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Our reference:
Your reference:
Date: 10 June 2026

To all Members of the Governance Scrutiny Group

Dear Councillor

A Meeting of the Governance Scrutiny Group will be held on Thursday, 18 June 2026 at 7.00 pm in the Council Chamber Area B, 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>
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Yours sincerely



Charlotte Caven-Atack
Interim 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 5 February 2026 (Pages 1 - 10)
4. External Audit Annual Plan 2025/26 (Pages 11 - 48)
Report of the Director - Finance and Corporate Services
5. Internal Audit Progress Report Q4 (Pages 49 - 64)
Report of the Director – Finance and Corporate Services
6. Internal Audit Annual Report 2025/26 (Pages 65 - 84)
Report of the Director – Finance and Corporate Services



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7. Annual Fraud Report 2025/26 (Pages 85 - 92)
Report of the Director - Finance and Corporate Services
8. Annual Procurement Report (Pages 93 - 106)
Report of the Director – Finance and Corporate Services
9. Investment Property Review (Pages 107 - 118)
Report of the Director - Finance and Corporate Services
10. Annual Governance Statement 2025/26 (Pages 119 - 146)
Report of the Director – Finance and Corporate Services
11. Capital and Investment Strategy Outturn 2025/26 (Pages 147 - 162)
Report of the Director - Finance and Corporate Services
12. Work Programme (Pages 163 - 164)
Report of the Director – Finance and Corporate Services

Membership

Chair: Councillor D Simms

Vice-Chair: Councillor M Gaunt

Councillors: A Edyvean, P Gowland, H Om, N Regan, C Thomas, T Wells,
G Wheeler and J Causton

Meeting Room Guidance

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

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

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

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

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

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**MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
THURSDAY, 5 FEBRUARY 2026**

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), P Gowland, H Om,
N Regan, C Thomas, T Wells and P Matthews (as substitute)

ALSO IN ATTENDANCE:

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

OFFICERS IN ATTENDANCE:

P Linfield	Director of Finance and Corporate Services
S Whittaker	Assistant Director of Finance
E Palmer	Communications and Customer Services Manager
M Heald	Finance Business Partner
E Richardson	Democratic Services Officer

APOLOGIES:

Councillors G Wheeler

27 Declarations of Interest

There were no declarations of interest.

28 Minutes of the Meeting held on 4 December 2025

The minutes of the meeting held on 4 December 2025 were agreed as a true record and were signed by the Chair.

29 Internal Audit Progress Report

Mr Armstrong from BDO, the Council's Internal Auditors, presented the Internal Audit Progress Report Quarter 3. He referred Members of the Group to page 15 of the report which provided a summary table showing progress made in the year to date and confirmed that three quarters of the audits had been completed, with the remaining two audit in progress and expected to be completed by the end of March, and would be presented to Committee as part of the Annual Report in June 2026.

Mr Armstrong said that the two audit reports completed within this quarter related to Asset Management and Investment and Rushcliffe Oaks

Crematorium Operational Management.

In relation to Asset Management and Investment, Mr Armstrong explained that the scope of the review comprised two parts, the Council's governance arrangements for its Asset Management Strategy and also its investment properties and income management, including lease agreements and rental charges. He said that a substantial rating had been given for design and assurance with one low finding related to leases that had expired. He said that whilst the terms of the lease would usually carry over and so were limited risk to the Council, it was considered best practice to ensure that new lease terms were signed.

In relation to Rushcliffe Oaks Crematorium, Mr Armstrong explained that an Internal Audit review of the Crematorium's financial management had been completed a few years ago and that this review looked at the operational side of the facility. He noted that new legislation had recently been brought into force regarding crematorium management by Local Authorities, with strict criteria. He said that a substantial rating for both design and effectiveness had been given with no findings, and that it had been found that the Crematorium fully complied with statutory requirements. He added that the Council may seek to obtain accreditation under the Federation of Burial and Cremation Authority and that this Audit had checked to ensure that appropriate controls were in place ahead of any potential application.

Mr Causton asked how many leases had been found to be expired and Mr Armstrong said that the Audit had focussed on those considered higher risk and of those there were seven.

It was **RESOLVED** that the Governance Scrutiny Group considered the quarter 3 progress report for 2025/26 (Appendix A) prepared by the Council's Internal Auditor.

30 Internal Audit Strategy

Mr Armstrong presented the Internal Audit Strategy and explained that under the global Internal Audit standards it was required that the Internal Audit Plan and Internal Audit Charter be presented to Members. He noted that there were nine audits scheduled for 2026/27, with 150 internal audit days, both of which were consistent with the current year. He explained that a range of service areas had been identified to ensure broad coverage of the Council's services and included core assurance areas such as the Council's financial systems and GDPR.

Mr Armstrong referred Members of the Group to page 48 of the report which set out the three-year plan and said that this was not fixed and was more of a horizon scanning plan. He referred Members of the Group to the Internal Audit Charter on page 49 of the report, which set out the role of this Committee and the expectations of management in engaging with Internal Audit.

Councillor Thomas asked why Gamston SPD had not been selected for review. Mr Armstrong said that the selection process was multi phased, incorporating the Council's own risk registers alongside an understanding of key risks within

the sector along with discussion with the Executive Management Team. He said that it was considered that the risk could be managed through existing controls and did not necessarily merit a full internal audit as there were ongoing assurances in place. The Director for Finance and Corporate Services said that there were various governance and assurances in place for planning processes, including for example, the Planning Inspector.

Councillor Om asked how many audits were completed in 2025/26 and Mr Armstrong said that there were nine, with 150 audit days, with the number of audit days remaining at 150 every year, which was considered sufficient to provide an Internal Audit opinion on the Council's governance, internal controls and risk management at the end of the year. The Director for Finance and Corporate Services said that the Council could also call in Internal Audit if required in addition to this.

It was **RESOLVED** that the Governance Scrutiny Group reviewed and approved:

- 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.

31 **External Audit Progress Report and Indicative Audit Plan 2025/26**

Mr SurrIDGE from Forvis Mazars, the council's external auditors, presented the External Audit Progress Report and Indicative Audit Plan 2025/26.

Mr SurrIDGE referred to page 73 of the agenda pack which provided a summary of progress and confirmed that the audit for 2024/25 had been fully completed in the calendar year of 2025. He said that work had commenced on the process for 2025/26, with a view to carrying out the detailed interim planning work in the spring followed by the final visit in July. He added that a draft Plan would be submitted to Members in the interim, with the formal Plan coming to the next meeting of this Committee. He said that no significant changes were expected in relation to the Financial Statements.

It was **RESOLVED** that the Governance Scrutiny Group reviewed the Progress Report and Indicative Audit Plan for 2025/26.

32 **Risk Management Progress Report**

The Communications and Customer Services Manager presented the Risk Management Progress Report and confirmed that this comprised 36 corporate risks, 21 operational risks and three opportunity risks.

The Communications and Customer Services Manager took the Group through changes to the risk register and said that no new risks had been identified and that three had been removed, including central Government funding following the multi-year settlement for 2026/27 to 2028/29. He noted that that areas of

increased risk included the 5-year housing supply and asylum relocation scheme and that there was reduced risk in relation to inflation, the council's Carbon Management Plan and CCTV cameras.

Councillor Gowland asked whether the Council's IT systems operated on local systems or if they were cloud based and what mitigation was in place if the cloud went down. The Communications and Customer Services Manager said that the Council used both a cloud based and on premises system and had made much investment to ensure that its system was as robust and safe as possible and regularly reviewed possible threats and implications. He said that he would report back to the Group on cloud mitigation in the next Risk Management update.

Councillor Chewings referred to the increased risk in the asylum relocation scheme and asked what had changed to lead to this increase. The Communications and Customer Services Manager said that this was due to Serco indicating that they may be looking at more properties within the Borough, although assurances had been given as to how the properties would be assessed and managed. He noted that this had been discussed at a recent Communities Scrutiny Group meeting.

Mr Causton asked whether the Council had conducted a simulated cyber-attack, if there were any lessons learned from it and whether those lessons could be brought to the next meeting of this Committee. The Communications and Customer Services Manager confirmed that the Council had conducted simulated attacks and he would confirm to the Group about any outcomes. The Assistant Director for Finance added that a confidential report had been prepared by Internal Audit, feedback from which could be shared with the Group at the next Internal Audit update report.

Councillor Thomas referred to the risk related to staff retention and asked whether the Council had any budgetary provision to deal with this, particularly in the LGR transition year. The Assistant Director for Finance said that the Council had an LGR reserve and whilst it had not been allocated to specific items as yet, staffing was a potential allocation in the future.

Councillor Thomas referred to an increase in risk for Gamston SPD and noted its impact on the five-year housing supply and GNSP and asked whether the mitigations in place were sufficient. The Communications and Customer Services Manager said that the Council was lobbying Government to review national policy and noted the difficulty in managing a site of this size and complexity and the associated impact on housing land supply. Councillor Thomas thought that the Council needed to be more proactive and look for measures that it could implement itself to deal with this matter. The Chair thought that a risk plan was required that could be followed through. An update would be included in the next report to Cabinet, due in March.

Councillor Om asked what system the Council used to record risk, who had access to that system and how often risk assessments were carried out. The Communications and Customer Services Manager responded that the Council used the Pentana system and that this informed the risk registers presented to Committee. He said that a selected number of Officers had access to it and

that performance clinics were held every other month. The Assistant Director for Finance said that risks were monitored on an ongoing basis and that any changes in circumstances were reviewed and an assessment completed, with operational level assessments completed on a monthly basis.

Councillor Matthews referred to the asylum relocation scheme and noted that it had increased then decreased and referred to a report to Cabinet regarding Article 4 direction and asked whether that had been taken into account in the risk decision making process. The Communications and Customer Services Manager said that the increase in risk had been triggered by Serco potentially looking for more properties in the area.

Councillor Chewings referred to CCTV being downgraded in risk and noted that much mitigation seemed to be about future activity and asked whether the downgrade was appropriate. Councillor Regan asked about potential costs in transitioning from setup to maintenance. This is covered as part of the budget process.

The Chair suggested that information about the risk owner, risk lead and activity taking place in relation to a risk be provided.

Councillor Thomas referred to New Homes Bonus and Capital Resourcing not being risks but still being classified as risks. The Assistant Director for Finance said that due to the timing of the production of this report New Homes Bonus appeared on it but that for the new year it would not appear. In relation to the Capital Financing risk, she explained that this related to delivery of projects and schemes and as such there was always a risk that costs such as labour and materials would increase which may impact on the deliverability of those schemes. She noted that the purpose of the report was to provide an overview and summary of the changes to risks and confirmed that the Risk Management Group discussed the details of the risks and that Officers carried out weekly and monthly monitoring.

Councillor Gowland referred to the risk of a break in seamless service delivery being classified as red and the link to LGR. The Assistant Director for Finance said that this related to the unknown risk posed by LGR and to ensure that there were measures in place between now and vesting day.

Councillor Thomas referred to increased service demand resulting from increased population leading to expected increased cost and increased service pressure but thought that this would also lead to increased Council Tax revenue. The Assistant Director for Finance said that increased demand would impact on all Council services it was unlikely that this would be covered by the increase in Council Tax.

Councillor Thomas referred to the destabilisation of the budget risk and the Assistant Director for Finance said that this risk related to the impact of LGR on the Council's five-year plan and as such was recognising that there would at some point be an impact on it.

Councillor Gaunt referred to the five-year housing supply and also to the Gamston SPD mitigation which looked to other sites within the Local Plan Part

2 which could be quickly released and asked what reflection and lessons had been learned in relation to the Council's Local Plan. Checks and balances with Councillors are managed via the LDF Group.

Councillor Wells referred to the Disabled Funding Grant (DFG) and the Assistant Director for Finance confirmed that this related to DFG historically being underfunded with demand far outstripping funding, with the Council having topped up funds out of its own budget previously. She said that the risk related to the deficit in grant funding potentially leading to a loss of quality of life and that the Council hoped for a change to the formula in the settlement and was waiting for notification.

It was RESOLVED that Governance Scrutiny Group:

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

33 Draft Risk Management Strategy

The Communications and Customer Services Manager presented the Draft Risk Management Strategy. He confirmed that the current Strategy was due to expire in April and in consideration of the expected Local Government Reorganisation in the near future, a light touch review had been undertaken.

The Communications and Customer Services Manager said that there had been no major changes in good practice legislation nor to the Council's risk appetite and confirmed that the Council remained committed to adopting a practice of identification, evaluation, and cost-effective control of risks. He said that the Council sought to ensure that risks were reduced to within the Council's level of risk tolerance or were eliminated, to maximise opportunities to achieve the council's corporate objectives and deliver core service provision.

The Chair asked about the Council's risk appetite number. The Assistant Director for Finance said that the Council maintained a balanced approach to its risk appetite, with the risk appetite varying dependent on the different specifics of different scenarios and the different potential outcomes. She referred to the risk matrix in the report which indicated how the Council assessed risk and what would be considered a red risk.

The Chair said that organisations often had a number indicating their overall level of risk tolerance, with anything above or below being rejected or tolerated, with risk leads and operational risk managers operating within that. He thought that the Council was taking more of a pick and mix approach and the Assistant Director for Finance said that she would feedback the Chair's comments (to feedback when the next Risk Management report was discussed).

Councillor Thomas said that LGR had changed the risks faced by the Council and thought that this could have been an opportunity to reassess the risk strategy. The Chair said that in light of LGR the organisation needed to review its way of managing its risk register.

Councillor Thomas asked about membership of the Risk Management Group and the Assistant Director for Finance said that it was the Executive Management Team, in consultation with the Monitoring Officer.

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

- a) Considered the attached draft Risk Management Strategy for 2026-2029
- b) Approved the Risk Management Strategy for 2026-2029.

34 **Capital and Investment Strategy Update**

The Finance Business Partner presented the Capital and Investment Strategy Update for Q3 and said that the Council's overall financial position remained strong. She said that investment income was significantly outperforming expectations and that pooled fund values remained volatile but were being closely monitored.

The Finance Business Partner said that Treasury activity had remained within approved prudential limits and that the Council had no requirement to externally borrow. In relation to Capital Program spending, she said that the forecast underspend sat around £1.54m which was largely due to the Warm Homes Scheme reducing to match grant allocation and the land acquisition for carbon offsetting not yet being committed. She said that the Council's commercial income constituted circa 12% of its total income.

Counsellor Thomas referred to the Council consistently having an underspend and asked about the Council's budgeting and project profiling. The Assistant Director for Finance said that the Council's capital program did generally come in underspent due to the difficulty in planning for and delivering such large projects across the whole financial year, with many factors impacting on resourcing and delivery. She said that Officers appraised projects and monitored and reported back on those during the year. She also noted that an underspend did not create money it was rather money already held by the Council which it could invest for longer. The Finance Business Partner added that this occurred throughout organisations due to the size of the schemes and that the Council carried out quarterly monitoring and sought to accelerate and bring forward schemes where possible.

Councillor Regan referred to S106 and CIL monies and asked it would be possible to have a schedule of who those reserves were held for over a period of some years. The Assistant Director for Finance said that the Council published a report annually on its website detailing the amount of S106 and CIL funding held and said that she would provide a link to that for the Group.

It was **RESOLVED** that the Group considered the Capital and Investment Strategy update position as of 31 December 2025.

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

The Finance Business Partner presented the Capital and Investment Strategy

2026/27 which outlined the Council's approach to treasury management and capital and commercial investment. She confirmed that it was compliant with the Prudential Code.

The Finance Business Partner said that the Council followed the overriding principles of security, liquidity and yield when investing. In relation to ESG, she referred to paragraph 41 of the report.

The Finance Business Partner concluded that that Council did not expect to borrow during the medium term, that commercial investments remained proportionate and that Member and Officer training was ongoing.

Counsellor Thomas referred to the Council's ability to internally borrow against CIL and s106 monies and the Assistant Director for Finance confirmed that as the Council was holding those balances it was able to borrow internally against them rather than borrowing externally, which would be more expensive. She said that the Council had to apply interest to any funds that it held which was paid over when a claim was made for those funds.

Councillor Wells referred to falling investment reserves as listed on page 141 and the Finance Business Partner said that the reserves of the Council had fallen over the recent years.

Counsellor Thomas referred to the reducing CFR and the Assistant Director for Finance explained that CFR related to money that the Council had spent in advance of having the resources for, that it related to the Council repaying back into the pot of money that it had taken from.

It is RESOLVED that the Governance Scrutiny Group scrutinised and recommended 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).

36 **Work Programme**

The Assistant Director for Finance presented the Governance Scrutiny Group Work Programme. She noted that the Asset Management Plan report had been added to the programme for the June meeting.

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

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
- Asset Management Plan

Actions – 5 February 2026

Minute No.	Action	Officer Responsible/ Update
32	Feedback to the Group about mitigation measures in place and learning from cyber-attack simulations and should the Cloud go down	Feedback for the next Risk Management update (IT Services Manager)
32	Provide information about the downgrade in the risk assessment for CCTV	Feedback for the next Risk Management update (Neighbourhoods Team)
34	Provide a link to the published S106 and CIL funds report on the Council's website	Annual Infrastructure Funding Statements - Rushcliffe Borough Council

The meeting closed at 8.24 pm.

CHAIR

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Governance Scrutiny Group

Thursday, 18 June 2026

External Audit Annual Plan 2025/26

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached report from Forvis Mazars (Mazars) summarises their approach to external audit activity with regard to the final accounts process and their approach to value for money work in relation to the financial year 2025/26. This report was circulated to members of the Governance Scrutiny Group in April and there have been no changes made between issuing the draft and this final version.
- 1.2. Mazars highlight four significant risks concerning management override of controls, valuation of investment properties, valuation of the LGPS defined benefit pension and valuation of land and buildings (see pages 17 to 19 of Appendix 1).
- 1.3. Mazars will conduct a Value for Money (VFM) review in line with the 2024 Code of Audit Practice reporting on financial sustainability, governance and improving economy, efficiency and effectiveness. A key change in the 2024 Code of Audit Practice requires Forvis Mazars to issue a draft Auditor's Annual Report to the Council for the year ending 31 March 2026 by 30 November 2026, regardless of whether the audit has been completed. Where the audit work is still ongoing, the report will outline the current status of the audit and summarise any findings identified to date, including those arising since the previous Auditor's Annual Report was issued.
- 1.4. 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 scrutinise the 2025/26 External Audit Annual Plan.

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. 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, Mazars, and approval by 'those charged with governance', the Governance Scrutiny Group, by the 31 January 2027 (backstop dates).
- 4.2. On page 11 of the Audit Plan, Mazars have set the completion target date as September to November 2026. To meet the backstop dates, the approval of the Audit Completion Report must be considered at the Governance Scrutiny Group meeting on the 26 November 2026.
- 4.3. The attached report details the approach that Mazars will use when auditing the 2025/26 Statement of Accounts. It specifies the work they will undertake, when they anticipate undertaking this work, and how they will liaise with Council staff. It also details the key risks with regards to both the year-end accounts and the Council achieving value for money. These are:
 - management override of controls
 - valuation of investment properties
 - valuation of the LGPS defined benefit pension
 - valuation of land and buildings.
- 4.4. It should be noted that the audit fees for 2025/26 are currently set at £146,459. The 2025/26 scale fee represents 2.8% increase on the 2024/25 scale fee. PSAA review the scale fee each year and make adjustments to reflect new requirements such as IFRS16 (Leases) and is therefore subject to change.
- 4.5. The Council received £17,991 additional grant funding as part of a Government funding package to help with the costs of meeting the 2025/26 audit requirements and fees.
- 4.6. Audit fees have risen significantly over recent years due to increased audit requirements and cost pressures across the sector. These increases have been challenged by management where appropriate. The increase in fees for 2025/26 of 2.8% is lower than in previous years although cumulatively over the past few years the fees have increased significantly and moving forward it is difficult to predict what the fees will be given Local Government Reorganisation.. 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 Mazars report highlights relevant risks (stated at paragraph 4.3 above).

6. Implications

6.1. Financial Implications

The audit fee (paragraph 4.4) 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.

6.6. Local Government Reorganisation

There are no Local Government Reorganisation implications associated with this report.

7. Link to Corporate Priorities

The Environment	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.
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.

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group scrutinise the 2025/26 External Audit Annual Plan.

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

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Audit Strategy Memorandum
Rushcliffe Borough Council – Year ending 31 March 2026

March 2026

Governance Scrutiny Group
Rushcliffe Borough Council
Rushcliffe Arena
Rugby Road
Nottinghamshire
NG2 7YG

24th March 2026

Forvis Mazars
3 Chamberlain Square
Birmingham
B3 3AX

Dear Members of the Governance Scrutiny Group,

Audit Strategy Memorandum – Year ending 31 March 2026

We are pleased to present our Audit Strategy Memorandum for Rushcliffe Borough Council for the year ending 31 March 2026.

This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our independence*' summarises our considerations and conclusions on our independence as auditors.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of the audit and our respective responsibilities;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising during the audit process; and
- Ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance, and other risks facing Rushcliffe Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, this report, which has been prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach or role as auditor.

This report also contains appendices that outline our key communications with you during the audit, and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact us on 07875 974 291.

This report was prepared solely for the use and benefit of Governance Scrutiny Group and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Yours faithfully,

Mark Surridge, Key Audit Partner

Forvis Mazars

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This document is to be regarded as confidential to Rushcliffe Borough Council. It has been prepared for the sole use of Governance Scrutiny Group as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents.

Engagement and responsibilities summary

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 Authority Accounting.

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

The Director Finance & Corporate Services and Deputy Chief Executive (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.

02

Your audit team

Your audit team



Mark Surridge

Role: Engagement Partner

Email: Mark.Surridge@mazars.co.uk



Jennie Norman

Role: Engagement Manager

Email: Jennifer.Norman@mazars.co.uk

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03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Risk-based Approach



Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with Code of Audit Practice. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality and misstatements'* section of this report.

The diagram on the next page outlines the procedures we perform at the different stages of our audit.

Audit scope, approach, and timeline

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Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to Governance Scrutiny Group.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provides a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

We consider that gross expenditure at surplus/deficit level is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross revenue expenditure at surplus/deficit level.

As set out in the table below, based on currently available information (prior year audited statement of accounts) we anticipate overall materiality for the year ended 31 March 2026 to be in the region of £0.93m and performance materiality to be in the region of £0.744m.

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

	2025-26 £'000s	2024-25 £'000s
Overall materiality	930	894
Performance materiality	744	715
Clearly trivial	27	26
Specific materiality – Senior Officers' Remuneration	10	10

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Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to you and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £0.027m, based on 3% of overall materiality. If you have any queries about this, please raise these with us.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to you as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover qualitative misstatements and include quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to you as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach set out in the *'Audit scope, approach, and timeline'* section, we have identified the risks of material misstatement in the financial statements. These risks are categorised as significant, enhanced, or standard. The definitions of these risk ratings are set out below.

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. As required by auditing standards, a fraud risk is always assessed as a significant risk.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Significant risks and other key judgement areas

Audit risks and planned responses

In this section, we have set out the risks that we deem to be significant and enhanced, and our planned response. An audit is a dynamic process, and should we change our view of risk and/ or our approach to address those risks during our audit, we will report this to Governance Scrutiny Group.

