry explained that these were linked to the building condition and the EPC rating not meeting new Government regulations for when new legislation was brought in, and also that the tenant may leave and it may not be possible to re-let. He said that exemptions may be available such as where the cost of works may not be recoverable within a defined period, but that this was currently unknown.

Councillor Gaunt asked why the Council's portfolio performed well compared with the private sector and Mr Berry said that the Council offered flexible, pro-business, lease arrangements which could be attractive to small businesses. He said that the Council charged market rate but was very flexible and offered good condition properties.

Councillor Wells noted that Bridgford Hall was listed and Mr Berry confirmed that this was the Council's only commercial listed building.

The Chair referred to the Council's asset management plan and register and asked about planned preventative maintenance and management of renewables. Mr Berry explained that assets were actively serviced and maintained and that Officers regularly viewed its properties and the Council received feedback and confirmation from its contractors about the condition of its assets to ensure that they were in working order. He said, however, that it was prudent for the Council to have a capital budget for potential future works and replacements when they may be required.

It was **RESOLVED** that the Governance Scrutiny Group undertook scrutiny of the review of the Council's commercial property portfolio.

9 **Annual Governance Statement 2025/26**

The Assistant Director of Finance presented the Annual Governance Statement 2025/26.

The Group was reminded that the Statement was a statutory document produced annually, usually accompanied by the Statement of Accounts, which this Group was asked to approve. The Assistant Director of Finance explained that it set out the Council's governance arrangements, risk management and internal control systems and included factors such systems and processes, the Council's culture, values, and how the Council ensured that its decision making arrangements were lawful and that it safeguarded public money and delivered services effectively and efficiently.

The Assistant Director of Finance advised that the overall conclusion was that the Council's arrangements remained effective with no significant concerns for 2025/26 and noted that Internal Audit had provided some assurance of that position by the Council's strong opinion on its risk management and controls, with no major weaknesses identified.

The Assistant Director of Finance said that the Council had maintained a stable governance environment, despite external pressures, including reduced funding and increasing demands and legislative changes. She said that the Council had a positive organisational culture which continually looked for improvements and efficiencies.

In relation to the future, the Assistant Director of Finance said that local government reform presented a major risk to the Council which would require careful management, including for resources and decision making. She clarified that there were no significant risks with the Council's current arrangements.

It was **RESOLVED** that the Annual Governance Statement 2025/26 (Appendix 1), which incorporates actions for the forthcoming year, was reviewed and approved.

10 **Capital and Investment Strategy Outturn 2025/26**

The Finance Business Partner presented the Capital and Investment Strategy Outturn 2025/26 which summarised the transactions undertaken during the year against the Council's Capital and Investment Strategy 2024/25.

The report set out the prudential indicators and the Finance Business Partner explained that slippage in the capital programme meant that capital expenditure was lower than budgeted, with full details available in the report that went to Corporate Overview Group.

The Finance Business Partner advised that the Council's investment balances were slightly lower due to s106 monies being released during the year but that higher interest rates had resulted in investment income exceeding budget.

The Finance Business Partner referred the Group to Table 3 which set out the Council's Capital Financing Requirement and confirmed that the Council had no need to borrow in the medium-term She referred to Table 4 which set out information regarding the Council's Ratio of Financing Costs to Net Revenue Streams and said that Actual for 2025/26 was negative as a result of investment income exceeding MRP payments.

The Finance Business Partner referred the Group to Table 5 which showed that net income from commercial and service investments was higher than expected and referred to Table H which showed investments held at 31 March 2026. She confirmed that the Council's investments were spread over a diverse portfolio to protect them from interest risk whilst also allowing easy access for liquidity purposes.

The Finance Business Partner took the Group through Table 9 explaining the Council's diversified funds and Table 12 which detailed the Council's commercial income. She concluded that the position on the Council's investments remained fluid, with global market uncertainty and inflationary pressures. She said that the Council's investments would be closely monitored and reported back to this Group.

Councillor Om asked about investment rates achieved and whether additional funds could be placed with institutions offering higher returns. The Finance Business Partner explained that the rates presented were the rates given on the date of the report and the Assistant Director of Finance added that management decisions were governed by the Council's strategy and that factors such as risk had to be considered alongside interest rates.

Councillor Gowland asked about the amount of the Council's reserves in relation to the Council's annual expenditure or turnover and asked what would happen to those reserves under local government reorganisation (LGR). The Assistant Director of Finance said that the details of LGR were to be confirmed but it was expected that they would transfer to the new council. She said that she would report back information regarding the ratio of reserves to expenditure to the Group.

It was **RESOLVED** that the Governance Scrutiny Group considered and scrutinised the Capital and Investment Strategy 2025/26 outturn position.

11 **Work Programme**

The Assistant Director for Finance presented the Governance Scrutiny Group Work Programme. She advised that the Statement of Accounts, External Audit Completion Report and Annual Audit letter and VFM conclusion report were to be added to the programme for the September meeting, with potential that the Annual Audit letter and VFM conclusion report may move to the November meeting.

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

24 September 2026

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

26 November 2026

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

4 February 2027

- Internal Audit Progress Report Q3
- Internal Audit Strategy
- External Audit Annual Plan
- Capital and Investment Strategy Update
- Capital and Investment Strategy 2027/28
- Risk Management Update

Actions – 18 June 2026

Minute No	**Action**	**Officer Responsible/ Update**
11	The Group asked for information regarding the ratio of Council reserves to expenditure	Assistant Director of Finance

The meeting closed at 8.28 pm.

CHAIR