Significant risks

	Risk name	Fraud	Error	Judgement	Planned response
1	<p>Management Override of Controls (a mandatory significant risk for all entities).</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	●	<p>In line with our methodology, we plan to address the management override of controls risk through performing audit work over:</p> <ul style="list-style-type: none"> • accounting estimates; • journal entries; and • significant transactions outside the normal course of business or otherwise unusual.
2	<p>Valuation of Investment Properties</p> <p>Investment Properties are a significant balance on the Council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p>	○	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> • critically assessing the scope of work, qualifications, objectivity and independence of the Council's valuer to carry out the required programme of revaluations; • considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA code of practice and the Council's accounting policies; • testing a sample of valuations carried out in the year to confirm they have been carried out on the correct basis and that the underlying judgements are based on relevant inputs and are reasonable; • assessing whether valuation movements are in line with market expectations by considering valuation trends; and

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Significant risks and other key judgement areas

Significant risks

	Risk name	Fraud	Error	Judgement	Planned response
Page 32	<p>3 Valuation of the Net Defined Benefit Pension Asset/Obligation</p> <p>The defined benefit asset/liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet.</p> <p>The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	○	●	●	<p>We plan to address the risk by:</p> <ul style="list-style-type: none"> • Obtaining and understanding of the skills, experience, objectivity and independence of the Pension Fund's actuary; • Obtaining confirmation from the auditors of Nottinghamshire Pension Fund that the Pension Fund have designed and implemented controls to prevent and detect material misstatement. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; • Evaluating and challenging the work performed by the Nottinghamshire Pension Fund auditor on the Pension Fund investment assets, and considering whether the outcomes would materially impact our consideration of the Council's share of Pension Fund assets; • Reviewing the actuarial allocation of Pension Fund assets to the Council including comparing the Council's share of the assets to other corroborative information; • Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; • Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements; • Reviewing and challenging the Council's assessment, under the requirements of IFRIC14, of its Pension surplus (if applicable) and confirming that the accounting treatment is appropriate and reasonable • Obtaining assurances from the auditor of the Nottinghamshire Pension Fund in relation to the underlying data supporting the Triennial Valuation of Nottinghamshire Pension Fund

Significant risks and other key judgement areas

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

	Risk name	Error	Judgement	Planned response
1	<p>Valuation of Property, Plant and Equipment (Land and Buildings)</p> <p>Property, Plant and Equipment (Land and Buildings) represents a significant balance on the Council’s balance sheet. In previous years, it had been identified as a significant risk of material misstatement for the purposes of our audit.</p> <p>However, the 2025/26 CIPFA code introduces a requirement for property, plant, and equipment valuations to be conducted once every five years or on a five-year rolling basis, supported by indexation in intervening years. From our initial planning and risk assessment we have established that, in line with this updated guidance, the Council will be applying indexation in 2025/26.</p> <p>The Council will engage a valuation expert to support this work, which will require the use of judgement to identify an appropriate index and combined with the first-time application of this approach by the Council, the inherent risk of material misstatement is judged to be ‘enhanced’, but not ‘significant’ for 2025/26.</p>	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> critically assessing the scope of work, qualifications, objectivity and independence of the Council’s valuer to carry out the required programme of revaluations; considering whether the choice of indices selected by the Council’s valuation expert is in line with industry practice, the CIPFA code of practice and the Council’s accounting policies; critically assessing the indices applied to the Land and Buildings for 2025/26 by asset type reperforming uplift calculations to confirm mathematical accuracy.

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Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, we would like to seek your views/ knowledge of the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between Rushcliffe Borough Council and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to Governance Scrutiny Group which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

06

Value for Money

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.

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

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2026 to you in draft by the 30th November 2026. This is required whether our audits 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). Further information will be provided in Appendix A.

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

07

Audit fees and other services

Audit fees and other services

Fees for work as the Council's appointed auditor

Our 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 Proposed Fee	2024-25 Actual Fee
Code Audit Work (Scale Fee)	£146,459	£142,471
Additional fees in respect of additional work from the introduction of new accounting standards (IFRS 16 Leases) *		£12,006
Additional fees in respect of additional work on journal testing for the control finding and testing of assets fully depreciated and not disposed.*		£2,527
	£146,459	£157,004

*As previously reported, these variations to the 2024/25 scale fee are currently with PSAA for approval

08

Confirmation of our independence

Confirmation of our independence

Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

Compliance

We are not aware of any relationship between Forvis Mazars and Rushcliffe Borough Council that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of Rushcliffe Borough Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to Rushcliffe Borough Council, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with us in the first instance.

Prior to the provision of any non-audit services, we will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of appointment and further guidance from 1 October 2025/](#) Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

Appendices

Appendix A – Key communication points

Appendix B – National publications and technical updates

Appendix A: Key communication points

We value communication with Governance Scrutiny Group, as a two-way feedback process is at the heart of our client service commitment. The Code of Audit Practice as well as ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of matters with you. We meet these requirements, principally, through presenting the following documents to you:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Our Auditor's Annual Report.

These documents will be discussed with management prior to being presented to you and their comments will be incorporated as appropriate.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Changes introduced by the 2024 Code of Audit Practice

The 2024 Code now requires the auditor to issue the draft Auditor's Annual Report by 30th November following each year end. For the 2025/26 audit, this means that we must issue our draft Auditor's Annual Report by 30 November 2026, whether our audit is complete or not.

In instances where our audit work is not complete by 30 November for any given year, the 2024 Code requires us to provide a summary of the status of the audit at the time of issuance and should reflect the work completed to date since we issued our previous Auditor's Annual Report. In such instances, we will issue an Interim Auditor's Annual Report to meet the 30 November deadline. On completion of any outstanding financial statement audit work or Value for Money arrangements work, we will re-issue the Auditor's Annual Report which will include an updated commentary on Value for Money arrangements.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion; • The effect of uncorrected misstatements related to prior periods; • A request that any uncorrected misstatement is corrected; and • In writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • Inquiries with Governance Scrutiny Group to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity; • Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • A discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Governance Scrutiny Group meeting(s), audit planning meeting(s), and audit clearance meeting(s)

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Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Governance Scrutiny Group in the context of fulfilling your responsibilities. 	<p>Audit Completion Report</p>

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Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to the Council to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of Governance Scrutiny Group into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that Governance Scrutiny Group may be aware of.	Audit Completion Report and Governance Scrutiny Group meeting(s)
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm's System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm's System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.) • Identify, design, and implement responses as part of the process to strengthen our firm's internal control environment and overall quality • Evaluate responses and remediate control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p> <p>The details of our evaluation of our system of quality management as of 31 August 2024, and our conclusion, set out in our 2023/24 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix B: National publications and technical updates

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	Audit Committee Update issue 41 – the local audit backstop	A guide for audit committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how audit committee members can help. Link: Audit Committee Update issue 41 – the local audit backstop
National Audit Office ('NAO')		
2	NAO insight: Financial management in government: monitoring and forecasting	This guide is for senior finance leaders in government departments and other public bodies. It sets out insights and good practice on monitoring and forecasting for better financial management in government. Link: Financial management in government: monitoring and forecasting
3	NAO insight: Government's approach to technology suppliers: addressing the challenges	This report examines government's overall approach to digital and technology suppliers. It sets out lessons for the centre of government and departments to learn from government's approach to digital procurement. Link: Government's approach to technology suppliers: addressing the challenges
4	NAO insight: Financial management in government: allocating resources	This guide is for senior finance leaders in government departments and other public bodies. It sets out insights and good practice on how to allocate resources for better financial management in government. Link: Financial management in government: allocating resources
5	NAO report: Managing conflicts of interest: value for money	This report looks at the governance, systems and processes that public bodies have used to manage conflicts of interest. Managing conflicts of interest: value for money
6	NAO report: Local Government Financial Sustainability	This report focuses on MHCLG as the department responsible for the framework in which within local government operate and provides transparency over the current position of local government finances. Local government financial sustainability - NAO report
Other		
7	Forvis Mazars - Annual Local Government Risk Report 2025/26	The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans. Annual Local Government Risk Report for 2025/26
8	Forvis Mazars – Public Sector in Focus Report	This report outlines the top priorities and risks shaping the future of the sector. Public sector in focus: Charting the road ahead - Forvis Mazars - United Kingdom

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Governance Scrutiny Group

Thursday, 18 June 2026

Internal Audit Progress Report Quarter 4

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 fourth report for this financial year. It reflects the progress made against the annual Internal Audit 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 4 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 Health and Safety Audit received a Substantial for Design and Moderate for Effectiveness with 1 medium and 5 low level recommendations
 - The Procurement Audit received a Moderate rating for Design and Effectiveness with 1 medium and 1 low level recommendation.
 - No limited assurance reports have been issued
 - Management actions have been agreed for all recommendations.
- 4.3. This years audits have been completed in line with the plan and therefore the Group should be satisfied that sufficient assurance can be gained from the work carried out by Internal Audit. This is a key consideration for this meeting.

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 has reduced and can result in a reduced audit workload and therefore cost.

6.2. Legal Implications

The recommendation supports good risk management. There are no direct legal implications identified in this report.

6.3. Equalities Implications

There are no equalities implications identified for this report.

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

There are Section 17 implications identified for this report.

6.5. Biodiversity Net Gain

There are no bio-diversity implications associated with this report.

6.6. Local Government Reorganisation

There are no Local Government Reorganisation 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 4 progress report for 2025/26 (Appendix A) prepared by the Council's Internal Auditor.

For more information contact:	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	Internal Audit Plan 2025/25 Governance Scrutiny Group 20 February 2025; Internal Audit Progress Q1 Governance Scrutiny Group 25 September 2025; Internal Audit Progress Q2 Governance Scrutiny Group 4 December 2025; Internal Audit Progress Q3 Governance Scrutiny Group 5 February 2026
List of appendices:	Appendix A - Internal Audit Progress Report – BDO

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Rushcliffe Borough Council
Internal Audit Progress Report
June 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.

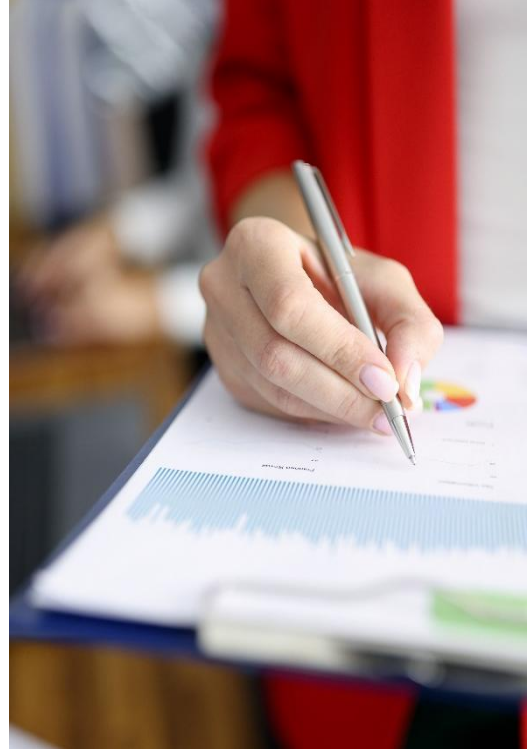
Internal audit plan 2025/26

We have now completed our delivery of the audit plan with all audit reviews finalised.

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

- ▶ Procurement
- ▶ Health and Safety.

This concludes our delivery of the 2025/26 Internal Audit Plan and we are now commencing our work on the 2026/27 work.

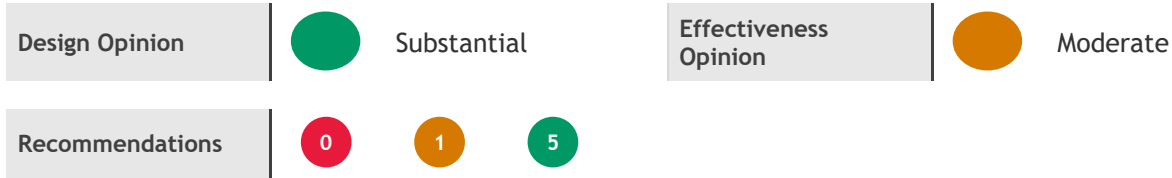


Review of 2025/26 work

AUDIT	GOVERNANCE SCRUTINY GROUP	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Fraud Report	June 2025	✓	✓	✓	Advisory Report	
Council Tax and NDR	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	✓	✓	✓	M	M
Health and Safety	June 2026	✓	✓	✓	S	M

Health and Safety

CRR REFERENCE: CED03



SCOPE

Areas reviewed

Policies and Procedures

- ▶ Corporate health and safety policies and policies for key risk areas such as Control of Substances Hazardous to Health (COSHH), asbestos management and manual handling to ascertain whether these set clear roles and responsibilities for staff to maintain effective health and safety arrangements.
- ▶ Local procedure documents for the Streetwise Team, R2Go and Country Parks were provided which were generally considered higher risk for health and safety due to the activities the team perform, to ascertain whether these include clear provisions around performing activities safely and align to the corporate health and safety policies requirements. Specifically, we focused on the household waste collection, tree management and parks and open spaces functions.
- ▶ Our assessment of policies and procedures included guidance for whether staff with disabilities or additional support for health and safety were considered. This was also considered in our assessment of risk assessments.
- ▶ Risk assessments for service areas and tasks to ascertain whether these were sufficiently robust, identify key health and safety risks and include reasonable mitigating controls. We consulted with the Health and Safety Advisor when selecting service areas to review to ensure higher risk areas were focused on.

Training

- ▶ Training completion rates of the corporate health and safety training e-learning module to ascertain whether staff complete the training on their induction and at appropriate intervals thereafter.
- ▶ Enquired about local, tailored and bespoke training for higher risk service areas or activities to ascertain the internal and externally provided training to these staff. We reviewed training materials and records to ascertain whether staff have completed these training sessions before performing high risk activities.

Accident and Incident Reporting

- ▶ The accessibility and availability of forms for staff to report accidents and near misses. As accidents and near misses are often more prevalent in manual roles, we ascertained whether non-electronic forms were available for these members of staff to report accidents and near misses.
- ▶ Broader information provided to staff through other communication channels about reporting accidents and near misses to assess whether staff are clear and understand how these can be reported.
- ▶ Confirmed whether a centralised log of accidents and near misses were maintained to ensure there was a clear record of all accidents and near misses and all activities undertaken to investigate or remediate these. We also ascertained whether the Council perform analysis of this data to identify hotspots or themes around accidents and near misses.
- ▶ A sample of accidents or near misses reported to ascertain whether these were adequately investigated, full records of the investigation were retained and held

properly, and appropriate actions were put in place to prevent a reoccurrence of the accident or near miss. For instance, where mitigating actions were identified post investigation, we followed up on a sample of these to assess whether they have been implemented.

 AREAS OF STRENGTH

We identified the following areas of good practice:

Policies and Procedures

- ▶ The Health and Safety Advisor meet in-person with high-risk service areas and works collaboratively with service managers to develop policies and risk assessments. This allows both the service manager’s and Health and Safety Advisor’s specific expertise to be utilised to ensure policies and risk assessments are robust and consider a wide range of health and safety risks.
- ▶ All policies are available on the intranet for employees to access at any time to ensure they are aware and may comply with procedures.

Training

- ▶ Corporate e-learning modules for health and safety have high training compliance (above 90% for each course). This is supported by a regular review of training compliance by the Strategic HR Manager who emails those who are non-compliant to request this is completed timely. Automatic email notifications are also sent to an employee’s line manager if their training compliance becomes overdue.
- ▶ The Streetwise Manager (whose service area is a high health and safety risk) has created a health and safety information video to inform staff of responsibilities, including accident and near miss reporting and an appeal for ideas for improvement. This was produced following learnings from previous accidents. This has been tailored to the Streetwise Team and highlights specific health and safety risks for these staff. This also presents the learning in a different, more interactive way.

Accident and Incident Reporting

- ▶ Accident reporting is available on the intranet, tablets for manual staff or by directly reporting these to line managers. This takes the user to the Enterprise Service Bus (ESB) system which is used to record accidents and near misses. This system has been upgraded by the ICT Development Officer to enhance the reporting module as the Council have become more familiar with its operational capability; for example, allowing more free text to provide narrative about the incident. All actions and/or approvals by line managers for the investigation and management of health and safety incidents is recorded on this system to provide a robust audit trail. This is essential to demonstrate the actions that the Council have taken to remediate the issue in the event of an inspection.
- ▶ The Annual Health and Safety Report summarises the progress and challenges for health and safety during the year, with a breakdown of all accidents by type, service area/site and the number of working days lost each year because of the accident to indicate the severity of these. This is presented to the Executive Management Team (EMT) and the Corporate Overview Scrutiny Group and can be accessed by staff on the intranet. This contributes to effective governance and oversight of health and safety accidents and impact.






 AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>The documents tab with the accident reporting system has not historically been fully utilised to evidence the investigation and actions taken as a result, but this will be used as a central repository for incidents in the future (Finding 1 - Medium).</p>	<p>A. Line managers should be instructed to attach all documentation for accident and near miss investigations and post-accident actions to demonstrate that the response to an accident or near miss. Documentation should be saved in the ‘Documents’ tab on the ESB system.</p> <p>B. Accident reports should not be closed by Health and Safety Adviser (or the</p>

		<p>Strategic HR Manager in their absence) until they are satisfied appropriate action has been taken and documented on the ESB system.</p> <p><u>Management Response</u></p> <p>A. This has been discussed with all three high risk service areas and will be discussed with other managers as and when they report an accident.</p> <p>B. Agreed.</p> <p>Target date: Completed (both).</p>
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Procurement

CRR REFERENCE: FCS02, FCS03, FCS13

Design Opinion	 Moderate	Effectiveness Opinion	 Moderate
Recommendations	 0	 1	 1



SCOPE

Areas reviewed

Policies and Procedures

- ▶ The Council's Constitution (Standing Orders Relating to Contracts) and Procurement Strategy to assess whether these provide clarity on the Council's procurement requirements and comply with regulatory requirements. As the Council is in the process of re-drafting its Procurement Strategy, we also reviewed this document and benchmarked it to other public sector organisations to identify areas for improvement.
- ▶ Processes for assessing annual supplier spend to ascertain whether the Council has appropriate controls in place to detect aggregated spend to avoid procurement requirements.
- ▶ The Contracts Register and pipeline activity for procurement to assess whether there is sufficient monitoring of contracts that are due to end to allow a sufficient lead time for a procurement exercise.
- ▶ The adequacy and accessibility of tools and supporting guidance for staff on procurement, including to help them to identify the appropriate procurement routes.
- ▶ A sample of ten suppliers at different levels of spend to assess whether appropriate procurement processes have been followed. We used our data analytics tools to select our sample, focused on higher risk suppliers to establish the root cause of procurement gaps (ie suppliers not on the contracts register or large volumes of transactions falling below procurement thresholds). Specifically, we assessed whether:
 - Quotes or tenders have been received and evaluated in accordance with the Constitution (Standing Orders Relating to Contracts)
 - Multiple suppliers were evaluated and evidence of the supplier evaluation was documented with sufficient rationale for the selection of the successful supplier (for tendered contracts only)
 - Contract notices and award notices were published on Contracts Finder or the Find a Tender Service, as appropriate. NB: The County Council are responsible for this.
 - Financial and reputational due diligence has been conducted on suppliers before entering into legal contracts.

Exemptions from the Standing Orders

- ▶ As there were no centralised listing for all Exemption from the Standing Order Forms, we reviewed the last five completed and approved Exemption from the Standing Order Forms to assess if the form has been completed with appropriate approval obtained and whether there was reasonable consideration of other suppliers or options before opting to use an exemption. The new Act places greater requirements on the justification of contracts awarded under an exemption.
- ▶ Reporting and oversight of the use of STAs to assess whether there is clear and transparent governance of when and who they are used for.

Compliance with the New Act

- ▶ Governance arrangements in place at the Council to support its adherence with the new Act to assess whether adequate governance and operational preparations have been undertaken to ensure the Council are compliant.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council’s Constitution was updated to align with the new Act in 2025 and provides a clearly defined framework for procurement activities, including detailed Contract Standing Orders. These set out the appropriate procurement routes based on contract value thresholds, including the use of quotation and formal tendering procedures, and outline key controls such as approval requirements, evaluation processes, and the use of exemption forms where applicable. While this establishes a strong control framework, further enhancements have been identified to achieve best practice based on our benchmarking to strategies and policies of other public sector organisations (see Observations).
- ▶ The Council has developed a contract assessment template that aligns with and reflects the Constitution and Contract Standing Orders. This Excel-based decision-support tool is designed to guide staff through the procurement requirements applicable to proposed contracts and is available to all staff via the intranet. Users are required to input key contract details, such as the estimated contract value, and the template automatically identifies the appropriate procurement route, approval requirements, and compliance obligations.
- ▶ The Council delivered procurement training to relevant officers and budget holders in advance of the new Act coming into effect on 24 February 2025. A recorded recap session was subsequently held on 17 April 2025, and supporting materials, including PowerPoint slides and templates, have been made available internally and published on the staff intranet to support ongoing awareness and understanding. Training was delivered to Members on 25 February and further training is scheduled for officers on 21 July 2026.
- ▶ The Council performs an annual review of aggregated supplier spend by extracting transaction records from the E-Financials system for each supplier. Cumulative spend is assessed against procurement threshold and follow up action is taken where required. The review is overseen by the Finance Team and report to the Executive Management Team (EMT). The purpose of this exercise is to identify similar types of spend with suppliers by different departments which could be consolidated into one contract to obtain better value for money.
- ▶ The Council manages its procurement exemption process using standardised exemption forms. We tested a sample of recent STAs and confirmed that the rationale and justification for directly awarding a contract was clearly stated (as required by the new Act) and the STA had been approved in accordance with the Council’s Scheme of Delegation.







AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>Procurement requirements defined within the Council’s Constitution are not consistently embedded or monitored in practice, while not occurring in every case, instances of non-compliance have been identified, including the use of inappropriate procurement routes, incomplete contract formalisation, gaps in due-diligence processes, omissions within the Contract Register requirements. These issues reduce assurance over transparency and value for money (Finding 1 - Medium).</p>	<p>The Council should implement periodic compliance checks to ensure procurement activity aligns with the Constitution and Contract Standing Orders. These checks should reinforce compliance with approved procurement routes, supplier due diligence requirements, and formal contract documentation, and ensure all procurement exercises and contracts are promptly notified to the County Council for inclusion on the Contract Register. Particularly as the requirements of the new Act are being embedded, a heightened focus should be applied to procurement to ensure the Council</p>





		<p>are complying with these requirements. Although, we recognise that local government reorganisation may reduce the level of procurement or new contracts being entered into in the next two years.</p> <p><u>Management Response</u></p> <p>We are introducing additional resources in the Finance Team to ensure processes are further embedded and services undertake due process. Additional monitoring will align closely with the requirements of PA23 and the actions identified within the Procurement Strategy.</p> <p>Target date: 31 October 2026</p>
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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. BDO is due to have a External Quality Assessment against the Global Internal Audit Standards in late-2026	
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, but we will continue to issue survey feedback requests upon the finalisation of each audit assignment.	
Completion of audit plan	We have completed the 2025/26 Internal Audit Plan, with the final two audits presented to this Governance Scrutiny Group meeting.	

Appendix 1

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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

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Governance Scrutiny Group

Thursday, 18 June 2026

Internal Audit Annual Report 2025/26

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached report has been prepared by the Council's internal auditors BDO. It summarises the work undertaken during the course of 2025/26 and the management actions arising from the audits. It also provides the annual opinion of the Head of Internal Audit in accordance with Global Internal Audit Standards issued by the Institute of Internal Auditors.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2025/26 (Appendix A).

3. Reasons for Recommendation

- 3.1. To conform with best practice and Global Internal Audit Standards issued by the Institute of Internal Auditors; and give assurance to the Governance Scrutiny Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1. The Internal Audit Annual Report for BDO (appendix 1) provides an overall positive opinion ('Good') on Rushcliffe Borough Council's risk management, control and governance arrangements for 2025/26. It should be noted that this is the highest assurance that can be awarded and has been awarded for the fifth consecutive year, which is a significant achievement. The auditors concluded that controls were suitably designed and operating effectively, with no limited assurance opinions issued and the majority of audits rated Substantial or Moderate. There has been strong engagement from management, timely responses to recommendations, and full completion of all prior-year medium recommendations with no high-risk issues outstanding. Despite external risks, particularly uncertainty arising from local government reorganisation, the Council has maintained a stable and effective control environment and continues to perform strongly relative to other Councils.
- 4.2. In 2025/26, BDO undertook nine internal audit reviews. As reported previously in the quarterly progress reports, of the nine audits completed:

- 4 audits achieved Substantial design and Substantial effectiveness: Council Tax and NNDR; Business Continuity and Emergency Planning; Rushcliffe Oaks Crematorium – Operational Management; Asset Management and Investment
 - 2 audits had Moderate design but Substantial effectiveness: Streetwise Management; Main Financial Systems
 - 1 audit had Substantial design but Moderate effectiveness: Health and Safety
 - 1 audit had Moderate design and Moderate effectiveness: Procurement
 - 1 review was advisory only (no assurance opinion).
- 4.3. The total number of findings has increased; however, this is partly attributable to a higher number of assurance audits undertaken in 2025/26 compared to the previous year. There has been an increase in Moderate opinions relating to control design, offset by a reduction in Moderate opinions concerning the effectiveness of controls. No Limited assurance opinions were issued during the year.
- 4.4. A total of 18 findings were raised, meaning the number of findings per review remains stable. BDO has confirmed that this level is lower than that observed across many other authorities it audits. In its assessment of the Council's compliance with core processes and procedures, BDO has recognised the continued commitment to maintaining high performance as a local authority.
- 4.5. Management actions have been agreed in all instances, with recommendations implemented in a timely manner throughout 2025/26. Improvements have also been made to the follow-up process.

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 has reduced and can result in a reduced audit workload and therefore cost.

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**

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

6.6. **Local Government Reorganisation**

There are no Local Government Reorganisation implications associated with this report.

7. **Link to Corporate Priorities**

The Environment	There is no link to this corporate priority within this report.
Quality of Life	There are no links to the Council's Quality of Life priority
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 to the Council's Sustainable Development priority

8. **Recommendations**

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2025/26 (Appendix A).

For more information contact:	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None.
List of appendices:	Appendix A – Internal Audit Annual Report 2025/26

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Rushcliffe Borough Council
Internal Audit - Annual Report and Opinion
June 2026

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Restrictions of Use

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



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	Governance Scrutiny Group Members	

1.Executive summary

Introduction

Role of Internal Audit

Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the Council’s board* and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The primary responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide a reasonable level of assurance and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management improve risk management control and governance, so reducing the effects of any significant risks faced by the organisation.

The Council’s Board is ultimately responsible for the system of internal control and the management of risk, including reviewing the effectiveness of internal control. Management is responsible for implementing board policies on risk and control, achieved by designing, operating and monitoring a suitable system of internal control and risk management. All employees have some responsibility for internal control, in that they are all accountable for achieving objectives and should also understand the risk implications of the activities they perform.

*The Global Internal Audit Standards (GIAS) refer to the ‘board’ as ‘the highest-level body charged with governance.’ For Rushcliffe Borough Council, ‘the board’ is the Governance Scrutiny Group (AC) acting on behalf of Full Council.

Planned coverage

Our internal audit work for Rushcliffe Borough Council (the Council) covered the period 1 April 2025 to 31 March 2026 and was carried out in accordance with the Internal Audit Plan approved by the AC and in line with the recognised *Global Internal Audit Standards* (GIAS) from the Institute of Internal Auditors and the Internal Audit Standards Advisory Board’s *Application Note GIAS in the UK Public Sector*, which together comprise the ‘GIAS in the UK Public Sector’.

The internal audit programme is risk-based and our work is designed to align to key risks over the life cycle of the internal audit plan. The approved internal audit annual plan for 2025/26 comprised the following assignments:

- | | | | |
|--|--|--|-----------------------------------|
| ▶ Main Financial Systems (Accounts Payables) | ▶ Streetwise Management | ▶ Rushcliffe Oaks Crematorium - Operational Management | ▶ Health and Safety |
| ▶ Council Tax and NNDR | ▶ Business Continuity and Emergency Planning | ▶ Procurement | ▶ Asset Investment and Management |

Changes to the plan

There were no changes to the internal audit annual plan during 2025/26.

Audit outcomes

The conclusions from our reports are summarised on page 9. Key themes are summarised on pages 6 and 7.

Background to the Annual Opinion

Internal Audit is required to provide an opinion to the Board, through the AC, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation’s objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation’s risk management, control and governance processes, within the scope of work undertaken by us as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

1. Executive summary




Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's risk management, control and governance processes.

Opinion

Our opinion is as follows:

 Good
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- Page 72
-  Generally satisfactory with improvements required in some areas
 -  Improvements required
 -  Significant improvements required

Overall, The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements. This is consistent with our annual opinion provided in the prior year as there have been no material changes to the Council's risk management, controls and governance arrangements. This is demonstrated by the Council's continued efforts to be a high performing local authority.

Significant structural changes to local authorities have been announced by the Ministry for Housing, Communities and Local Government through local government organisation. This is a risk to all local authorities, particularly Rushcliffe Borough Council who will not find out which new authority it will be a part of until July 2026. However, despite this landscape, the Council have continued to design and operate controls effectively across the areas reviewed during the year.

We have not raised any limited assurance opinions during 2025/26, with five Substantial and three Moderate assurance opinions for the design of controls. There was also six Substantial and two Moderate assurance opinions on the effectiveness of controls.

There has generally been positive engagement by Council staff and members throughout the year, including from senior officers. Management responses have been provided promptly and, on the whole, our recommendations have been accepted, demonstrating a positive culture for improvement.

Basis of opinion

As the provider of internal audit services to the Council, we are required to provide the AC and the Board with an opinion on the adequacy and effectiveness of the risk management, control and governance processes.

In giving our opinion, it should be noted that the assurance can never be absolute. The most that Internal Audit can provide to the Board is reasonable assurance that there are no major weaknesses in the Council's risk management, control and governance processes.

In assessing the level of assurance to be given, we have taken into account:

- ▶ Our assessment of the design and operation of the underpinning risk management framework and supporting processes, including whether risk appetite has been established and embedded within the activities, limits and reporting of the organisation.
- ▶ The range of individual opinions arising from risk-based audit assignments that have been reported throughout the year; including the relative materiality of these areas.
- ▶ The positive culture from senior officers to accept our recommendations demonstrating a focus on continued improvement where control gaps or weaknesses have been identified.
- ▶ Management's progress in respect of addressing control weaknesses and implementing recommendations.
- ▶ Reliance placed upon other assurance providers, such as external auditors and benchmarking data provided by the Local Government Association and the Office For Local Government which show that the Council perform above the average across a range of metrics.
- ▶ The continued strength of the design and effectiveness of controls amidst significant structural changes to local authorities from local government reorganisation.

This opinion is based on information provided between 1 April 2025 and 31 March 2026, and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

1. Executive summary

Recommendation follow

Management action on implementing recommendations

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner, weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Management has generally responded in a timely manner for requests to provide information to support the implementation of audit recommendations. Where initial implementation action dates were missed, revised dates were provided and generally appropriate action has been taken.






100% of Medium recommendations from audits performed in prior years had been reported as complete and there had been progress made to the recommendations that had fallen due in 2025/26. No High recommendations were outstanding.

Internal Audit follow up on High and Medium recommendations periodically during the year and report the progress of the implementation of these recommendations to Management. Furthermore, these are generally implemented by the original due date, showing a commitment to taking prompt action to improve controls.








2. Thematic reporting

Throughout the 2025/26 internal audit plan, we have considered key findings against six core themes. Broadly, these themes were considering the following key questions:

Area	Principle
 Statutory Compliance	<ul style="list-style-type: none"> ▶ Do the Council demonstrate compliance with statutory legislation in the areas covered in our audit plan? ▶ Are adequate actions taken to ensure compliance with new or changes to legislation?
 Controls & Assurance	<ul style="list-style-type: none"> ▶ What first/second line controls are in place, and are these offering adequate comfort? Does the business obtain assurance from other sources? ▶ Is the overall control framework fit for purpose?
 Documentation	<ul style="list-style-type: none"> ▶ What is the quality of the documentation? Is it user friendly, accessible, and easily understood? ▶ Where are documents stored? Are policies up to date?
 Governance and Culture	<ul style="list-style-type: none"> ▶ Is there a good culture and governance from the top, contributing to a focus on improving internal controls and maintaining high standards?
 Resources	<ul style="list-style-type: none"> ▶ Where does responsibility sit? Do they have sufficient capacity? ▶ Are people appropriately skilled and trained? Are there any cultural issues to note? ▶ Are controls in place to reduce the risk of fraud, or to highlight instances where there may be higher risk of fraud within processes?

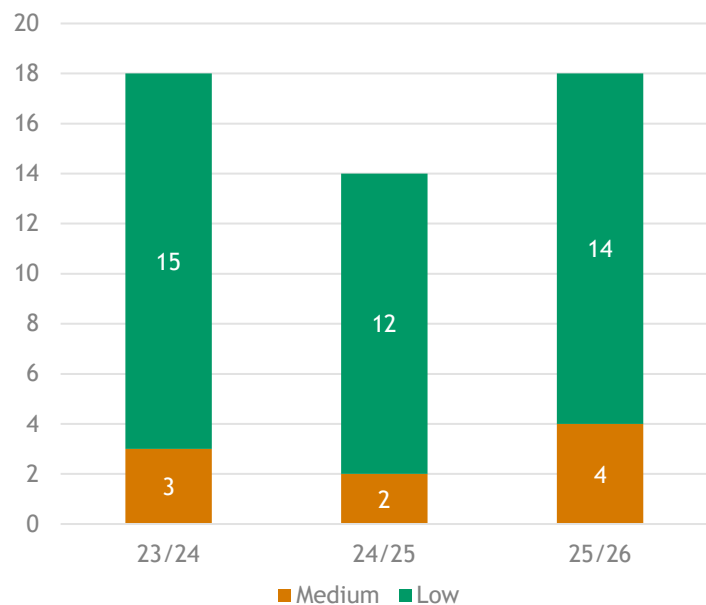
2. Thematic reporting

There was consistent trends around compliance with core processes and procedures, specifically where there is strict legislative requirements that must be adhered to. These themes presented well across the independent assurance programme for the year. Looking across the work we have completed, the themes where more recommendations have focused include on Documentation and Resources, occasionally where systems have not been fully used to their maximum capability to retain documentation. Resources are a significant challenge across most local authorities, with expectations that these will be perpetuated by the demands of local government reorganisation up to 2028.

Area	Principle
 Statutory Compliance	<ul style="list-style-type: none"> ▶ In areas audited where there had been legislative changes, the Council demonstrated a proactive approach for preparing to comply with the changes. In the Rushcliffe Oaks Crematorium - Operational Management review we raised no findings and confirm that for a sample of cremations, the correct forms had been completed and retained on PlotBox as prescribed by the Cremation, Coroners and Notification of Deaths (England and Wales) (Amendment) Regulations 2024 (the Cremation Regulations). Similarly, the Procurement Act 2023 came into force on 24 February 2025 and our review confirmed that adequate action had been taken to prepare for the new requirements. Templates were available and training had been provided to staff to ensure there was sufficient awareness of legislative changes. ▶ Similarly, in other reviews areas we confirmed compliance and consideration of existing legislation, notably in the Health and Safety audit. Compliance with statutory requirements is considered a core expectation of a local authority.
 Controls & Assurance	<ul style="list-style-type: none"> ▶ First line controls were identified across the organisation in all reviews undertaken, including preventative and detective controls although these could be developed further in places. However, on the whole these were proportionate to the level of risk. ▶ Management routines are in place to confirm compliance with approved procedures and the accuracy of data; although in some instances the evidencing of controls taking place could be strengthened, such as ensuring documentation of second line reviews.
 Documentation	<ul style="list-style-type: none"> ▶ Relevant systems were used wherever possible to maintain centralised and contemporaneous records such as through storage of documents, particularly in areas where these are required by statutory legislation. ▶ Relevant policies and procedures were in place for the areas reviewed and these were accessible to relevant personnel as needed. There were some instances where policies had not been through the approval routes but were fit-for-purpose.
 Governance and Culture	<ul style="list-style-type: none"> ▶ Effective governance from committee and performance clinics was consistently demonstrated through our audits, with clear reporting on performance into senior officers and members. ▶ Electronic software is used to monitor performance indicators monthly to facilitate the operational oversight activities.
 Resources	<ul style="list-style-type: none"> ▶ There were gaps identified in relation to the provision and completion of training on systems or processes. There were also challenges at times around resources leading to backlogs in processes, ie the renewal of expired leases. There were also gaps identified in resources which led to the absence of a separation of duties for council tax refunds, which could lead to fraud. ▶ Except for some processes, a separation of duties was consistently followed to mitigate risks of fraud or error. Particularly in finance areas, resource allocation was adequate to enable segregation of duties.

3. Summary of results

Findings by significance

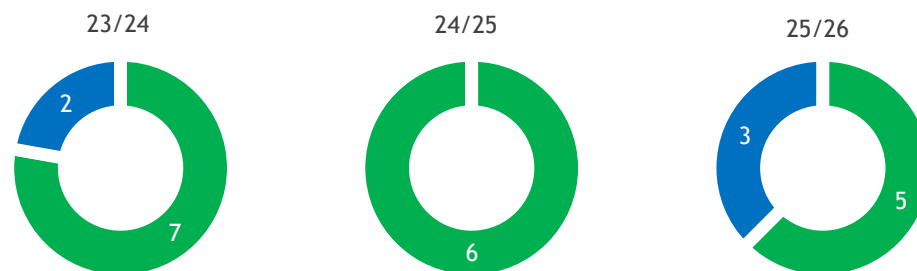


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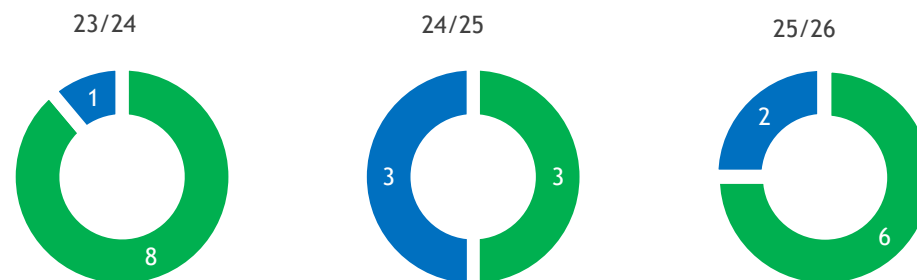
Year	2023/24	2024/25	2025/26
Assurance audits completed	9	6	8
Findings raised	18	14	18
Average per audit	2	2.3	2.3

Assurance opinions

Control Design



Control Effectiveness



Comparison to prior year

- ▶ The total number of findings raised has increased, however, this is partly because there have been more assurance audits in 25/26 compared to the prior year.
- ▶ There has been an increase in the number of Moderate opinions for the control design but a reduction in the number of Moderate opinions for the effectiveness of controls. There continued to be no Limited assurance opinions given.
- ▶ There have been 18 findings raised during the year which means the number of findings per review remains stable. This is lower than most other authorities that we are the auditors for.

3. Summary of results

Within the year, we produced nine audit reports, one which was advisory. We set out below our summary of the audits completed, the significance of recommendations raised, our opinions on control design and operational effectiveness, a comparison against the original IA plan and the link to the relevant strategic risk/objective.

The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I. The Audit Plan is mapped to the strategic objectives in Appendix II.

Audit	Type of review	Recommendations and significance			Overall report opinion		Strategic Risk Register Reference
		High	Medium	Low	Control design	Operational effectiveness	
Fraud Report	Advisory	-	-	-	This was an Advisory Review where an opinion is not provided		FCS03 Fraud identification - Inadequate or poorly executed internal controls failing to prevent or detect fraud may lead to financial and/or reputational losses
Council Tax and NNDR	Assurance	-	-	2	Substantial	Substantial	FCS05 Reduction in the Business Rates base - loss of major business rates payer reducing the rates collected leading to a potential budget deficit
Streetwise Management	Assurance	-	1	2	Moderate	Substantial	FCS11 Increased Service demand - Increase in population resulting in higher demand for services leading to expected increased cost and increased service pressures
Main Financial Systems	Assurance	-	1	1	Moderate	Substantial	FCS03 Fraud identification - Inadequate or poorly executed internal controls failing to prevent or detect fraud may lead to financial and/or reputational losses
Business Continuity and Emergency Planning	Assurance	-	-	2	Substantial	Substantial	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
Rushcliffe Oaks Crematorium - Operational Management	Assurance	-	-	-	Substantial	Substantial	EG03 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
Asset Management and Investment	Assurance	-	-	1	Substantial	Substantial	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
Health and Safety	Assurance	-	1	5	Substantial	Moderate	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
Procurement	Assurance	-	1	1	Moderate	Moderate	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

4. Quality assurance

As a firm we are committed to continual improvement. To achieve this, we apply the latest internal quality standards, which are designed to ensure that the work we perform meets the requirements of the regulatory environment within which each of our clients operates. The provision of Internal Audit services rests with a team of dedicated internal audit professionals who form part of a national Risk and Advisory Services (RAS) team.

Qualifications, Training And Development

It is our policy that staff engaged in the provision of a specialist service be qualified in the relevant professional discipline. In Internal Audit, staff are qualified or are studying for the exams by the Chartered Institute of Internal Auditors, or for a professional accountancy body.

Qualified staff are required to retain commitment to their professional body after their qualification and the firm is committed to continuing professional education and provide staff access to quality training programmes.

Quality assurance processes

We adopt the following processes in order to ensure that the internal audit work we perform meets our required quality standards:

- ▶ **Documented standards** - the fundamentals of our auditing standards are set out within our audit manual and related documentation. Our audit methodology complies with current best practice, Global Internal Audit Standards and GIAS in the UK public sector.
- ▶ **Annual plan** - A risk-based approach is taken to determine the annual plan.
- ▶ **Planning** - each assignment is planned based upon a thorough understanding of the business area being audited and the risks that are associated with that area. All assignments are supported by briefing documents agreed in advance with the client.
- ▶ **Quality assurance** - the work conducted to meet the requirements of each assignment brief is subject to a full client debrief and to manager review within the audit team before a final draft report is issued. All finalised reports are approved and signed off by a licence holder (Partner or Director).
- ▶ **Cold reviews** - we also adopt a cold review process where samples of the work performed by the internal audit team are reviewed to ensure that they meet our own internal standards. These reviews are conducted by professionals outside of the team which conducted the work. The work of cold review is subject to our National Quality Review processes, aimed at ensuring consistency of standards adopted within the firm.

Continuous Improvement

The results of the various review processes that are outlined opposite are used to inform the development needs of staff through our appraisal process and by the development of relevant training courses for the staff involved in internal audit work. The appraisal process adds to the structured training that each member of our RAS team receives on a firm wide basis. At the moment each of our team members is required to attend at least two RAS training days annually with additional training being provided in response to changes in the environment in which we operate.

Compliance with the Global Internal Audit Standards (GIAS)

Based on the results of our internal assessments, we can confirm that our Internal Audit services are aligned and have been delivered in accordance with the Global Internal Audit Standards and GIAS in the UK public sector during the year. It should be noted that as the GIAS became effective on 9 January 2025 and GIAS in the UK public sector on 1 April 2025), there has been a transition period during the year.

We confirm there have been no deviations from the GIAS during the year.

External Quality Assessment

The Global Internal Audit Standards of the Institute of Internal Auditors (IIA) requires every internal audit function that aims to comply with its standards to be reviewed, externally, every five years. 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.

RAS is committed to continuous improvement and has agreed a Quality Assurance Improvement Programme with the CIIA to respond to the recommendations and suggestions raised through the EQA exercise. A copy of the EQA report is available to our clients in order they may obtain comfort regarding our working practices.

Our next EQA is due in late 2026.

5. Quality assurance improvement programme

An update on our specific improvement actions included as part of our Quality Assurance Improvement Programme is below:

Initiative	Benefit	Due date	Status
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 25/26 IA plan which has been mapped to your four corporate priorities and risks	Complete
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. We have scheduled 'soft control' reviews in our three-year audit plan, including for local government reorganisation in each year, to provide the Council with advisory support as it transitions into a new authority. We will share best practice approaches from across our local government clients who are also impacted by local government reorganisation	Ongoing
<p>Use SMEs and specialist skills and knowledge for highly technical areas of testing</p> <p>Ensure 60% of qualified resources are used in the delivery of the audit plan</p> <p>Ensure team members hold or are working towards professional and relevant qualifications</p> <p>Team members will comply with the firm's and professional bodies policies on CPD requirements</p>	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	<p>On track</p> <p>In 25/26, 61% of the audit plan was delivered by qualified staff. The remaining work was all completed by staff working towards a professional qualification.</p> <p>All work was delivered by our RAS Public Sector Team, who are sector specialists.</p> <p>All BDO staff holding professional is required to record CPD on our HR and Finance Portal. From 1 November 2025, this has been extended to all staff.</p>
Commission independent EQA every five years	Allows for independent assurance that our work conforms with the GIAS.	Late-2026	Not yet due

6. Annual attestation of independence

Independence

The Internal Audit function is independent and objective and we undertake our work with an impartial, unbiased attitude, avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises.

During the year we have not acted in any management capacity, taken on any responsibility for the operations of your organisation or provided any services that would compromise our independence.

In the year BDO has not been engaged by management to carry out additional services outside of Internal Audit contract.





If the independence or objectivity of the Internal Audit service is ever impaired, details of the impairment will be disclosed to either the CEO/their delegate, or the Chair of the Governance Scrutiny Group, dependent upon the nature of the impairment.

Relationship with external audit

All of our final reports are available to the external auditors through the Governance Scrutiny Group papers and are available on request.

Appendix I: Definitions

Annual Opinion Definitions

Opinion		Definition
	Good	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements.
	Generally satisfactory with improvements required in some areas	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements. However, there are some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements.
	Improvements required	Significant weaknesses were identified in both the design and/or operational effectiveness of the controls in all/the majority of the areas which we examined and weaken the risk management, governance and controls. Significant improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements.
	Unsatisfactory	The framework of governance, risk management and control arrangements is poor. Immediate action is required to improve the design and/or operational effectiveness of the governance, risk management and controls.

Appendix I: Definitions

Audit Report Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of 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.

Appendix II: Link to strategic objectives

We have mapped the Internal Audit Plan to the organisation's strategic objectives to show coverage across the year.

Audit	Type of review	Link to risk strategic objectives			
		Environment	Quality of Life	Sustainable Growth	Efficient Services
Fraud Report	Advisory	-	-	-	✓
Council Tax and NNDR	Assurance	-	-	-	✓
Streetwise Management	Assurance	✓	✓	-	-
Main Financial Systems	Assurance	-	-	-	✓
Business Continuity and Emergency Planning	Assurance	-	-	-	✓
Rushcliffe Oaks Crematorium - Operational Management	Assurance	-	✓	-	✓
Asset Management and Investment	Assurance	-	✓	✓	-
Health and Safety	Assurance	-	-	-	✓
Procurement	Assurance	✓	-	-	✓

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

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Governance Scrutiny Group

Thursday, 18 June 2026

Annual Fraud Report 2025/26

Report of the Director - Finance and Corporate Services

1. Purpose of this report

- 1.1 The purpose of this report is to summarise any known incidence of fraud, and the fraud prevention activities undertaken at Rushcliffe Borough Council (“the Council”) during the year 2025/26.
- 1.2 This report has been prepared by BDO LLP (“BDO”). For the avoidance of doubt, BDO has not undertaken a full fraud risk assessment or audited any information provided to it (as summarised within this report) by the Council’s officers. However, where BDO do undertake internal audit work, if a fraud is suspected or identified, then it would be investigated; and reported to the Governance Scrutiny Group if a fraud was proven.
- 1.3 This report is prepared under BDO’s service level agreement with the Council dated 4 April 2024 for internal audit services and it has been prepared strictly for use by the Council. BDO understands that it will be made available to relevant internal committees within the Council. In all other respects, this report is confidential and should not be used, reproduced, or circulated for any other purpose, in whole, or in part, without BDO’s prior written consent. BDO do not owe a duty of care to anyone other than the Council.

2. Recommendation

- 2.1 It is RECOMMENDED that the Governance Scrutiny Group considers the Annual Fraud Report for 2025/26.

3. Reasons for Recommendation

- 3.1 To provide an annual update to the Governance Scrutiny Group regarding the Council’s fraud prevention environment and report on any frauds, if identified.

4. Supporting Information

- 4.1 In August 2022, the government launched the Public Sector Fraud Authority (“PSFA”). A key objective of this body is to help ensure a consistent strong approach to counter fraud across the public sector, and to support public sector bodies to better understand and manage their fraud risks. The PSFA is also responsible for maintaining the Government’s Functional Standards for Counter Fraud (GovS 013), which details measures that public bodies should have in place

to control fraud and assesses public bodies' compliance with these.

- 4.2 In February 2026, the PSFA published its latest annual report¹, which highlighted that the PFSA had surpassed its target of achieving £250 million of savings for the taxpayer by protecting and recovering £329 million. Approximately 43% of the amount prevented and recovered was in relation to the National Fraud Initiative ("NFI") Web application.
- 4.3 The Council is actively involved with the NFI. Across England between 2022 to 2024, £73 million² of fraud was detected and there was a 92% recovery rate. Significant issues identified included misuse of concessionary travel passes and blue badges, as well as incorrect council tax single person discount claims. Updated detailed results for the period since 2024 have not yet been released. Further commentary is covered in paragraph 4.21 of the report.

Preventing and Detecting Fraud

- 4.4 Fraud and conduct issues can involve Council employees, elected members, partners, customers, and the public. Both conduct and fraud issues can be identified/raised in several ways:
- (a) Proactive detection work, undertaken internally or externally, for example as part of the NFI; and
 - (b) Referral by employees, elected members, partner organisations, members of the public, or identification by management.
- 4.5 In carrying out its functions and responsibilities, the Council is firmly committed to dealing with fraud or corruption and will deal equally with attempted and perpetrated fraud or corruption from inside or outside the Council.
- 4.6 The Council does not have a dedicated fraud prevention resource. However, it is the responsibility of managers within the Council's teams ("Management"), as part of the internal control environment, to ensure controls are in place to mitigate the risk of fraud. Officers with responsibility for monitoring and reporting levels of council tax fraud (under the NFI), as described in this report, are located within the finance directorate. These areas are therefore subject to oversight by the same managers and directors, ensuring a level of consistency in the fraud control framework. There have not been any changes to the control environment in 2025/26.
- 4.7 Whilst it is not their direct responsibility to detect fraud, Internal Audit may identify instances of fraud through their reviews and are available to support Council

¹https://assets.publishing.service.gov.uk/media/699597dfbfdab2546272bf0c/Public_Sector_Fraud_Authority_Annual_Report_2024-2025_PDF.pdf

²<https://www.gov.uk/government/publications/national-fraud-initiative-reports/national-fraud-initiative-report-2022-2024-html#:~:text=Outcomes%20from%20the%202022%2F23,council%20tax%20to%20deceased%20pilot>

officers to consider next steps for investigating any allegations of fraud, in consultation with BDO's Forensic Accounting specialists, if required. During 2025/26 Internal Audit services were provided by BDO.

- 4.8 Internal Audit has confirmed that no incidents of fraud directly associated with the Council were identified during the course of their work in 2025/26.
- 4.9 Management is aware of frauds that occur across the sector and engage with Internal Audit and others, as appropriate, to discuss whether there is any material exposure to the Council from the issues noted in any relevant cases identified. Management is not aware of any incidents of fraud that have occurred in 2025/26. No specific action has been deemed necessary to manage material risks or exposure based on these discussions in year.
- 4.10 In 2023/24, the Council took proactive steps by preparing a comprehensive fraud risk assessment. This year, the Finance team have identified areas of fraud opportunity and created an action plan to mitigate those risks. Other service areas have also discussed areas of fraud opportunity at their team meetings, although they are not yet in a position to document or track their actions.
- 4.11 The Council's Anti-Fraud & Corruption Policy was last updated, published and shared with all Council staff via the internal 'Staff Matters' communication in January 2025. The policy is currently being reviewed to incorporate the new 'Failure to Prevent Fraud' Offence which is a UK corporate criminal offence introduced under the Economic Crime and Corporate Transparency Act 2023. A local authority must be aware of the offence because it can now be held criminally liable if it fails to prevent fraud committed on its behalf, making effective fraud prevention controls essential.
- 4.12 The Council is a member of the Nottinghamshire Fraud Partnership, which was formed in 2023. This partnership aims to bring organisations together to protect individuals and businesses against fraud, respond to emerging threats and support victims through collaboration and sharing of information. The partnership meets quarterly and is facilitated by the Office of the Police and Crime Commissioner for Nottinghamshire.³
- 4.13 For the avoidance of doubt, no additional work has been undertaken by BDO in relation to fraud risks beyond the scope of this report and the activities described within it, and BDO has not undertaken a fraud risk assessment exercise for the Council for the purpose of this report.

Whistleblowing Policy

- 4.14 It is important to any organisation that any fraud, misconduct or wrongdoing by workers or officers of the organisation is reported and properly dealt with. BDO understands that the Council's whistleblowing policy encourages all individuals to

³<https://www.nottinghamshire.pcc.police.uk/Our-Work/Nottinghamshire-Fraud-Partnership.aspx>

raise any concerns that they may have about the conduct of others within the Council.

- 4.15 The whistleblowing policy applies to all employees and those contractors working for the Council, on Council premises, for example, agency staff and builders. It also covers suppliers and those providing services under a contract with the Council on their own premises.
- 4.16 The Council's whistleblowing policy was last reviewed, updated and published in October 2024. It is next due to be updated in 2027.
- 4.17 BDO has not reviewed the Council's whistleblowing policy for the purpose of this report.
- 4.18 Articles promoting the whistleblowing policy were published in the 'Staff Matters' newsletter in June and December 2025 and they are diarised as six-monthly reminders. Employees are also made aware of the whistleblowing procedures on the staff intranet page and managers encourage an open culture and inspire their teams to discuss any concerns with them. In addition, staff are reminded of financial issues through these internal newsletters. Our comments in relation to staff awareness and training are included at paragraphs 4.33-4.34 below.
- 4.19 There have been no whistleblowing concerns reported during 2025/26. It is not possible to determine the reason for the lack of reports, i.e., whether there is a genuine absence of concerns and therefore nothing to report, or whether the absence of reports is due to a lack of awareness of the policy or willingness within the employee base.

NFI

- 4.20 The NFI is a data matching exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. A national exercise is undertaken every two years, although electoral roll and council tax data is required to be submitted annually. Once the data-matching process for each exercise is completed, the NFI makes the output available to the relevant participating body for consideration and investigation via the secure NFI software. Participating bodies are then responsible for investigating any matches.
- 4.21 The Council sent details of their entire single person discount caseload (17,478 cases) to NEC Software Solutions UK Limited ("NEC") in June 2025 to conduct a Single Person Discount review.⁴ All cases were risk assessed against existing data and 3,496 households were contacted in July 2025. Following the review, 216 discounts were removed as taxpayers confirmed they were no longer entitled to the discount. A further 217 discounts were removed as NEC did not receive any response from those taxpayers. This equated to an additional £289k in Council Tax and is positive for tax payers generally.

⁴ NEC is a Cloud software provider engaged by the Council to identify and remove fraud and error across their single person discount caseloads.

4.22 The NFI data relating to Housing Benefit awards are now completed every two years and were last reviewed in 2024/25:

2024/25	2022/23	2021/22	2020/21	
127	122	93	182	Number of matches reviewed
0	0	0	0	Number of frauds identified
0	1	3	3	Number of errors identified
£0	£473	£14,496	£2,374	Value of Council Tax errors identified

4.23 All Council Tax discounts awarded (except single person discounts due to the volume) are reviewed on an annual basis and applicants are advised that they should inform the Council of any changes. In addition, the Council is reviewing National Non-Domestic Rates (“NNDR”) reliefs, such as discretionary reliefs. The Council does not undertake any wider exercises to publicise measures taken against residents who have incorrectly claimed a discount to act as a deterrent, with the annual reminders instead being relied upon to remind residents of their obligations.

4.24 Where it is discovered that a discount has been incorrectly claimed, the discount is removed on the billing system and the correct charge raised (these amounts are included in the value of extra council tax billed quoted in the tables above). The discount is removed from the customer’s account from the date that they are no longer entitled to it. The charge is then recovered as unpaid Council Tax, subject to reminders/summons as per the Council’s recovery policy.

Internal Investigations 2025/26

4.25 There have been no allegations of fraud reported in 2025/26.

Benefit Fraud Investigations conducted by the Counter Fraud and Compliance Directorate

4.26 The Council no longer investigates Housing Benefits frauds. These are undertaken by the DWP Counter Fraud and Compliance Directorate (“CFCD”).

4.27 The DWP has a suite of management information that allows Local Authorities (“LAs”) to monitor the progress of referrals made to CFCD and enables LAs to see the outcomes CFCD are achieving on their behalf. Additionally, it enables LAs to make a comparison of the volume of referrals that they have made against the national average.

4.28 As was the case in the prior year, no data has been made available to the Council at the time of preparing this report.

Fraud awareness and strategy

- 4.29 Fraud awareness training was delivered at the Leadership Forum (for Council middle managers and above) in June 2025. The CIPFA course 'Failure to Prevent' was circulated to everyone at Lead Specialist level and above.
- 4.30 In 2025/26 anti-money laundering e-learning was provided to everyone at Lead Specialist level and above, as well as to property, finance, revenue and benefits and customer services as these are key areas for identifying fraud. A completion rate of 95% was achieved.
- 4.31 The Finance team receive sector updates from partners which raises awareness of specific and new targeted fraud activity.
- 4.32 The Council also provides counter fraud updates at Leadership Forum, through the the 'Staff Matters' newsletter, and also in wider staff meetings.

Audit Conclusion

- 4.33 The Council should consider offering annual mandatory fraud training to all employees, not just those in key departments or senior positions. This training should include reminding staff about the whistleblowing helpline. The Council will expand e-learning training to all staff in this area over the next 6 months.
- 4.34 The Council may also wish to test levels of awareness of counter fraud arrangements amongst staff by, for example, inclusion of questions relating to this area in staff surveys. The Council will send out annual surveys to all staff on fraud awareness.

5. Risk and Uncertainties

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

6. Implications

Financial Implications

- 6.1 There are no financial implications associated with the recommendations to this report.

Legal Implications

- 6.2 There are no legal implications associated with the recommendations to this report.

Equalities Implications

- 6.3 There are no equalities implications associated with the recommendations to this report.

Section 17 of the Crime and Disorder Act 1998 Implications

6.4 There are no Section 17 implications associated with the recommendations to this report.

Biodiversity Net Gain implications

6.5 There are no Biodiversity Net Gains implications associated with this report.

Local Government Reorganisation

6.6 There are no Local Government Reorganisation implications associated with this report.

7. Link to Corporate Priorities

The Environment	The detection and subsequent investigation of fraudulent activity supports the Council's ability to deliver services across its priority areas.
Quality of Life	
Efficient Services	
Sustainable Growth	

8. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group considers the Annual Fraud Report for 2025/26.

For more information contact:	Peter Linfield, Director - Finance and Corporate Services plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices:	None

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Governance Scrutiny Group

Thursday, 18 June 2026

Annual Procurement Report

Report of the Director of Finance and Corporate Services

1. Purpose of report

1.1. To provide Governance Scrutiny Group with an overview of procurement activity undertaken during 2024/25 and 2025/26, including performance and compliance, and to present an update on the Procurement Strategy 2026–2030, including a summary of the associated action plan.

1.2. This report has not been considered at any other committee.

2. Recommendation

It is RECOMMENDED that Governance Scrutiny Group scrutinises the procurement activity and performance for 2024/25 and 2025/26.

3. Reasons for Recommendation

3.1. The report provides assurance that procurement activity is being delivered in a compliant and effective manner and that the Council has a clear strategic framework in place to enhance procurement outcomes, governance, and value for money.

4. Supporting Information

Overview of Procurement Activity

4.1. Rushcliffe Borough Council (RBC) has recently approved a new Procurement Strategy, effective from April 2026. The strategy includes an action plan aimed at improving performance and ensuring alignment with the requirements of PA23 (Appendix 2). As there is limited historical data available, a baseline will be established for which 2026/27 KPIs will be measured.

4.2. RBC has worked in partnership with Nottinghamshire County Council (NCC) since October 2023, with a contract in place until March 2028 to provide procurement services.

4.3. Procurement activity has been delivered in compliance with the Public Contracts Regulations 2015 (PCR 2015), the Procurement Act 2023, and the Council's Contract Procedure Rules.

- 4.4. During the period 2024/25 and 2025/26:
- 37 contracts were awarded in 2024/25 with a total value of approximately £4.5m
 - 17 contracts were awarded in 2025/26 with a total value of approximately £3.8m
 - 11 procurement projects remain in progress with an estimated value of £3.66m.
- 4.5. A significant proportion of contracts were delivered via established frameworks, ensuring compliance and efficiency, with additional routes including open tender, quotations and direct award.

SME and Local Supplier Engagement

- 4.6. Procurement activity has supported local economic growth:
- 20 contracts in 2024/25 and 12 contracts in 2025/26 were awarded to SMEs
 - Local supplier engagement remains a key focus, with contracts awarded to Nottinghamshire-based organisations where appropriate.
- 4.7. In addition, Dynamic Purchasing Systems (DPS) for landscaping and minor construction works have been established, supporting SME participation and local supply chains.

Governance, Performance and Partnership Working

- 4.8. The partnership with NCC provides ongoing commercial advice, procurement oversight and regular reporting, including monthly service review meetings and engagement with key Council forums such as regeneration board meetings.
- 4.9. Regular reporting and engagement ensure:
- Compliance with procurement legislation and best practice
 - Identification of opportunities for improvement
 - Effective contract management and delivery.

Implementation of the Procurement Act 2023

- 4.10. The Procurement Act 2023 came into effect in February 2025, introducing changes in transparency, contract management, and reporting requirements.
- 4.11. NCC has supported the Council through:
- Delivery of training sessions for officers and Members
 - Development of new procurement templates
 - Updates to Contract Procedure Rules aligned with the new legislation and the Procurement Strategy 2026–2030.

Procurement Strategy 2026–2030

- 4.12. The Procurement Strategy 2026–2030 sets out the Council’s long-term approach to procurement, aligning with national legislation and the Council’s corporate priorities.
- 4.13. The strategy establishes procurement as a strategic enabler to deliver:
- Value for money services
 - Social value and community benefits
 - Sustainable and inclusive economic growth.
- 4.14. Key themes within the strategy include:
- Governance and compliance
 - Equality, accessibility and inclusion
 - Social value and environmental sustainability
 - Contract management and cyber security
 - Supplier engagement and continuous improvement.
- 4.15. The strategy reflects a broader definition of value, incorporating quality, environmental impact, and social outcomes alongside cost.

Action Plan Summary (2026–2030)

- 4.16. The Procurement Strategy is supported by a structured action plan focused on strengthening procurement maturity and delivery (Appendix 2).
- 4.17. Key areas of focus include:
- Governance and leadership (strengthening oversight, reporting and member engagement)
 - Engaging officers (embedding procurement into governance and day-to-day processes)
 - Engaging senior managers (leadership involvement, training and early procurement planning)
 - Working with partners (collaboration with NCC and other organisations)
 - Engaging strategic suppliers (supplier relationships, pipeline visibility and contract register)
 - Creating commercial opportunities (innovation, value for money and financial performance)
 - Managing contracts and relationships (performance management and continuous improvement)
 - Managing strategic risk (risk identification, compliance and resilience)
 - Creating social value (embedding wider community benefits into procurement)
 - SME and VCSE engagement (supporting smaller and local suppliers).
- 4.18. Overall, the action plan aims to improve procurement maturity, increase transparency, and maximise the wider benefits delivered through Council spend.

5. Risks and Uncertainties

- 5.1. There are no risks directly related to this report. Scrutiny does provide an opportunity to review a higher-level processes undertaken and that the objectives and associated targets of the Council's Procurement Strategy are being delivered.

6. Implications

6.1. Financial Implications

Effective procurement supports the achievement of value for money and ensures the efficient use of Council resources. The use of frameworks, strategic sourcing, and improved contract management will continue to support financial sustainability.

The cost of procurement support provided by NCC is included in the budget. For 25/26 this was £32,500.

6.2. Legal Implications

All procurement activity must comply with the Procurement Act 2023, associated regulations, and the Council's Contract Procedure Rules. Changes introduced under the new legislation have been incorporated into practice and governance arrangements.

6.3. Equalities Implications

The Procurement Strategy embeds equality, accessibility, and inclusion within procurement processes, including compliance with the Equality Act 2010 and accessible standards.

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

No direct implications have been identified. However, procurement processes consider community safety where relevant.

6.5. Biodiversity Net Gain Implications

The Procurement Strategy includes commitments to environmental sustainability and reducing environmental impact through procurement, which contributes to biodiversity and environmental outcomes.

6.6. Local Government Reorganisation

There are no Local Government Reorganisation implications associated with this report.

7. Link to Corporate Priorities

The Environment	The report supports delivery of all of the Council's corporate priorities
Quality of Life	
Efficient Services	
Sustainable Growth	

8. Recommendation

It is RECOMMENDED that Governance Scrutiny Group scrutinises the procurement activity and performance for 2024/25 and 2025/26.

For more information contact:	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for inspection:	Procurement Strategy 2026 to 2030 Cabinet 10 March 2026
List of appendices:	Appendix 1 End of Year Procurement Report Appendix 2 Action Plan



End of Year Procurement Report – 2024/25 and 2025/26

Executive Summary

1.1 Rushcliffe Borough Council (RBC) has been working with Nottinghamshire County Council (NCC) as its procurement service provider since 1 October 2023 and has a contract in place until 31 March 2028.

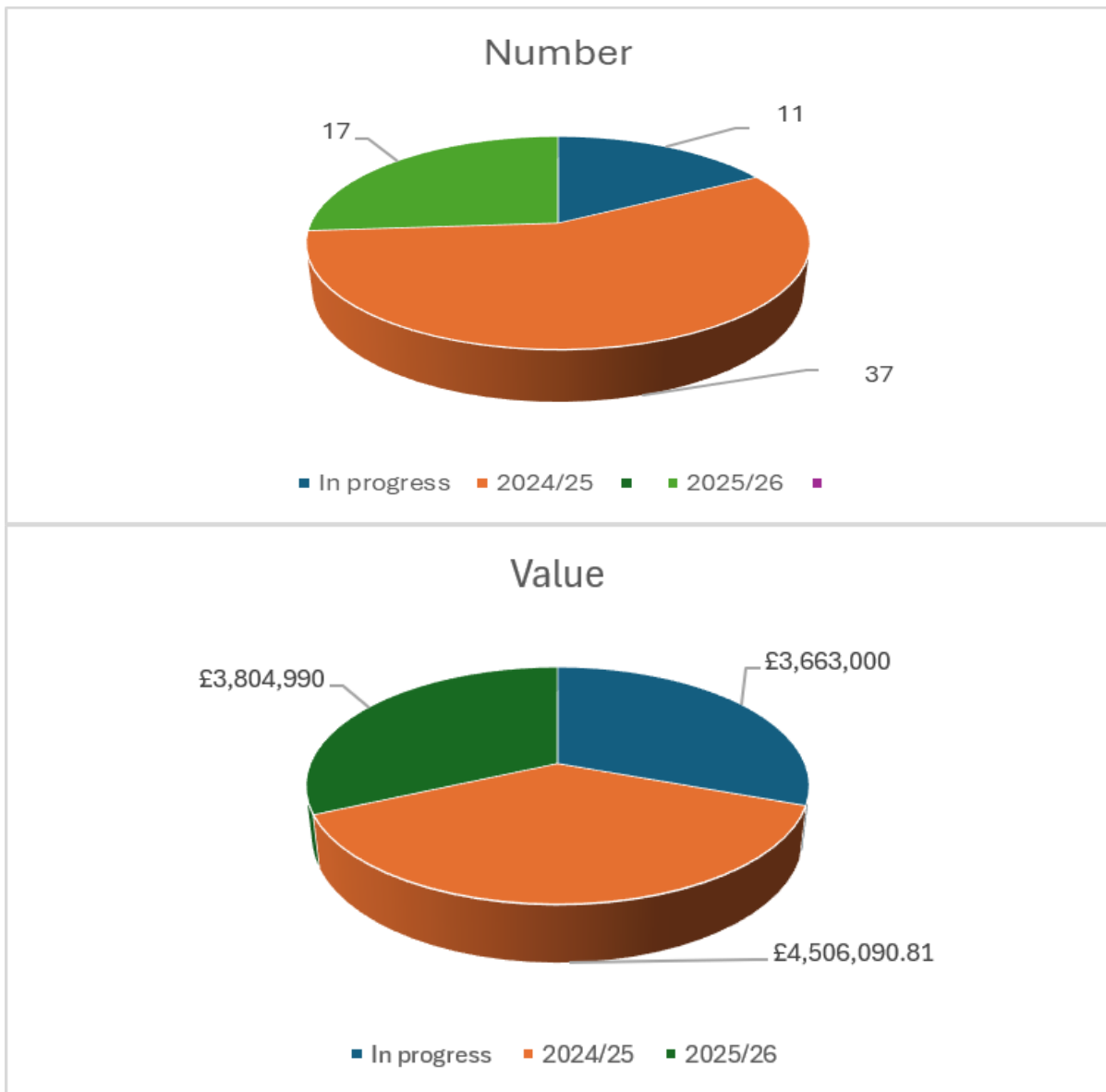
1.2 Both councils have worked closely together to ensure projects are procured compliantly in line with the Public Contracts Regulations 2015 (PCR 2015), the Procurement Act 2023 and RBC's Contract Procedure Rules.

1.3 This report summarises activity over the last two financial years and is provided in line with the action plan within the Procurement Strategy 2026–2030, including the theme of engaging officers.

Operational performance 2024/25 and 2025/26

	Number	Value	Number & Value to SMEs	Number & Value to Local Suppliers	Route to Market
Number of projects currently in progress	11	£3,663,000	N/A	N/A	6 via Framework 1 via quotes 3 via open tender 1 via direct award
Number of Contracts awarded 2024/25	37	£4,506,090.81	20 - £2,360,212.84	7 - £908,266.79	19 via Framework 10 via quotes 6 via open tender 2 via direct award
Number of Contracts awarded 2025/26	17	£3,804,990	12 - £1,073,950.27	2- £76,648.63	10 via Framework 1 via quotes 4 via open tender 2 via direct award

Operational Performance Charts 2024/25 and 2025/26



1.4 In addition to the procurement projects set out above, two Dynamic Purchasing Systems (DPS) have been established for use by Ashfield, Broxtowe and Rushcliffe, covering (1) landscaping services and green spaces and (2) minor construction works.

1.5 Alongside establishing Nottinghamshire frameworks, NCC provides commercial procurement advice on the use of other frameworks to ensure compliance and best value for money.

1.6 Regular reports are provided and monthly service review meetings are held to address issues promptly and identify new opportunities. This is supported by ongoing communication between NCC's Category Manager and Rushcliffe's Assistant Director of Finance.

1.7 Where required, NCC attends regeneration board meetings to advise on future projects.

Procurement Act 2023

1.8 The Procurement Act 2023 came into effect on 24 February 2025 and introduced significant changes to procurement, particularly around contract management and the publication of notices. Over the last two financial years, NCC has delivered a number of training sessions for RBC and developed new templates to support implementation of the Act.

1.9 NCC has also supported RBC to update its Contract Procedure Rules, aligning them with the Procurement Act 2023 and the Procurement Strategy 2026–2030.

1.10 RBC's Contract Procedure Rules, Procurement Strategy and training arrangements all support compliance with the Procurement Act 2023. Regular checks are also undertaken to ensure all notices have been completed and contracts added to the contract register, helping to ensure RBC remains compliant.

Financial year 2026/27

1.12 RBC and NCC will continue to work in partnership. Ambitions for this financial year, in line with the action plan, include:

- Engaging officers – working with the Director of Finance and Corporate Services, and the Assistant Director of Finance to produce governance reports.
- Engaging senior managers – providing monthly reports and holding monthly service review meetings.
- Engaging managers – providing annual training sessions to ensure managers remain up to date with any changes.
- Working with partners – hosting at least one annual event aimed at local suppliers and SMEs, to share forward plans across the district and borough councils we work with and identify opportunities to collaborate.
- Engaging strategic suppliers – working with key stakeholders at RBC to support development of the procurement pipeline and keep the contract register up to date, enabling suppliers to plan and engage early on future projects.
- Managing contracts and relationships – continuing to host a contract management group for partner districts and boroughs to support shared learning and training.
- Creating social value – applying Match My Project on appropriate procurements and reporting back on outcomes.

- SME and VCSE engagement – this will be included within the supplier engagement event delivered by NCC.
- Social value – using Match My Project on RBC tenders run by NCC. This is a new initiative and, therefore, no figures are yet available on uptake.

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Action Plan

The Local Government Association’s National Procurement Strategy for Local Government in England 2022 procurement [toolkit](#) provides a useful assessment tool to consider the maturity level of organisation in terms of procurement.

The Council will implement the following actions against key themes between 2026 and 2030:

Area of Focus	Key Theme	Evidence of High Standards	Actions Required	Deadline
1. Engaging Councillors	Governance and Compliance (Strengthening oversight, accountability, and training)	<ul style="list-style-type: none"> - Cabinet oversight of procurement decisions - Assign Cabinet lead responsibility for procurement - Report quarterly to Cabinet and Corporate Overview Group (COG) - Approve an annual Procurement Strategy - Annual report to Governance Scrutiny Group (GSG) - Biennial councillor training 	Procurement Decision Review and updates to Cabinet agenda for decisions above £100k per annum revenue or £250k capital;	From April 2026
			Biennial review of Procurement Strategy to GSG agenda and any recommended changes for Cabinet’s consideration;	Feb/March 2028
			In conjunction with our procurement advisors, an annual performance report to be produced for GSG to include current issues, legislative changes and the performance of our advisors etc	June 2026
2. Engaging Senior Managers	Governance and Compliance (Leadership	<ul style="list-style-type: none"> - Encourage early advice-seeking on procurement - Include procurement as 	Procurement update to be reported to EMT as part of the	June 2026 (Q1)

Area of Focus	Key Theme	Evidence of High Standards	Actions Required	Deadline
	engagement, process improvement, and training)	standing EMT item - Maintain clear procurement strategy - Implement robust processes - Annual training for senior managers	ongoing Performance and finance reporting; Deliver annual training at the Council's Leadership Forum; Maintain and review procurement strategy biennially, reported to GSG (as above).	July 2026 Feb/March 2028
3. Working with Partners	Continuous Improvement & Supplier Engagement and Market Shaping (Collaboration, partnership, and shared learning)	- Foster collaboration and team-based approach - Conduct joint budgeting and service planning sessions	NCC procurement and RBC Economic Development team liaising with Chamber of Commerce etc, supplier engagement event (one per annum)	TBC
4. Engaging Strategic Suppliers	Supplier Engagement & Market Shaping and Contract Management & Cyber Security (Supplier relationships, performance management, transparency)	- Actively manage performance, cost, risk, and innovation - Collect, share, and analyse supplier data - Define Council's role in supplier relationships - Publish procurement pipeline - Host supplier engagement events	Maintain procurement pipeline, publish contract register etc; Host at least one supplier engagement event (NCC);	Ongoing October 2026
5. Creating Commercial Opportunities	Continuous Improvement & Efficient Services	- Set and monitor income and expenditure targets - Conduct options appraisals	Establish income and expenditure targets during budget planning that align with	October 2026, and annually as

Area of Focus	Key Theme	Evidence of High Standards	Actions Required	Deadline
	(Innovation, commercial focus, performance monitoring)	<ul style="list-style-type: none"> - Encourage innovation in service delivery - Report performance and implement continuous improvement 	contractual obligations and performance expectations	part of budget setting
6. Managing Contracts & Relationships	Contract Management & Cyber Security (Contract oversight, risk management, standardisation)	<ul style="list-style-type: none"> - Monitor cost, performance, and risk - Embed contract management process - Maintain contracts register - Use standardised documents (available on the intranet) - Provide contract management training 	Continue with contract management guidance through NCC and the Leadership forum;	September 2026
			Issue quarterly reminders to staff to update the contracts register in compliance with the Constitution	June 2026
			Conduct an annual review of standardised documents	April 2027
7. Managing Strategic Risk	Governance & Compliance and Contract Management & Cyber Security (Risk management, compliance, resilience)	<ul style="list-style-type: none"> - Address external, financial, and operational risks - Maintain risk policy and strategy (Standing item on Risk Management Group) - Identify high-risk suppliers - Implement fraud detection - Ensure supply chain visibility - Monitor GDPR and Modern Slavery compliance - Develop contingency plans 	<p>Identify high risk suppliers; Update corporate risk register to record checks that have been undertaken</p> <p>Verify that contingency plans exist for all contracts classified as high-risk (e.g. criteria such as handles sensitive data or operates in regulated areas)</p>	<p>September 2026</p> <p>September 2026</p>

Area of Focus	Key Theme	Evidence of High Standards	Actions Required	Deadline
		(part of departmental contingency planning)		
8. Creating Social Value	Social Value (Community benefit, policy, measurement, reporting)	<ul style="list-style-type: none"> - Integrate social value requirements - Set performance indicators - Embed commitments in contracts - Apply weightings during evaluation - Monitor and report outcomes 	Integrate social value requirements into tender assessment (NCC);	August 2026
			Apply evaluation weightings agreed with relevant manager(RBC and NCC);	September 2026
			Report outcomes annually against agreed KPIs to GSG as part of the annual report.	September 2026
9. SME and VCSE Engagement	Supplier Engagement & Market Shaping and Equality, Accessibility, and Inclusion (Inclusive procurement, market access)	<ul style="list-style-type: none"> - Support SME/VCSE participation - Simplify processes - Adapt approaches for smaller suppliers - Monitor treatment in prime contracts 	Work with NCC to simplify and adapt approaches to encourage smaller suppliers to participate in procurement opportunities;	September 2026
			Monitor inclusion of SME and local supply chains in prime contracts and report annually to GSG	June 2026



Governance Scrutiny Group

Thursday, 18 June 2026

Investment Property Review

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. This report provides the Governance Scrutiny Group with an update on the performance of the Council's commercial property estate.
- 1.2. The Asset Investment Strategy was adopted eight years ago; the most recent review was completed in February 2024 and was reported to the Governance Scrutiny Group and Cabinet.
- 1.3. The asset review evaluates the Council's commercial property portfolio in the context of prevailing market conditions and considers financial performance, future capital maintenance requirements, and both current and forward-looking risk factors.

2. Recommendation

It is **RECOMMENDED** that the Governance Scrutiny Group undertakes scrutiny of the review of the Council's commercial property portfolio.

3. Reasons for Recommendation

- 3.1. The Council's commercial property portfolio generates approximately £1.90m per annum in rental income. It is therefore essential that a proactive asset management approach is adopted to ensure the portfolio continues to meet current income targets and remains resilient.
- 3.2. The commercial review is also important given the ongoing evolution of the property market in response to changing demand and economic conditions, and the impacts of recent macro-economic shocks, including the Covid-19 pandemic, the war in Ukraine, and wider geopolitical instability.
- 3.3. In addition, with Local Government Reorganisation (LGR) on the horizon, it is important that the Council has an up-to-date and robust evidence base on the performance, risks and future liabilities of the commercial property portfolio, to support transparency, effective scrutiny and informed decision-making during any transition.

- 3.4. This review and the accompanying report therefore provide transparency for Members on portfolio performance and create an opportunity for scrutiny, review and challenge.
- 3.5. The report confirms that there are currently no properties assessed as high risk and, as such, no immediate action is required.
- 3.6. Ongoing monitoring of the market and regular review arrangements will continue to ensure that any emerging risks or required actions are identified promptly and brought to Members' attention in a timely and appropriate manner.

4. Supporting Information

The Council Asset Portfolio & Occupancy Levels:

- 4.1. The Council's commercial property portfolio comprises a mix of industrial estates and both multi-let and single-let buildings, with an age profile ranging from Bridgford Hall to the Bingham Enterprise Centre (completed in 2023).
- 4.2. The portfolio has been acquired over many years, with a significant number of properties via regeneration projects (Cotgrave Shopping Centre, Manvers Business Park and Phase 1, Colliers Business Park) but added to in recent years by way of investment purchases such as Units 1 & 3, Edwalton Business Park and Unit 1, Bardon Industrial Estate, Coalville, as well as constructed property such as Phase 2, Colliers Business Park and Bingham Enterprise Centre.
- 4.3. The portfolio generates approximately £1.90 million per annum in rental income, with around 37% of this income derived from more recently acquired investment assets which remain fully let.
- 4.4. More recently constructed assets, such as Phase 2, Colliers Business Park, Bingham Enterprise Centre, Cotgrave Business Hub and Phase 2, Cotgrave Shopping Centre, continue to be popular with tenants, resulting in high occupancy and rental growth in line with market conditions.
- 4.5. As reported through ongoing performance updates, occupancy has reduced compared with the previous year but remains relatively strong, with industrial occupancy at 98.9% and non-industrial assets achieving 94.37%, resulting in an overall portfolio occupancy rate of 96.42%. By comparison, privately owned industrial property within the Borough is also performing well, with reported occupancy of 92.6% and an overall commercial occupancy rate of 92.7%. The Council's portfolio is therefore outperforming the private sector.
- 4.6. This represents an excellent level of performance given current market conditions and the wider business stress, highlighted by increasing numbers of businesses entering administration. In this regard, four of the Council's tenants have recently entered administration for a range of reasons, including ongoing cost pressures associated with inflation, utility costs and wage

increases. All four vacant units are being marketed, and negotiations are progressing with three proposed new tenants. These matters continue to be monitored as part of the Council's ongoing asset management arrangements.

Completed Acquisition & Disposals since the 2024 Review:

- 4.7. The sale of the Council's freehold land interest at Candleby Lane Industrial Estate completed in 2024, with the interest sold to the long leasehold sub-tenant. Identified by the 2024 review as a medium risk to the Council, the transaction achieved an above-market capital receipt, reflecting the tenant's special purchaser status and the marriage value generated by the sale.

Capital Projects:

- 4.8. Although there have been no properties constructed since the last review, a number of significant refurbishments have been completed in respect to both the operational and commercial portfolios.
- 4.9. As highlighted within the 2024 Review, Manvers Business Park was deemed a medium risk due to works needed to improve the condition of the roofs, soffits and roller shutters throughout the estate.
- 4.10. These refurbishment works are underway, with completion expected in July 2026. They will further future-proof the estate, extend building life and reduce ongoing risk to the Council.

2026 Commercial Asset Review:

- 4.11. This review focuses on the commercial property portfolio that is leased to businesses and does not include paying and non-pay car parks, land, community buildings or the Council's operational estate (for example, the Arena) which are reviewed separately.
- 4.12. To support this review, a detailed spreadsheet has been prepared. The spreadsheet captures key information for each asset, including:
- Asset value current and projected in 2031)
 - Annual rent (current and projected in 2031)
 - Asset value comparison (current and 2023/24)
 - Annual rental comparison (current and 2023/24)
 - Financial return
 - Estimated maintenance/upgrade costs (over the next ten years)
 - Age of asset
 - Risk rating (1 to 10; low to high), based on statutory risk (e.g. MEES (see 4.17 below)), condition risk, tenant covenant risk and economic obsolescence risk.
- 4.13. It is important to note that the assessment of matters such as risk involves professional judgement, informed by officers' knowledge and experience and insights from external agents. It is also based on prevailing market conditions

and is therefore subject to change in response to factors such as inflation, interest rates and statutory requirements.

Minimum Energy Efficiency Standards (MEES):

- 4.14. Minimum Energy Efficiency Standards (MEES) are UK regulations which restrict the letting of commercial property below prescribed Energy Performance Certificate (EPC) ratings, unless a valid exemption is in place. Compliance with MEES has been included within this review as a statutory risk factor.
- 4.15. Central Government continues to introduce increasingly stringent environmental standards through MEES, which could have a material impact on capital values, as well as the ability of the Council to let property. This may necessitate additional capital investment going forward to mitigate compliance and risk exposure.
- 4.16. To help mitigate this risk, the Council has undertaken draft recalculations of EPCs across the portfolio in response to revised EPC calculation factors for electricity usage. As a result, electrically heated properties are generally expected to achieve improved EPC ratings, while properties heated by gas may experience lower ratings.
- 4.17. This exercise indicates that, when new EPCs are next required, a number of ratings across the Council portfolio are likely to change, with the majority showing an improvement. This is expected to reduce overall compliance risk and the need for future capital expenditure.
- 4.18. There is an expectation that MEES requirements will be further tightened in 2027/28 (EPC Grade C) and again in 2030, although the precise requirements have not yet been formally confirmed by Central Government.
- 4.19. Based on the current guidance and information available, allied with proactive Council refurbishment and carbon improvement projects, RBC is well placed to plan for the introduction of further environmental and energy efficiency requirements. Officers continue to liaise with West Bridgford Energy Consultants in respect of legislative updates. The Climate Change Reserve is likely to fund such costs.

2026 Commercial Asset Review Highlights:

- 4.20. A summary table has been produced from the spreadsheet (Appendix A) which provides an overview of the commercial property portfolio.
- 4.21. The table refers to Asset Value, Net Rent, Net Financial Return, EPC Draft Recalculation, Next 5 Years Average Risk (grading 1 to 10, with 1 being low risk and 10 being high risk) and Capital Costs (Years 1 to 5 and 6 to 10).

Key points are summarised below:

- 4.21.1. Only Unit 3 Walkers Yard, Radcliffe on Trent has an average risk score above 5 (on the scale of 1–10).
- 4.21.2. Most assets are expected to require relatively low capital maintenance over the next ten year period. The main exceptions are:
- The Point - £400k
 - Manvers Business Park - £120k (provision for additional EPC compliance measures)
- 4.21.3. Where significant refurbishment and/or upgrade costs are required, Net Rent values have been reduced accordingly. However, The Point and Manvers Business Park are still considered to provide good annual returns relative to asset value (at 6.24% and 8.44% respectively).
- 4.21.4. The purchased investment properties are identified as low risk assets and performance remains strong.
- 4.22. As set out in the Appendix, one property is assessed as presenting a moderately high level of risk relative to the rest of the portfolio (shaded orange). The table below provides further detail on all properties with a risk profile above 3/10, summarises financial returns and identifies the key drivers of risk.

Property	Reason
<p style="text-align: center;">Unit 3 Walkers Yard</p> <p>Risk Score: 6.75 / 10</p>	<p>The property is currently used as offices. If the existing tenant vacates, there is a risk of a prolonged void period, given the dated nature of the accommodation and the likely challenge of re-letting.</p> <p>The building is currently rated EPC D99 and is therefore unlikely to meet the proposed future minimum requirement of EPC Grade C when introduced.</p> <p>Initial cost estimates suggest that the works required to achieve Grade C would fall within the seven-year payback exemption (non-domestic), i.e. the recommended improvements would not achieve payback within seven years through energy cost savings. On this basis, the asset is unlikely to require upgrade works solely to meet the minimum standard.</p> <p>Notwithstanding the above, the property sits on the boundary of Walkers Yard Car Park, provides significant strategic value as part of the Council’s wider landholding and masterplanning work; on this basis, the asset should be retained.</p>

<p>Unit 1 Walkers Yard</p> <p>Risk Score: 3.00 / 10</p>	<p>The property is occupied as a micro-pub by a small independent tenant. As it sits off the main retail route in Radcliffe, any vacancy could result in a prolonged re-letting period.</p> <p>While draft EPC calculations indicate that the building already meets EPC Grade B, it is an ageing asset and is likely to attract higher capital maintenance requirements over time than a more modern property.</p> <p>Notwithstanding this, the property sits on the boundary of Walkers Yard Car Park, provides significant strategic value as part of the Council's wider landholding and masterplanning work; on this basis, the asset should be retained.</p>
<p>Manvers Business Park (MBP)</p> <p>Risk Score: 3.00 / 10</p>	<p>Manvers Business Park (MBP) is an industrial estate in Cotgrave, comprising predominantly small units of around 750 sqft, up to the largest unit of approximately 3,750 sqft.</p> <p>The estate supports several of the Council's priorities by providing industrial/warehouse accommodation for start-ups and SMEs on flexible, pro-business lease terms, helping to reduce business risk and support local economic growth and employment.</p> <p>MBP has benefited from recent upgrade and refurbishment works including replacement roller shutter doors, new soffits and gutters, and refurbishment of the existing roofing. These works have extended building life and materially reduced condition risk across the estate.</p> <p>With an average EPC rating of Grade C across the estate, the Council is well placed in respect of current MEES regulations. Some units perform below Grade C, largely reflecting historic tenant usage, while others perform above Grade C. A further £120k has therefore been set aside to fund any additional measures required to ensure ongoing compliance.</p> <p>Historically, risk at MBP has been driven by condition and tenant covenant strength. Following completion of the above works, the primary ongoing risk is now tenant covenant risk, which is inherent to this type of accommodation. This remains consistent with the Council's objectives in supporting local enterprise and employment.</p>
<p>The Point</p>	<p>The property already meets the anticipated requirements of</p>

<p>Risk Score: 4.25 / 10</p>	<p>EPC legislation, with a strong Grade B rating. Subject to further upgrades to common-area lighting, the building could achieve EPC Grade A in due course, which would be a notable outcome for an asset constructed in 2007.</p> <p>However, the property has not benefited from any material upgrade or refurbishment works since construction. The air conditioning and lifts are therefore expected to require replacement within the next 5–10 years, alongside maintenance to the roof membrane and common areas, with costs estimated at around £400k.</p> <p>Since purchase, it has been common for one of the nine suites to be vacant at any given time, and re-letting has become more challenging following Covid. At present, Suites A and B are vacant following the administration of Protocol Ltd, and Suite I is also due to become vacant in September. There is, however, interest in all three suites and it is anticipated that the property will be fully re-let by the end of the year. The Point remains well placed to benefit from the constrained supply of quality office accommodation south of the River Trent.</p> <p>The current return is 9.58%; however, this is expected to reduce to around 7.45% when the forecast capital costs are profiled over the next ten years. This remains a good return relative to asset value and could improve if occupancy increases from the current 77%, which is considered achievable.</p> <p>The Point was purchased from Administrators in 2013 for £1.975m and has since provided the Council with rental income totalling £3.775m</p>
<p>Phase 1 Colliers Business Park</p> <p>Risk Score: 3.25 / 10</p>	<p>While the properties (approximately 25 years old) already achieve EPC Grade C on the EPC Register, maintenance costs are expected to increase over the next ten years. Some expenditure associated with the longer leased units will be recoverable from tenants; however, a proportion will remain the responsibility of the Council.</p> <p>Demand for industrial/warehouse accommodation remains strong, with the sector continuing to perform well. The 5,000 sq ft units also provide suitable space for existing Council tenants to relocate into as they expand, supporting business continuity and growth.</p> <p>Accordingly, the property is expected to remain a strong-performing asset over the next five years, delivering an annual</p>

	return of 9.73%, driven by increases in annual rental income.
<p>Ground and First Floor Bridgford Hall</p> <p>Risk Score: 3.25 / 10</p>	<p>The property is a Listed Building and is currently rated EPC C62, which is expected to meet the anticipated 2027/28 EPC requirements. If minimum standards are tightened further in future years, the Council would seek to rely on an EPC exemption, as the measures likely to be required may be difficult to deliver in practice due to Listed Building Consent constraints and/or could be prohibitively expensive (for example, secondary/double glazing or heat pumps).</p> <p>The building is arranged over two principal uses. The ground floor accommodates the Registrars Service and wedding venue operated by Nottinghamshire County Council. The first and second floors comprise an aparthotel, which was vacated in 2025 following the tenant entering administration; the Council is currently in negotiations with a prospective new operator.</p> <p>The property currently generates a return of 4.32% while the aparthotel remains vacant; this is forecast to improve to 8.76% once re-let. The building also forms part of the wider listed curtilage of Bridgford Park and, taking account of both its strategic significance and its income potential, the asset should be retained.</p>

- 4.23. As the table above shows, the limited number of assets assessed as presenting a higher level of risk relative to the wider portfolio do not give rise to significant concern. This is because they either continue to generate a strong return on investment or are recommended for retention on strategic grounds. In most cases, the higher risk rating reflects the age and condition of the asset and/or the potential impact of tightening energy performance standards, which may require refurbishment or upgrade works.
- 4.24. Commercial property performance can however change over relatively short timescales, for example as a result of tenant movements or unplanned maintenance requirements. Based on the Council's ongoing monitoring arrangements, these factors are not expected to present significant challenges in the coming months.
- 4.25. It is important that Members are kept informed of portfolio performance so that any decisions required can be taken in a timely and well-evidenced manner. This review forms a key part of the Council's governance and assurance framework.
- 4.26. Any potential commercial property disposals are reported to the Asset Investment Group and, where progressed, to Cabinet, and are reflected within the Council's Medium Term Financial Strategy as approved by Full Council.

5. Risks and Uncertainties

- 5.1. As set out in this review, no assets are currently assessed as high risk, which provides assurance that the Council's asset investment strategy is performing well. Nevertheless, commercial property portfolios are subject to inherent risks.
- 5.2. These include changes in market conditions and tenant demand; voids and re-letting risk; tightening statutory and energy performance requirements (including MEES) and associated compliance costs; and unplanned or accelerated maintenance and lifecycle expenditure.
- 5.3. By undertaking this asset review and maintaining ongoing monitoring of performance (including vacancy rates, inspections, and condition reporting), the Council can identify emerging issues at an early stage and take proportionate action to mitigate risks where practicable.

6. Implications

6.1. Financial Implications

The projected enhancement costs for the assets covered in this report are included within the Council's current capital programme. Funding for these enhancements will be met from capital resources, investment property reserve in the first instance.

Provision for general repairs is included within the revenue budget and is monitored and reviewed on an ongoing basis, having regard to asset condition, compliance requirements and market conditions.

Increases in operating and maintenance costs, together with changing market conditions, may influence the level of rental income that the Council can reasonably achieve and the yields generated by the portfolio. These factors will continue to be kept under review through routine asset management arrangements and will inform future budget setting and the Medium Term Financial Strategy as appropriate.

6.2. Legal Implications

There are no legal implications associated with this report.

6.3. Equalities Implications

There are no equalities implications associated with this report.

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

There are no crime and disorder implications associated with this report.

6.5. Biodiversity Net Gain Implications

There are no Biodiversity Net Gain implications associated with this report.

6.6. Local Government Reorganisation

There are no Local Government Reorganisation implications associated with this report.

7. Link to Corporate Priorities

The Environment	Supporting compliance with energy efficiency requirements by maintaining appropriate EPC ratings across the portfolio.
Quality of Life	There are no direct links to this corporate priority.
Efficient Services	Generating revenue income to support delivery of the Council's budget.
Sustainable Growth	Providing suitable accommodation to enable small businesses within the Borough to start up, expand and create employment.

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group undertakes scrutiny of the review of the Council's commercial property portfolio.

For more information contact:	Peter Linfield Director of Finance and Corporate Services plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	
List of appendices:	Appendix A – Property Asset Table

Appendix:

ADDRESS	2026 Asset Value	2026 Rent	2026 Rent Return on Asset Value	EPC Draft Recalcs. Industrial Estates (AV, EPC)	Next 5 Years Average Risk 1 to 10	Capital Costs 1 to 5 Years (TOTAL)	Capital Costs 6 to 10 Years (TOTAL)
Unit 3, WALKERS YARD	£110,100	£11,000	9.99%	D	6.75	0	0
SUITES A TO I, THE POINT	£3,280,200	£284,526	8.67%	B	4.25	400,000	0
PHASE 1, COLLIERS BUSINESS PARK	£931,700	£90,672	9.73%	C	3.25	0	0
GROUND & FIRST FLOOR, BRIDGFORD HALL	£925,000	£81,000	8.76%	C	3.25	0	0
UNITS 1 TO 30, MANVERS BUSINESS PARK	£3,173,100	£291,731	9.19%	C	3.00	120,000	0
UNIT 1, WALKERS YARD	£102,400	£12,150	11.87%	B	3.00	0	0
6F, BOUNDARY COURT	£808,300	£63,600	7.87%	B	2.75	0	0
PHASE 1, COTGRAVE SHOPPING CENTRE	£548,900	£68,001	12.39%	B	2.75	0	0
COTGRAVE PHASE 2	£1,265,100	£104,816	8.29%	A	2.50	0	0
UNIT 1, BARDON 22, COALVILLE	£1,927,500	£142,000	7.37%	C	2.00	0	0
PHASE 2, COLLIERS BUSINESS PARK	£1,572,900	£131,998	8.39%	C	2.00	0	0
UNIT 3, FINCH CLOSE, LENTON LANE	£916,200	£77,092	8.41%	C	1.75	0	0
KIOSK, BRIDGFORD PARK	£123,000	£10,957	8.91%	B	1.75	0	0
MOBILE HOME PARK, GREENACRES, ADBOLTON LANE	£442,400	£39,947	9.03%	N/A	1.75	0	0
ROUTER SITE AT SPINNEY HILL STABLE BLOCK	£140,200	£7,380	5.26%	C	1.75	0	0
UNIT 3, EDWALTON BUSINESS PARK	£2,162,400	£136,850	6.33%	A	1.50	0	0
BINGHAM ENTERPRISE CENTRE	£1,107,400	£103,815	9.37%	B	1.50	0	0
SUITES A TO I, COTGRAVE BUSINESS HUB	£494,100	£39,556	8.01%	B	1.50	0	0
111, TRENT BOULEVARD, LADY BAY	£1,494,000	£77,021	5.16%	B	1.25	0	0
UNIT 1, EDWALTON BUSINESS PARK	£1,674,300	£110,000	6.57%	A	1.25	0	0
OFFICE, COTGRAVE MULTISERVICE CENTRE	£71,100	£6,480	9.11%	B	1.00	0	0
CADETS, LAND AT OLD GRESHAM PAVILION	£200,700	£12,017	5.99%	N/A	1.00	0	0
TOTALS:	£23,471,000	£1,902,609		Average Risk	2.34		

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Governance Scrutiny Group

Thursday, 18 June 2026

Annual Governance Statement 2025/26

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. In accordance with the Accounts and Audit Regulations 2015, the Council is required to prepare an Annual Governance Statement (AGS). This is published alongside the Council's Statement of Accounts. The Governance Scrutiny Group, by reviewing this Statement, scrutinises the Council's governance arrangements.
- 1.2. There are additional references linked to the impact of Local Government Reorganisation (LGR) which would be the single biggest change to Local Government since the current district and county councils were created in 1974.

2. Recommendation

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

3. Reasons for Recommendation

To conform with best practice in regard to corporate governance and to comply with relevant legislation.

4. Supporting Information

- 4.1 The Council is required to publish an Annual Governance Statement (see Appendix 1) alongside the Statement of Accounts in accordance with the Accounts and Audit Regulations 2015.
- 4.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) have jointly issued a framework and guidance in relation to the AGS, 'Delivering Good Governance in Local Government (2016 Edition)'. The guidance urges local authorities to prepare a governance statement in order to report publicly on the extent to which they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.
- 4.3 It also recommends that when complying with the guidance, authorities should use it in a way that best reflects their structure, type, functions and size. The

AGS is attached at Appendix 1 and is prepared following the completion of 'Governance Assurance Questionnaires' by senior officers of the Council. The Leader and the Chief Executive are required to sign the AGS and this will accompany the Council's Statement of Accounts.

- 4.4 The AGS reflects the requirements of the CIPFA/SOLACE "Delivering good governance in local government framework (2016)". This incorporates the seven principles within the Local Code and are referenced in the relevant sections of the AGS. Other content surrounding, for example, Section 4 'Significant Governance Issues', will inevitably alter as new risks and opportunities arise, and the environment the Council operates in evolves over time most significantly LGR.
- 4.5 The AGS is subject to change when the Financial Statements are presented to the Governance Scrutiny Group, as new risks may emerge.
- 4.6 The final AGS will be reported with the Statement of Accounts which is expected to be approved at the Governance Scrutiny Group in September 2026.
- 4.7 The report highlights that currently there are no significant concerns over governance. Forthcoming LGR is likely to create a seismic shift in governance risks as the Council has to manage this significant work stream and the impact on workforce capacity.

5 Risks and Uncertainties

The process of preparing and reviewing the AGS adds value to the corporate governance and internal control framework of the Council.

6 Implications

6.1 Financial Implications

There are no direct financial implications arising from this report.

6.2 Legal Implications

Compliance with the Accounts and Audit Regulations 2015.

6.3 Equalities Implications

There are no equalities implications contained within the body of this report.

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications contained within the body of this report.

6.5 Bio Diversity Net Gain Implications

There are no Bio Diversity Net Gain implications contained within the body of this report.

6.6 Local Government Reorganisation

There are no Local Government Reorganisation implications associated with this report.

7 Link to Corporate Priorities

The Environment	Effective governance enables the Council to achieve all of its Corporate Priorities.
Quality of Life	
Efficient Services	
Sustainable Growth	

8 Recommendations

It is RECOMMENDED that the Annual Governance Statement 2025/26 (Appendix 1) which incorporates actions for the forthcoming year be reviewed and approved.

For more information contact:	Peter Linfield Director – Finance and Corporate Services 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	Mazars –Annual Report 2024/25 BDO- Annual Report 2025/26
List of appendices:	Appendix 1 – Annual Governance Statement

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B. ANNUAL GOVERNANCE STATEMENT 2025/26

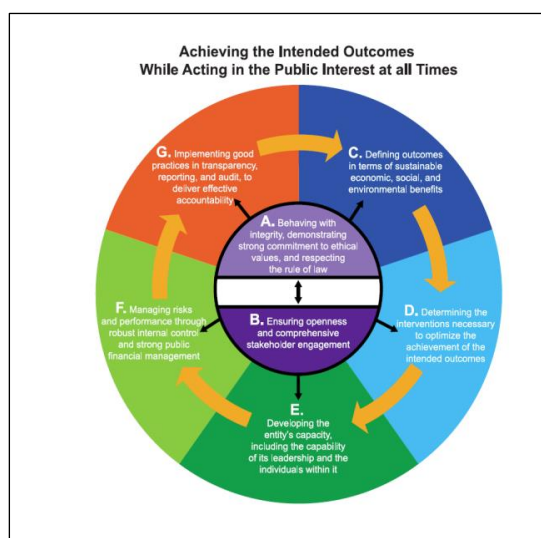
1. SCOPE AND PURPOSE

1.1 Scope of responsibility and Explanatory Foreword

Rushcliffe Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Rushcliffe Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

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



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

In the recent past there have been no significant issues concerning governance at the Council. This Annual Governance Statement provides reassurance that despite the significant changes with funding reform and LGR, the governance framework and internal control environment at the Council remains effective. There is an Action Plan included which is both backward and forward looking confirming that in 2025/26 actions

were completed and has similar actions for 2026/27 and also focuses on the reporting of progress regarding Local Government Reorganisation.

1.2 The purpose of the governance framework

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

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

The governance framework has been in place at Rushcliffe Borough Council for the year ended 31 March 2026 and up to the date of approval of the statement of accounts.

2 THE GOVERNANCE FRAMEWORK

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

2.1 Vision and priorities

Long term strategic planning has enabled Rushcliffe to address its immediate financial pressures, develop a medium-term financial strategy to 2030/31 to resource the Corporate Strategy covering the period 2024 to 2027. The document is a 'living strategy' – one which will grow and evolve over its lifespan to adapt to the change needs of the Council. The four key priorities, contained within the Strategy, are:

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

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

The Council continues to work towards the delivery of its Transformation and Efficiency Strategy, its plan to address the financial pressures facing all public bodies. This outlines how the Council will meet its financial challenges until 2030/31. As Local Government Reorganisation (LGR) takes shape over the next 2 years Council transformation will be dominated by this as the Council moves to becoming part of a new council. The Transformation and Efficiency Strategy focuses upon three key

elements – income generation, transformation and business cost reduction. The Council will continue to review its services to identify improved or alternative methods of delivery which will enable it to meet its financial targets without eroding the high quality of service for which Rushcliffe is known.

All key tasks within the current service delivery plans and schemes within the approved capital programme are directly aligned to the Council's strategic objectives. Any emerging tasks and schemes must be supported by a business case with expected outcomes assessed against the corporate strategy to ensure continued strategic alignment. Any new business case will be subject to an assessment process to demonstrate value for money and procurement activity supports this objective with strict guidance on the tender process. Procurement performance will be reported annually and external audit provide an opinion on the Council's activities in respect of VFM.

Rushcliffe Borough Council is committed to openness and comprehensive stakeholder engagement, supported by arrangements to promote equality, diversity and inclusion. Equality considerations are embedded within decision-making through the use of Equality Impact Assessments and the routine inclusion of equality implications within reports presented to members.

2.2 Improvement and Efficiency

As with other public bodies, the Council continues to face significant financial pressures. The 2026/27 settlement, incorporating the Fair Funding Review and Business Rates reset, provides some financial certainty for the next three years. However, the Council has received one of the worst settlements nationally, with a reduction of 2.25% in Core Spending Power. This followed late changes to the business rates methodology resulting in a further reduction of £1.2m over the 3 years. Due to prudent budgeting in anticipation of a poor outcome from Business Rates reform, the Council was able to freeze its element of Council Tax for 2026/27 only.

The 2026/27 Medium Term Financial Strategy (MTFS) predicts a net budget deficit over 5 years of £0.815m taking into account, and the delivery of, the existing Transformation Strategy and using reserves to balance the relatively small deficit over the 5 years. The Council's priority will be to identify and deliver robust plans to transform processes and deliver efficiencies; and focus on opportunities to grow the Borough and manage the impact of growth and the changing socio-political, financial and environmental climate. LGR will increasingly require significant resource and will dominate business transformation moving forward. The Transformation Programme will be under constant review given the 'ebb and flow' in work LGR is expected to create.

From 1 April 2026, the Council adopted a new Procurement Strategy incorporating the requirements of the Procurement Act 2023 (PA23). The new code continues to require procurement activity to demonstrate value for money but also focuses upon the 'most advantageous' tender rather than lowest price and considers wider benefits including contribution to social value.

There remains international geo-political uncertainty with continuing global conflicts, escalating tensions in the middle-east and trade tariffs causing volatility and potential

significant impact on the economic environment. This could particularly impact fuel and energy prices. However, with inflation running higher than the target rate, interest rates are now predicted to remain higher for longer. On the one hand this provides an upside risk to the Council's treasury income levels which may partially mitigate the impact of rising costs. High levels of inflation have a negative impact on residents and subsequently presents a risk to the Council's income streams if households reduce discretionary spend. The Business Rates reforms effective from April 2026 has potentially negative consequences for occupation of premises in the borough, although the full impact of these may not be evident immediately. Other significant risks relate to changes in Government Policy, such as the impact of Simpler Recycling, Renters Reform and the Infrastructure and Planning Act over the next 2 years and beyond.

The salaries base budget has increased significantly over the past 5 years. This is a downside risk to the Council's budget position. The Council has a Contingency budget of £0.3m and will look to any further revenue budget efficiencies to support budget pressures. Other pay and service challenges arise from the ability to attract and retain staff particularly in the context of LGR. Already we are seeing the impact of staff turnover. Inflation also has an impact on council contracts which in turn impacts supplies and services, transport and premises budget lines.

A combination of cost control and income generation (including treasury income, additional grants and service demand being less than expected (eg delays in housing developments) has resulted in a projected budget efficiency position in 2025/26 at quarter 4 expected to be f £2.7m. Much of which is committed with carry forward requests to meet service challenges particularly as a result of government policy such as LGR and Simpler Recycling, both of which require funding above and beyond what the Government has provided. Going forward there remain significant financial risks, and these are commented on below. Use of both the Organisational Stabilisation and Local Government reserves will ensure the Council continues to deliver its main corporate objectives. The impact of ongoing high inflation linked to both rising employee and energy costs means the trajectory of wider economic recovery remains uncertain and will continue to be closely monitored along with the associated changes to the Council's projected financial position.

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

- (a) Service Efficiencies – focusing on both the customer and streamlining services;
- (b) Management budget control – challenging base budgets each year;
- (c) Transformational Projects – projects such as a new community facility, vehicle replacement and energy efficiency improvements; and
- (d) 'Thinking big' reviews – mainly LGR focussed activity but incorporating the Leisure Contract and Net Zero targets

To secure a medium-term financial position, the Council will maintain progress and focus on managing budget reductions where appropriate (including benchmarking, process reviews and its digital-by-design programme), managing inflationary pressures on its operational costs, whilst increasing income to cover rising costs and deliver balanced budgets annually. External grant funding will be sought wherever possible.

Additional resource will be required to deliver LGR and the newly created LGR Reserve will be used to smooth the impact of this.

The Council continues to promote a commercial culture, although the Council has taken the strategic decision to no longer invest in commercial assets for a financial return. The Council's Capital and Investment Strategy incorporates reporting on existing commercial investments. Over the term of the MTFs, the income generated from such investments is estimated to over £2m by 2030/31 (13.9% of fees and charges and other income) and performance is reported to Governance Scrutiny Group throughout the year.

2.3 The Constitution

<p>Principle A - <i>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</i></p>

The Council's constitution sets out the rules under which the Council must operate. This includes ensuring decisions are taken appropriately, by the correct body and with all relevant information presented.

The Council's constitution clearly sets out the defined structure for the Council's organisational arrangements based upon a Cabinet Executive model. In essence, the different roles can be summarised as follows:

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

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

The Constitution, as a whole, is reviewed when necessary and appropriate.

2.4 Policies, Procedures, Laws and Regulations

The Council has three statutory officer roles: the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer. The Chief Executive is the Head of Paid Service and has overall corporate management and operational responsibility including overall management responsibility for all officers. The Chief Executive has the special responsibility to report if insufficient resources are available for the Council to discharge its legal duties. In December 2024 the Council appointed a new Chief Executive, Adam Hill, who commenced in the role in February 2025.

The Monitoring Officer ensures lawfulness and fairness in decision making and ensures the Constitution is current. The Monitoring Officer also has a statutory duty to report, actual or potential, illegality or maladministration. A member's register of interest is maintained, and declarations of interest must be made ahead of discussing agenda items. Officers and members are required to declare any gifts or hospitality, and members and senior officers are required to complete a related party declaration at the end of each financial year.

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

The Council's financial management arrangements are expected to conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010).

During 2025/26, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2025/26, the Director Finance and Corporate Services held the post of Chief Finance Officer. The post holder is a professionally qualified accountant with direct access to the Chief Executive, Leader of the Council and other Cabinet members. The post holder also has direct access to the Governance Scrutiny Group and the Council's internal and external auditors.
- The Chief Finance Officer has a line of professional accountability for all finance staff and for ensuring that the finance function is 'fit for purpose'. The Council has established robust arrangements to manage its finances, including Financial Regulations, Anti-money laundering policy, a Medium-Term Financial Strategy, annual budget process, Contract Procedure Rules, Procurement Strategy (conflict of interest to be declared on procurement activity) and compliance with CIPFA's Codes and Guidance on the Prudential Framework for Capital Finance, Treasury Management and the management of reserves. The Council has an anti-fraud and corruption policy and periodic fraud training is delivered to staff and members with more frequent sector updates for high-risk roles.
- Internal audit services are provided to the Council by BDO. The effectiveness of this service is monitored by the Governance Scrutiny Group.
- The Chief Executive and three Directors are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice. Oversight of these arrangements is provided by the Director for Neighbourhoods.

The Council's Monitoring Officer and Chief Financial Officer, or their deputies, review all Council and Cabinet reports to ensure Council decision making is not ultra vires and follows relevant financial regulations and legal processes as required.

The Director of Development and Economic Growth and the Monitoring Officer are leaving the Council in early 2026/27. Recruitment is underway for replacements for these key posts. It is acknowledged that there may be a period of time that the posts are unoccupied and interim arrangements will be put in place to maintain governance.

2.5 Risk Management

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

The Council's risk and control environment is supported through established risk governance arrangements and regular reporting to members. The Governance Scrutiny Group approve the Risk Management Strategy and scrutinise progress twice yearly. The Council has a Risk Management Group that meets biannually to review the position on the risk register and to scrutinise and approve risks added and removed. In the last twelve months, the Governance Scrutiny Group reviewed the Risk Register twice, in September 2025 and February 2026. At the last meeting in February there were 36 corporate risks and 21 operational risks on the risk register. In addition, there were 3 opportunity risks.

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

Risk Management training was delivered to members in February 2025 where the revised risk strategy was subsequently approved by Governance Scrutiny Group. Officers received risk management training during 2024/25. Both sessions were delivered by the internal auditors BDO.

Alongside this, budget holders/lead specialists undertake monthly monitoring and reporting, amending the register when required. Internal controls include information governance measures (including an information asset register), asset management arrangements (including an asset register and periodic reporting), and strengthened procurement and contract management supported by expert advice and training (provided by Nottinghamshire County Council). Internal Audit operates in accordance with professional standards and focuses its activity on the Council's key risks, including those specific to the local government sector. Internal Audit reports are reviewed by the executive directors and progress is reported quarterly to Governance Scrutiny Group with follow up activity on recommended actions.

The Council has complied with the CIPFA Financial Management Code (Appendix 1) and this was subject to a peer review in 2023/24.

Business Continuity is a critical activity to ensure that risks are minimised and services remain operational in the event of a disruptive incident. Departmental business continuity plans are reviewed and updated annually and the Council has an emergency planning officer (shared post with Nottinghamshire County Council). The Council periodically provides training to officers and regularly tests its ability to respond to

simulated incidents. This includes testing the ability of the systems to be restored and services provided, for example, following a cyber-attack incident.

2.6 Development and training needs

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

Clear roles, protocols and delegations support delivery, with senior statutory roles providing appropriate oversight of significant decisions and projects. Capacity is supported through member and corporate induction, workforce planning and a people strategy. Staff Wellbeing is enhanced by an organisation-wide employee assistance programme, mental health first-aiders, organised wellbeing sessions and social activities through the Wellbeing and Social Club. Staff development is supported through structured learning and development, apprenticeships and professional routes, leadership forums, and Performance Development Reviews that identify and deliver role-relevant training. This is supplemented by opportunities for staff to develop specific skills by undertaking recognised qualifications, attendance at sector-delivered events and by supporting continuing professional development. Further targeted training specifically addressing LGR will be delivered over the coming 2 years as part of the Let's Get Ready programme.

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

Learning and Development is an essential part of being a Councillor. The Council reviewed its approach to learning and development for Councillors during 2025/26 and adopted an updated Councillors' Learning and Development Policy in September 2025 (by Full Council).

The Council has an annual training programme with topics delivered in-person, virtually and via the Council's e-learning platform. Engagement with training activities has remained positive this year with over 50% of councillors attending in-person training events and 84% achievement in mandatory e-learning modules.

Specific in-person training has been delivered in Licensing, Planning, the Council's budget, Statement of Accounts, Treasury Management, Risk Management, Procurement, Standards Committee and Charing Skills. All mandatory training (a prerequisite for acceptance of some committee positions) has been undertaken. Topics which are mandatory include planning, licensing and standards, together with courses on GDPR, understanding local government finance, risk management and motions at Council and scrutiny.

Councillor Individual Training Records continue to be updated and periodically sent to each Councillor for their information. The MDG met once during the 2025/26 to review the Councillors' Learning and Development Policy.

2.7 Communication

Principle B - <i>Ensuring openness and comprehensive stakeholder engagement</i>
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The Council maintains openness through accessible decision records and transparent reporting, with reports including relevant corporate priorities and equality impact information. Public engagement is supported through consultation activity and feedback routes (including surveys and events), alongside communication to residents through a range of channels. Budget setting processes are inclusive and include cross-party sessions with members and workshops with officers with strategic and/or budget responsibilities. Internal engagement has also been supported through LGR sessions with staff. Senior officers act as liaison with parish councils providing a forum to raise and discuss local issues and seek Council support or advice.

Rushcliffe Reports magazine – the Council’s newsletter for residents – was circulated to over 55,000 households on two occasions keeping residents up to date on LGR and other council activity and events.

In an increasing hybrid and digital driven era, the Council has continued strong regular updates through developing effective relationships with the local media matched with tailoring relatable content on its social media channels to its key demographics to engage more subscribers across, passing 22,000 followers on all channels.

During 2025/26, the Council continued developing its electronic free subscription newsletter to stakeholders with a dedicated Garden Waste update to service users, another communication method that now sees over 26,000 residents receiving gardening hints, tips and updates on the service direct to their inbox.

Customer satisfaction surveys also continue with key customer facing services such as the Home Alarms service, averaging a remarkable 100% for the last 10 years and over 96% of customers satisfied with face to face service at the largest of the Customer Service Contact Points in West Bridgford.

The Council will continue to communicate to all stakeholders on LGR working with the other Nottinghamshire councils once Government updates all councils in summer 2026.

Partnerships

The Council has put in place strong governance arrangements around the major leisure services, depot services, and car parking contracts. The Council participates in a number of other partnerships for Building Control, Procurement and Payroll. Work continues with regards to the Freeport with the Leader of the Council sitting on the Board for the Freeport and the Nottinghamshire Councils have commenced collaborative arrangements ahead of the LGR decision and Structural Changes Order.

The impact of the decommissioning of Ratcliffe on Soar Power Station has largely been absorbed due to the prudent budgeting of the proportion of the overall business rates

base, and to some degree the impact has been obscured by the Business Rates Reform effective from April 2026. Nonetheless the impact of both the above is a significant reduction in income for the Council from £6m to £2m. The role of the Freeport is critical with regards to this key gateway into the Borough. The East Midlands Freeport was approved by the Government on 30 March 2023. From 2026/27 the accountable body for the Freeport will be the East Midlands County Combined Authority (EMCCA), as reported to Cabinet in May 2026. The Freeport presents great opportunities for a world-class green and blue environmental investment programme with research and development in climate change and zero carbon technology and will enable employment opportunities and infrastructure investment.

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

2.9 Transparency

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

The Council supports accountability through transparent reporting, active scrutiny, and responsive engagement with internal and external audit. Assurance is strengthened through internal audit planning and follow-up on recommendations, peer review activity, and a range of evidence sources used to assess effectiveness (including performance reporting, benchmarking, risk reports and self-assessments against recognised frameworks). The Council publishes information in line with transparency requirements and provides public access to reports, minutes and other key accountability documents.

All reports to meetings of Council, Cabinet, Scrutiny Groups and other committees are publicly available on the Council's website. Minutes are also published providing a record of the meeting and any decisions taken, and the Council provides public access to audio and video recordings of meetings. Other forms of public accountability reporting include the Annual Statement of Accounts, the Council's Annual Report and in-year financial and performance monitoring reports which are reported to the Governance Scrutiny Group and Corporate Overview Group respectively. Reports from the Council's internal auditors (BDO) and external auditors (Forvis Mazars) are published online, including their annual reports. Annual accounts to date have been published within statutory deadlines and the Council is proactive in its approach to changes to accounting standards, seeking the advice and guidance of audit to minimise post-publication adjustments.

The internal audit plan is aligned to corporate and sector risks and is agreed with officers and Governance Scrutiny Group. Progress on the plan is monitored regularly and actions arising form part of a follow-up review. At the end of each financial year the Head of Internal Audit issues an annual audit report and opinion on the adequacy of the internal control environment.

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

The Council publishes information in accordance with the Local Authorities Data Transparency Code and the requirements of the Procurement Act 2023. Each of the Councils scrutiny groups report to Council on the activity undertaken in the year and this report is available to the public.

3 REVIEW OF EFFECTIVENESS

3.1 Introduction

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

3.2 The Council

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

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

3.3 The Cabinet

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

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

3.4 Scrutiny groups - Governance Scrutiny Group

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

- Overseeing financial governance arrangements

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

During 2025/26 an Independent Person (IP) was appointed to GSG to strengthen the scrutiny and challenge of the key activities of the group. The appointed IP has been in post for the 2025/26 year and will continue for 2026/27.

3.5 **Other Scrutiny Groups**

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

In addition to the Corporate Overview Group and Governance Scrutiny Group, the Council has two other scrutiny groups. The first, Communities, looks at areas that affect the community, topics covered include are as diverse as community facilities and the residents survey. The other group, Growth and Development, is tasked with looking at different aspects of growth within the Borough and has, this year for example, scrutinised reports in relation to the East Midlands Freeport, Infrastructure Delivery, Rushcliffe Oaks Crematorium, Accessible Housing, The Health of our Towns and Villages, and Management of Open Spaces on New Developments.

3.6 **Directors and Monitoring Officer**

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

The Monitoring Officer

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

- Monitors, reviews and maintains the Constitution
- Ensures lawfulness and fairness of decision-making
- Reports on potential illegal actions or maladministration
- Administrates the Councillor Complaints process and supports Standards Committee
- Undertakes the statutory Data Protection Officer role

3.7 **Internal Audit**

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

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

The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, together with reasons if the opinion is unfavourable. In recent years we have received a substantial assurance rating which is a positive reflection for both officers and councillors alike.

3.8 **External Audit**

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

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

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made. Forvis Mazars issued an unqualified audit opinion, expressing the view that the financial statements give a true and fair reflection of the financial position of the Council, and of its expenditure and income for the year. The accounts were signed-off in November 2025, which is a better position than many authorities with their financial statements being certified having invoked statutory 'back-stop' procedures.. We continue to work with the auditors to ensure the end of January deadline is met (backstop date) although the completion of the audit is currently planned for September to November. A positive Value for Money conclusion was given by Forvis Mazars in their September report.

The deadline for the draft statement of accounts and their sign-off by external audit were put back to support the measures to resolve the national audit issues. The 30 June 2026 is the deadline for a draft set of accounts to be published. Whilst the deadline for the publication of final audited accounts is up until 31st January 2027 for 2025/26 accounts the expectation is we will aim for these to be presented to September 2026 GSG.

4 **IMPORTANT GOVERNANCE ISSUES**

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

Current budget position

2026/27 budgets are again under pressure due to funding reforms, expenditure pressures in relation to energy and fuel, pay inflation and other key risks mentioned below. We are anticipating budget efficiencies for 2025/26 of around £2.7m mainly due to additional treasury management investment income, service efficiencies and obtained external grants (in areas such as planning). This is not unexpected and will meet service pressures and additional demands such as in relation to Simpler Recycling and planning appeals and to further increase the reserve to support costs of LGR and the potential adverse impact of higher-than-expected inflation.

Regarding LGR the Council awaits the decision from government, which is expected in July. LGR will create both additional work and uncertainty for both Councillors and employees alike. Cabinet and the Executive Management Team are aware that these risks will have to be carefully managed and it is essential the Council continues with 'business as usual' for its Councillors, employees, residents and businesses.

Other Issues

Despite the challenges linked to rising inflation and significantly reduced funding, the Council has been able to freeze the Council element of Council Tax for 2026/27 and balance its budget. The Government continues to focus on redirecting funding to authorities with low deprivation levels and the three-year settlement confirms this with a significantly reduced level of funding for the Council. This has been reflected in the Council's MTFs. 2026/27 requires £0.386m (£1.998m over the 5-year period) of budget efficiencies which will be monitored as part of the Council's ongoing finance and performance monitoring and due diligence to both Cabinet and Corporate Overview Group. The Transformation Strategy and supporting Programme identifies the Council's approach to meeting its efficiency requirements Whilst the expectation is pay and utility inflation will reduce, the base budget is already substantially inflated. Pay inflation is linked largely to government policy on the national minimum living wage but also labour market pressures generally affecting recruitment. There is also a knock-on effect on supplies and service costs, and we are already aware of cost pressures arising above and beyond those already in the budget. Fortunately, the Council's robust current financial position, enables some mitigation regarding such cost pressures.

Going forward, there will also be service based pressures linked to statutory changes in relation to planning (Planning and Infrastructure Act) and waste services (Simpler Recycling) and the Renters Rights Act. Whilst funding has been made available to support new burdens, there remains a net budget pressure of £0.879m regarding Simpler Recycling. The financial burden arising from Renters Rights is still to be determined but is expected to require additional revenue costs in excess of any funding received.

The Council is still committed to having a commercial ethos and maximising value for money for the benefit of its residents. The Council has a range of income streams and manages such risks proportionately and sensibly. Under CIPFA guidance it cannot borrow to fund commercial activity. Projects continue to be delivered with an ambitious capital programme of £24m over the next 5 years, to both maintain and enhance the Council's assets and improve council services (for example continuing to invest in leisure facilities and its vehicle fleet).

The external auditors have noted a number of risks in their Audit Strategy Memorandum 2025/26 (which are similar to their 2024/25 Memorandum), namely:

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

The CIPFA/LASAAC Code has introduced mandatory indexation of non-investment assets for 2025/26 accounts. The Council has worked closely with Forvis Mazars to understand the impact and ensure compliance with the code, therefore minimising any potential adjustments required later.

The Council commenced work on upgrading to a new cloud-based finance system in Spring 2025. There have been some unavoidable delays in the project implementation which has postponed the go-live date. There is a risk when moving to any new system that processes do not work as expected and the Council fully recognise that priority must be given to fully testing and gaining assurance over meeting deadlines. The project continues to progress and a new go-live will be agreed when operation of the system has been tested thoroughly. The financial systems are fundamental to the operation of Council services and are reviewed annually by both the Council's internal and external auditors. Any issues arising ultimately form part of their reporting,

It is recognised that ICT threats and opportunities continue to evolve, it is imperative that the Borough Council has a clear understanding of how these impact on our day-to-day operations, particularly in the light of recent global cyber security threats. The Council continues to look at ensuring systems are hosted in 'the cloud' to mitigate such risks.

Significant progress has been made towards achieving carbon neutrality from Council operations by 2030, with emissions reduced by 71% from the 2008/09 baseline by 2024/25. This has been driven by fleet decarbonisation, including the use of alternative fuels and electric vehicles, electrification of operational sites, and major building decarbonisation projects across leisure and community facilities. The Climate Change Reserve has played a key role in enabling delivery, supporting priority schemes and providing match funding to secure substantial external grant income. During 2025/26, the Reserve also funded land acquisition for local carbon offsetting, providing capacity to offset residual emissions beyond 2030. Remaining balances are earmarked to support renewable energy and other priority projects, ensuring the Council is financially positioned to deliver the final measures required to meet its net zero commitment.

The Climate Change Reserve is forecast to fall to around £1.35 million in 2025/26 after commitments and is expected to be replenished to around £2.43 million by 2031.

Based on our review of the governance framework, the following significant issues will be addressed in 2026/27. There is also commentary on their achievement (where applicable) in 2025/26.

Issue	Reporting to	Methodology	Timescale	2025/26
Monitor the delivery of the Transformation Strategy and ongoing budget position covering risks and opportunities arising	Reports to EMT, Scrutiny and Cabinet	On-going financial reports	At least quarterly reporting	Yes, financial and operational performance reported. Separate scrutiny reports regarding Open Spaces, Affordable Housing and Asylum dispersal.
Monitor the delivery of the capital programme	Reports to Corporate Overview Group and Cabinet	On-going financial and performance reports	Quarterly	Yes
Monitor Business Rates and the outcome of Fair Funding and its ongoing impact	Reports to Cabinet and Full Council	Included as part of the Medium-Term Financial Strategy reporting; update to CGG as part of the AGS	By March 2027	Yes - updated assumptions in the MTFS
Monitor the position with regards to significant external opportunities regarding EMCCA and the Freeport	Reports to Cabinet and Full Council	On-going governance reports	By March 2027	Yes, although both organisations are in the early stages of their development. Regarding EMCCA UKSPF funding will be reported separately to Cabinet (Q4 outturn update)
Progress regarding Local Government Reorganisation	Reports to Cabinet/Full Council, and updates to the Member Working Group and communiques from the Chief	On-going reports, news releases and any specific update sessions for all councillors	March 2027	Reported to Cabinet and Council in November 2025 and Cabinet in March 2026

	Executive on progress.			
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5 STATEMENT OF THE CHIEF EXECUTIVE AND THE LEADER OF THE COUNCIL

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

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

Signed:

Signed:

A Hill (Chief Executive)

Councillor N Clarke (Leader)



Date: September 2026

Date: September 2026

Standard Reference	Financial Standard	Management	Evidence and Comments	Risk Rating
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Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team

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A		The leadership team is able to demonstrate that the services provided by the authority provide value for money.	Audit conclusion on 2024/25 accounts was the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. General Fund reserve levels have been maintained above the minimum required level and the balance on other usable reserves is expected to remain at circa £24m over the medium term. The Council continues to look for efficiencies to balance increasing costs and has delivered on the Transformation Plan targets for 2025/26. Inflation remains a challenge due to global conflict particularly affecting fuel and utilities but despite this, in year budgets 2025/26 are projected to deliver an underspend which will be used to mitigate risks going forward. The Head Of Internal Audit’s audit conclusion is taken into consideration and comments included in the AGS if necessary. We comply with the requirements of the code	
B		The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	CFO is CIPFA qualified with 36 years of local government experience; and reports to CEO; CFO role detailed in the Constitution; CFO sits on Executive Management Team, influencing material decisions and ensuring financial implications are provided in all reports. The CFO leads on corporate fraud. Through the Finance team treasury performance is monitored and reported to Governance Scrutiny Group throughout the year.	

Section 2: Governance and Financial Management Style

C The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control. BDO (internal audit report for 2024/25) The organisation has a substantial assurance framework for risk management, governance and internal control. Statement in the AGS and in the STAC for 2025/26 demonstrating compliance. Accounts up to 2024/25 signed off by audit within timeframe.







D The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). The Governance Scrutiny Group scrutinise Constitution changes and reviews the adequacy of Governance arrangements, such as risk management and approving the Annual Governance Statement which has been updated to reflect the updated CIPFA/SOLACE guidance. The Head Of Internal Audit's audit conclusion is taken into consideration and comments included in the AGS if necessary.



E The financial management style of the authority supports financial sustainability. The Council has developed a Transformation Programme and made in excess of £6.8m in budget efficiencies with a further £2m planned. The Council monitors its Transformation and Efficiency Plan as part of monthly budget monitoring but this is also reported to COG and Cabinet as part of quarterly performance indicators and financial monitoring. It maintains a portfolio of commercial assets that generates just under £2m of income receipts annually. There are a sustained level of reserves commensurate with its risk appetite.



Section 3: Long to Medium-Term Financial Management

F	<p>The authority has carried out a credible and transparent financial resilience assessment.</p>	<p>Budget setting for 2026/27 includes a statement from CFO that the estimates are robust. Budgets were set in conjunction with senior managers and members and appropriate challenge made. Key upcoming operational and financial challenges are considered and provisions made. Where significant future and unknown budget pressures are identified, reserves are established to mitigate financial impact. Budgets are balanced and reserves healthy and we have an achievable Transformation and efficiency plan monitored monthly. External and internal auditors are satisfied with the Council's management of its finances and its responses to audit recommendations generally.</p>	
G	<p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p>Despite the impact of Local Government Reorganisation, we have continued to report a 5 year MTFS and we have reported the Council's position as a Going Concern. The Risk Register is constantly evolving and is updated as new risks emerge. Horizon scanning and discussions at Risk Management Group ensure that wider risks are considered.</p>	
H	<p>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p>	<p>Capital Strategy shows that plans are affordable prudent and sustainable - all PI's are set and monitored, MRP is set to repay debt. The position on investments are reported to Governance Scrutiny Group quarterly.</p>	
I	<p>The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.</p>	<p>5 year MTFS in place, projects and outcomes linked to corporate plan and proposals are scrutinised against the corporate plan and these feed into the departmental service plans. Capital appraisals must include the revenue impact of proposed schemes. The Council will aim to review its capital plans over a longer time period to ensure future budgets are robust.</p>	

Section 4: The Annual Budget

J The authority complies with its statutory obligations in respect of the budget setting process. The Council complies with its statutory obligations in respect of the budget setting process as set out in the Local Government Finance Act (1992). A legal and balanced budget and corresponding Council Tax levels have been set by Council by the statutory deadline of 11 March and assurance has been provided by the CFO regarding the robustness of estimates and adequacy of reserve levels.




K The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves. The budget setting report comments upon the expenditure plans, reserves and risk and includes a statement from the CFO giving a positive assurance that the budget is balanced, robust and affordable




Section 5: Stakeholder Engagement and Business Plans


L The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget. Budget was made available to residents via Cabinet agenda prior to approval at Council. The MTFS resources the corporate Strategy which has been out for consultation to the residents of the Borough. Elected members given the opportunity to scrutinise and comment upon. Member workshops involve members at budget setting. We consult with Stakeholders on key projects e.g. Bingham Car Parking and the Crematorium.



M	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>For capital investment appraisals and business cases the Council uses the agreed approach outlined in the Capital and Treasury Strategy and are subject to approval by Asset Investment Group. Projects that do not satisfy the set criteria (Net Present Value, Internal Rate of Return and impact on the General Fund and assessment matrix of non-financial criteria) are not approved in their current form. Specific appraisals are reported to Governance Scrutiny Group. Financial comments are required on reports to highlight and demonstrate consideration of financial impact and allow scrutiny of, and challenge to the proposals. The Council considers the impact on the climate of any investment or development proposals and actively seeks to ensure these are positive for the environment such as the new Crematorium and improvements to its Leisure Centres.</p>	
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Section 6: Monitoring Financial Performance

N	<p>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p>	<p>Monthly reports are considered by budget holders, which is in turn reported to and scrutinised by Assistant Directors. Issues identified and current concerns are reported to EMT. Quarterly Finance and performance reports are presented to Cabinet and COG. Reports include a section on financial implications, performance and risk. Monthly reports are sent to EMT on aged debt and outstanding items of concern. TM reports are taken quarterly and at year end to GSG and more detailed meetings are held monthly in the finance team. The finance officers involved in TM undertake regular training and treasury advisors deliver annual training for members</p>	
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O	<p>The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.</p>	<p>EMT are actively involved in budget workshops which demonstrates the position on Revenue, Capital and Reserves and are present at Full Council when the budget is approved. Quarterly finance and performance reports are reviewed by EMT.</p>	
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Section 7: External Financial Reporting

P The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.

The CFO’s responsibilities are set out in the “Statement of Responsibilities” within the STAC. This statement clearly sets out that the CFO is responsible for the preparation of the Council’s Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The annual audit letter confirms that the 2024/25 STAC has been prepared in accordance with the code.



Q The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

The outturn figures are reviewed by EMT before being reported to Cabinet and included in the narrative sections of the statement of accounts. Variances are clearly identified including highlighting those that are ‘accounting adjustments’. Use of underspends are clearly identified in the report, including carry forward requests and these are approved by Cabinet. Capital budget movements are clearly identified in quarterly reports.



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Governance Scrutiny Group

Thursday, 18 June 2026

Capital and Investment Strategy Outturn 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 transactions undertaken during the 2025/26 financial year reporting against the Council’s Capital and Investment Strategy 2025/26.
- 1.2 The report also provides information on the Council’s commercial investment activity ensuring there is both transparency and scrutiny in terms of both treasury and asset investment decision making.

2 Recommendation

It is RECOMMENDED that the Governance Scrutiny Group considers and scrutinises the Capital and Investment Strategy 2025/26 outturn position.

3 Reasons for Recommendation

- 3.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the prudential and treasury indicators for 2025/26. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Finance in Local Authorities (the Prudential Code).

4 Supporting Information

TREASURY MANAGEMENT

Prudential Indicators Summary

- 4.1 During 2025/26, the Council complied with its legislative and regulatory requirements. The key prudential and treasury indicators detailing the impact of capital expenditure activities during the year are as follows:

Table 1: Prudential and Treasury Indicators

Prudential and Treasury Indicators	2024/25 Actual £'000	2025/26 Estimate £'000	2025/26 Actual £'000
Capital Expenditure	7,045	14,873	10,862
Capital Financing Requirement	10,010	8,362	8,417
Investments	(76,126)	(73,021)	(72,598)

* Capital expenditure excludes additional lease liability of ROU assets

- 4.2 The approved capital budget was £8.333m. This has been revised to a year-end provision of £14.873m, an increase of £6.529m, mainly due to carry forwards from 2024/25 of £4.309m, acceleration of schemes from 2026/27 (most notably Registered Housing Providers £1.2m), with other adjustments arising from new externally funded schemes including UKSPF and REPF (£0.481m). Actual expenditure totalled £10.862m (73% of the revised budget), a variance of £4.011m. Carry forwards of £3.145m have been requested for approval by Cabinet as part of the Final Outturn Report (for July Cabinet agenda). Further information on 2025/26 year end capital performance is also reported to Corporate Overview Group (16 June 2026) for scrutiny.

Capital Expenditure and Financing

- 4.3 The Council undertakes capital expenditure on both its own long-term assets and on grants that can be capitalised under statute (capital payments to third parties). These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.) which has no resulting impact upon the Council's borrowing need; or
 - If insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 4.4 The capital expenditure forms one of the required prudential indicators. Table 2 below shows the actual capital expenditure and how this was financed:

Table 2 Capital Expenditure and Financing

	2024/25	2025/26	2025/26
	Actual	Estimate	Actual
Capital Programme	£'000	£'000	£'000
Capital Expenditure	7,045	14,873	10,862
Less Financed by:			
Capital Receipts	(782)	(4,422)	(4,277)
Capital Grants	(4,860)	(4,468)	(2,820)
Reserves	(1,403)	(5,983)	(3,765)
Increase in borrowing need	0	0	0

* Capital expenditure excludes additional lease liability of ROU assets

All the expenditure can be financed from the Council's capital resources mitigating the need to either internally or externally borrow.

The Council's Overall Borrowing Need

- 4.5 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.
- 4.6 Part of the Council's Treasury Management activity is to organise the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be through utilising temporary cash resources within the Council (internal borrowing) or sourced through borrowing from external bodies, for example, the Public Works Loan Board (PWLb).

- 4.7 Where a positive CFR exists, the Council is required, by statute, to make an annual charge called the Minimum Revenue Provision (MRP) to reduce the CFR based on the life of the relevant assets. This provision effectively raises cash to either help repay loans or replenish internal borrowing.
- 4.8 The total CFR can be reduced by:
- The application of additional resources (such as unapplied capital receipts); or
 - Charging more than the statutory revenue charge (MRP) each year through a voluntary revenue provision (VRP).
- 4.9 In 2017/18 the Council set the MRP at £1m. This comprised £0.250m MRP to finance the Arena based on £10m borrowing over a 40-year life. A further £0.750m was provided by way of VRP to meet the Council's commitment to repay the internal borrowing early. The Council has been releasing an equivalent sum (approximately £1m) from the New Homes Bonus (NHB) Reserve to offset any impact of the borrowing charge to the taxpayer in-year. New schemes which increase borrowing requirements will increase MRP. The Arena will be repaid in full in 2026-27 at which point MRP will reduce and VRP (which only applies to the Arena) will stop.

The Impact of IFRS16 on the CFR

- 4.10 The CFR was restated in 2024-25 to reflect IFRS16 (new leasing standard) which requires recognising the right-of-use (ROU) asset and lease liability on the balance sheet, which impacts the CFR calculation. The CFR calculation is a measure of an authority's capital expenditure capacity (the underlying need to borrow), and the additional assets and liabilities increase the amount of funding required. Under IFRS 16, the resulting ROU asset and lease liability increase the CFR and authorised debt limits. In 2025-26 the lease liability has been recalculated and increased (£66,000), as required by the accounting standard (see table 3 below).
- 4.11 The Council's CFR for 2025/26 represents a key prudential indicator and is shown below. The table shows the revised lease liability adjustment (as mentioned in paragraph 4.10). No internal borrowing was needed in 2025/26 giving a closing balance of £8.417m after deducting the MRP of £1.659m (£1.648m planned plus an additional £0.011m to offset the in year IFRS 16 Adjustment).

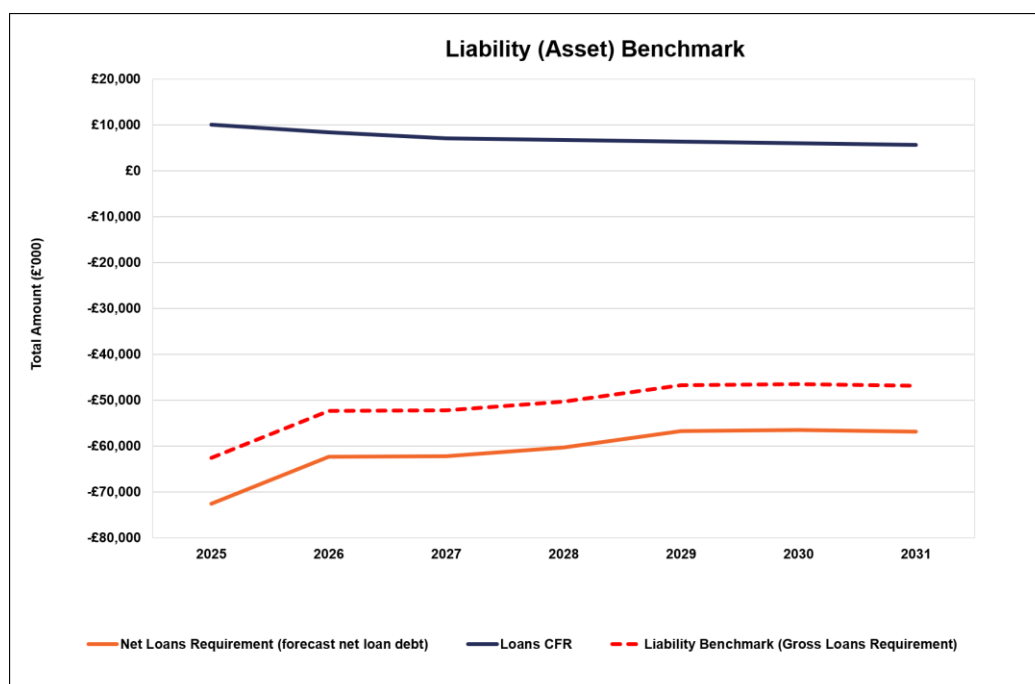
Table 3 Capital Financing Requirement

	2024/25	2025/26	2025/26
	Actual	Estimate	Actual
Capital Financing Requirement (CFR)	£'000	£'000	£'000
Opening Balance	9,889	10,010	10,010
Add: unfinanced capital expenditure (IFRS16)	2,773	0	66
Less MRP/VRP	(1,652)	(1,648)	(1,659)
Less applied Capital Receipts and S106	(1,000)	0	0
Closing Balance	10,010	8,362	8,417

Net Borrowing, CFR, Authorised Limit and Operational Boundary

- 4.12 The borrowing activity is normally constrained by prudential indicators for net borrowing, the CFR and by the Authorised Limit for external debt.
- 4.13 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 and was set at £20m in the 2025/26 Strategy.
- 4.14 As the Council had no recourse to borrow externally during 2025/26 these indicators are not applicable.
- 4.15 Similarly, the Council is required to set an operational boundary, which is the expected borrowing position of the Council during the course of the year. The operational boundary is not a limit, and actual borrowing can be either below or over the boundary subject to the authorised limit not being breached. The Operational Boundary was set at £15m as a precaution in emergency circumstances. The Authorised limit of £20m gives room for any variations from this. Any borrowing in excess of this would require Full Council approval.
- 4.16 The Liability (or Asset) Benchmark reflects the real need to borrow and is shown graphically (Chart 1). The Council’s CFR is reducing due to MRP repayments. Rushcliffe Arena MRP/VRP payments were spread over 10 years, and the last full year repayment is 2025/26 (part year in 2026-27). MRP payments for Cotgrave Masterplan, Rushcliffe Oaks and Bingham Hub are spread over 40 years so the Council’s CFR will not be zero until at least 2060/61 and possibly later for Right of Use assets. Reserves are being used to fund future capital expenditure whilst working capital/S106 monies are reducing as significant sums were released in the year for Education and Health. The Liability Benchmark shows the Council has no need to borrow over the medium term.

Chart 1 Liability Benchmark



The Ratio of Financing Costs to Net Revenue Streams

This is an indicator of affordability and compares net financing costs (MRP, borrowing costs, less investment income) to net revenue income. This indicator shows how the proportion of net income used to pay for financing costs. The actual is negative figure as a result of higher income from investments due to interest rates throughout the year remaining above expectations, resulting in income exceeding MRP payments.

Table 4 Ratio of Financing Costs to Net Revenue Stream

	2024/25 Actual	2025/26 Estimate	2025/26 Actual
Ratio of Financing costs to net revenue stream	£'000	£'000	£'000
Net Financing Costs	(856)	333	(276)
Net Revenue Stream	17,295	19,889	20,695
Ratio	(4.95%)	1.67%	(1.33%)

- 4.17 Net income from commercial and service investments is expressed as a percentage of net revenue streams. 2025/26 is marginally higher than estimated due to increase in net income from commercial and service investments being proportionally higher than the increase in Net Revenue streams primarily due to higher-than-expected income at Rushcliffe Oaks, a service investment.

Table 5 Net Income to Net Revenue Stream

	2024/25 Actual	2025/26 Estimate	2025/26 Actual
Net Income to Net Revenue Stream	£'000	£'000	£'000
Net Income from commercial and service investments	1,905	2,097	2,251
Net Revenue Stream	17,295	19,889	20,695
Ratio	11.0%	10.5%	10.9%

Upper Limits for Fixed and Variable Rate Exposure

- 4.18 The purpose of these indicators is to allow the Council to manage the extent to which it is exposed to changes in interest rates. Exposure is currently 43% for Fixed Rate and 57% for Variable. The Strategy states that whilst the Council has set a limit of 50% on fixed interest rate exposure, during a time of falling interest rates, as the UK was experiencing during 2025/26, the indicator should not be restrictive preventing the Council from locking into higher interest rates.

Table 6 Upper Limits for Fixed and Variable Rate Exposures

	2025/26 Estimate	2025/26 Actual
Upper Limits for Fixed and Variable Rate Exposures	£'000	£'000
Fixed Interest Rate limit	50%	43%
Variable Interest Rate limit	100%	57%

Upper Limit for Total Principal Sums invested over 1 year

- 4.19 This limit is intended to contain the 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. If an investment had to be repaid before its natural maturity date due to cash flow requirements, then, if market conditions were unfavourable, there would be an adverse impact on the Council.

Table 7 Upper Limit for Total Principal Sums invested over 1 year

Upper Limit for Total Principal Sums Invested over one year	2025/26 Estimated £'000	2025/26 Actual £'000
Total Investment balance	73,021	72,598
Limit (50% of total investment)	36,500	36,299
Sums invested over one year	0	0

Treasury Position on 31 March 2026

The Council's debt and investment position is managed by the Treasury team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all Treasury Management activities in line with the approved treasury strategy. Procedures and controls to achieve these objectives are established through reports to Members via the Governance Scrutiny Group and reporting and through officer activity detailed in the Council's Treasury Management Practices. The following table details the Counterparties that the Council had placed investments with at the end of 2025/26. The Council held investments in two ESG funds at the end of the year totalling £7.5m which represents 10.4% of total cash balances.

Table 8 Treasury Position on 31 March 2026

Type	Financial Institution	Amount £	Length of Investment	Maturity Date for Fixed Investments	Interest
Pooled Fund	Royal London Cash Plus Fund	1,018,861	On-going		3.96%
Pooled Fund	CCLA Property Fund	2,007,932	On-going		4.36%
Pooled Fund	CCLA Cautious Fund	1,721,488	On-going		3.25%
Pooled Fund	Aegon Diversified Income fund	4,936,938	On-going		6.80%
Pooled Fund	Ninety One Diversified Income Fund	4,565,607	On-going		6.20%
MMF	Aviva	202,846	Call		3.71%
MMF	Blackrock	14,557	Call		3.77%
MMF	CCLA - PSDF	58,205	Call		3.74%
MMF	Federated Investors (UK)	10,025,963	Call		3.81%
MMF	Goldman Sachs Asset Management	57,347	Call		3.71%
MMF	HSBC Asset Management ESG	5,808,200	Call		3.78%
MMF	Invesco AIM	2,511,917	Call		3.81%
MMF	Aberdeen Asset Management	504,300	Call		3.80%
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	Havant Borough Council	5,000,000	30 Days	17/04/2026	5.60%
Government	Lancashire County Council	5,000,000	364 Days	18/06/2026	4.25%
Banks Secured	Standard Chartered	6,000,000	91 Days	20/04/2026	3.70%
Banks Unsecured	HSBC Asset Management Business	326,094	Call		1.29%
Banks Unsecured	Bank of Scotland PLC	833	Call		0.01%
Banks Unsecured	Bank of Scotland PLC32	120,313	32 Days		2.25%
Banks Unsecured	Barclays Bank PLC	259,046	Call		1.25%
Banks Unsecured	Barclays Bank PLC32	4,848,287	32 Days		3.55%
Banks Unsecured	Handlesbanken PLC	12,502	Call		3.60%
Banks Unsecured	Handlesbanken PLC35	2,027,984	35 Days		3.70%
Banks Unsecured	Santander UK PLC1	474,583	Call		1.73%
Banks Unsecured	Santander UK PLC35	93,853	35 Days		3.28%
Average Interest Rate					4.33%
Total Investments		72,597,656			

The Strategy for 2025/26

- 4.20 The expectation, within the strategy for 2025/26, was that interest rates would fall from 4.75% in November 2024 to around 3.75% by the end of the 2025/26 financial year, giving an estimated average rate of 4.06% for 2025/26. The Monetary Policy Committee dropped the base rate to 3.75% in December 2025, where it remains today. The Council continued with the prudent investment of the treasury balances to achieve the objectives of security of capital and liquidity of its investments, whilst achieving the optimum return on investments. Council's investments were, where possible, placed in short-term liquid assets to benefit from increasing rates. Generally, short term investment options have returned rates in line with BoE base rate and have at times yielded a better return than longer term investment options. Notwithstanding that, the Council must invest some of its cash longer term to spread risk in line with the strategy.

Investment Rates and Outturn Position in 2025/26

- 4.21 Whilst the Council continues to ensure investments are secure, the Council is proactively looking to maximise its rate of return. The overall rate of return on investments for the year was 4.33% (4.69% in 2024/25) compared with the budgeted rate of 4.06%, resulting in a net return on investments of £2,051,880 against a budget of £1,434,900. The average rate for SONIA for the 2025-26 financial year was approximately 4.01%.

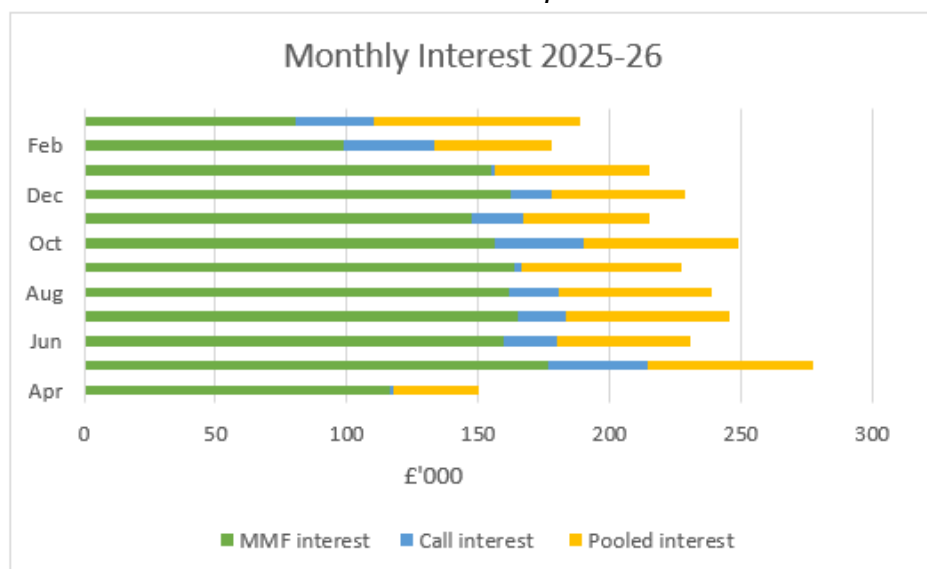
4.22 The fair value (current market value) of the Council's diversified (pooled) funds can fluctuate. The overall variance on 31 March 2026 against the initial investment is £0.749m deficit, although during the year the value increased by £0.322m. To mitigate any losses, the Council holds a reserve of £1.310m. There is currently a statutory override, effective to April 2029, which prevents any accounting loss impacting on the general fund and therefore the taxpayer.

Table 9 Fair Value of diversified (pooled) funds at 31.3.26

Fair Value	Amount			Difference	Difference in valuation from initial investment
	Invested	31/03/2025	31/03/2026		
Aegon-Previously Kames	5,000,000	4,560,790	4,936,938	376,148	(63,062)
Ninety One-Previously Investec	5,000,000	4,518,894	4,565,607	46,713	(434,393)
RLAM	1,000,000	1,015,613	1,018,861	3,248	18,861
CCLA Property	2,000,000	2,008,092	2,007,932	(160)	7,932
CCLA Cautious Fund	2,000,000	1,825,481	1,721,488	(103,993)	(278,512)
Total	15,000,000	13,928,870	14,250,827	321,957	(749,173)

4.23 Although the Council's diversified funds are subject to fluctuations in capital value, they provide attractive rates which are less reactionary to changes in the base rate. The graph below shows monthly returns from different accounts. In 2025/26, the diversified funds returned an average rate of 4.70%, exceeding both Money Market Funds and the base rate. It should be noted that the balances invested in Money Markets fluctuate on a daily basis in line with the Council's operational cash requirements.

Chart 2 - Different investments and respective interest earned



The Council's investment policy is governed by the annual Capital and Investment Strategy approved by Council on 6 March 2025 (and prior to this approved by the Governance Scrutiny Group on 20 Feb 2025). This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, for example, rating outlooks and credit default swaps information.

4.24 The Council's longer-term cash balances comprise primarily revenue and capital resources, although these will be influenced by cash flow considerations and the

need for working balances and contingencies. The Council's core cash resources are detailed in Table 10. The Council continues to face financial challenges and although reserve levels are predicted to decline over the medium term, they are maintained at a healthy level sufficient to support against risk and uncertainties and continue to deliver the capital programme. The position is reported to, and reviewed by, both Corporate Overview Group and Cabinet in their year-end financial monitoring reports. There has been a net transfer to earmarked reserves of £4.375m. The key points to note are:

- The NHB Reserve balance of £8.383m funds internal borrowing for Capital projects (MRP Minimum Revenue Provision). It is understood that no more New Homes Bonus monies will be received, however, the reserve is sufficient to cover MRP payments for the remainder of the MTFS.
- The Organisation Stabilisation Reserve Balance of £8.121m will partly be used to fund the carry forward requests of £0.482m and the transfers to reserves of £0.608m. The balance provides for current and arising pressures such as inflationary volatility and could be used to support other reserves if required such as Local Government Reorganisation (LGR) and Simpler Recycling for which costs are still unknown.
- The LGR reserve balance of £1.199m is set aside to support LGR implementation and will fund related costs, including training and additional staff.

Overall whilst the level of Earmarked Reserves is stable £28.664m (2024/25 was £24.289m) the ongoing pressure and risks facing the Council and the unknown costs associated with LGR may begin to deplete these. Usable capital receipts balances have decreased as they have been utilised to fund schemes in the capital programme. The General Fund balance of £2.604m accords with the Council's approved MTFS.

Table 10 Balance Sheet Resources

Balance Sheet Resources	31/03/2025	31/03/2026
	£'000	£'000
General Fund Balance	2,604	2,604
Earmarked Reserves	24,287	28,664
Usable Capital Receipts	5,762	2,386
Capital Grants Unapplied	142	73
Total	32,795	33,727

Conclusion – Treasury Management

- 4.25 The financial year was turbulent, largely dominated the US/Israel war with Iran at the end of February 2026. This had an adverse inflationary impact (and remains so), by pushing energy and fuel costs up. This has resulted in the Bank of England holding the base rate higher for longer, until inflationary pressures subside.
- 4.26 Despite this economic turbulence, the Council has been successful in achieving its objectives in line with the Strategy of ensuring security of its investments; ensuring there was sufficient liquidity to operate efficiently and enable the delivery of objectives; and achieve a yield on investment returns given the constraints placed upon the Council (in terms of both financial market risks and the need to retain liquidity and protect capital). The Council continues to pursue Environmental Social and Governance (ESG) investments where these satisfy the principles of security

and liquidity, but it is still an emerging market and therefore the risks need to be carefully balanced.

ASSET INVESTMENT STRATEGY

Overview

- 4.27 Guidance on Treasury Management activity focuses on the role of longer-term investments specifically held to make a commercial return. The Prudential Code includes the principle that the purchase of commercial property purely for profit cannot lead to an increased capital financing requirement (see paragraph 3.1). The Council no longer invests in property for commercial gain.
- 4.28 This section of the report reviews the position of existing commercial investments.

Investments 2025/26

- 4.29 2025/26 remained an uncertain year with sweeping trade policy shifts and tariffs introduced in the US, the BoE continuing a gradual rate-cutting cycle, and global inflationary pressures from the war in the middle east all impacting on the economy.

Current Position

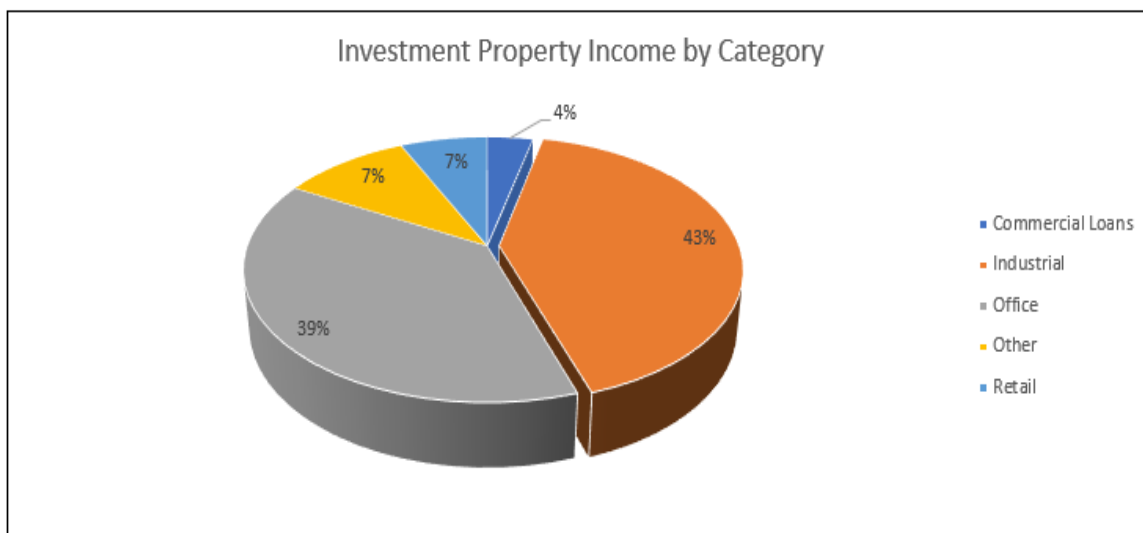
The table below shows the returns being made on previous acquisitions from the Asset Investment Strategy. 2025/26 showed an average return of 6.02% compared with 6.06% in 2024/25. The slight decrease reflecting lower interest payments as the Cricket Club loan is repaid. A separate report, reviewing commercial property, is included on the agenda. The returns on this accompanying biennial report vary slightly as returns are based on current asset valuations, The investment returns below are based on initial investment costs.

Table 11 AIS investment returns 2025/26

Investment Value £	Gross Return	Investment	2024/25 Actual £'000	2025/26 Actual £'000
1,964,500	3.05%	NCCC Loan (interest)	65,892	59,890
1,477,500	5.21%	Trent Boulevard (Co-Op)	77,021	77,021
984,000	7.83%	Finch Close	77,092	77,092
1,917,000	7.41%	Bardon	142,000	142,000
2,500,000	7.29%	Cotgrave Offices	48,385	44,384
		and Cotgrave Industrial Units	131,185	137,957
860,000	7.09%	Boundary Court	63,600	60,950
1,900,000	5.43%	Cotgrave Phase 2	100,739	103,124
2,450,790	5.58%	Unit 3 Edwalton Business Park	136,850	136,850
2,083,364	5.28%	Unit 1 Edwalton Business Park	110,000	110,000
16,137,154	6.02%	Total	952,764	949,267

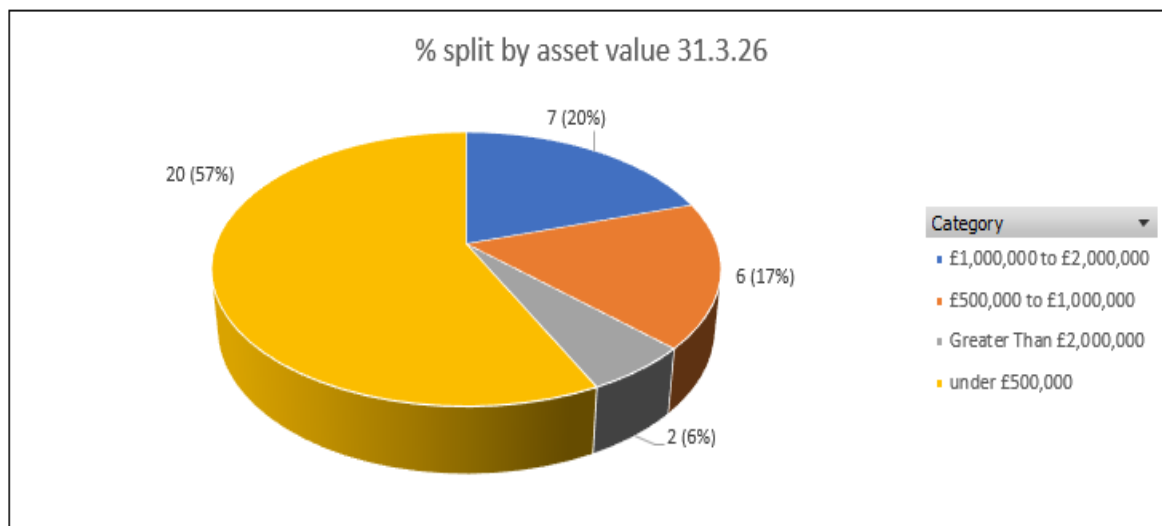
- 4.30 The Council maintains a good spread of risk over its property portfolio (classified by the rental earned) as depicted below:

Chart 3 – Investment Property Income by Category 2025/26



4.31 Chart 4 below shows the Council’s overall property portfolio classified by asset value and number of investments.

Chart 4 percentage split of overall property portfolio by asset value



4.32 Many of the Council’s investments have been in industrial units (given its focus on economic regeneration) and in offices and these have been very successful. Further diversification of investments mitigates the risk of income payment default.

4.33 In terms of risk in relation to the Council’s budget, the following table demonstrates that whilst property income is important for the Council’s budget, there is not an over reliant upon property income and there are other income streams.

Commercial Investment income and costs

Table 12 Commercial Investment income and costs

Commercial Investments	2025/26 Budget £'000	2025/26 Actual £'000
Commercial Property Income	(1,979)	(1,920)
Running Costs	473	518
Net contribution to core functions	(1,506)	(1,402)
Interest from Commercial Loans	(59)	(60)
Total Contribution	(1,565)	(1,462)
Total Income	(12,537)	(14,980)
Total Contribution/Total income	12.5%	9.8%
Sensitivity +/- 10%	(198)	(192)

The Way Forward

- 4.34 The Council's original intention for the Asset Investment Strategy (AIS) was to generate around £1m of additional property rental income to help bridge the anticipated budget deficit. Revised PWLB borrowing rules have been introduced to ensure that no lending they issue is used primarily for commercial investment. While the Council has no plans to borrow during the MTFs the Council remains compliant with these rules. Going forward, investment income as a result of the AIS will only increase with rent increases rather than in growth of the portfolio from acquisitions.

Member and Officer Training

- 4.35 The Code requires a suitable training process for members and officers. There will be specific training for members involved in scrutiny and broader training for all Councillors. Previously these needs have been reported through the Member Development Group, with the Council specifically addressing this important issue by:
- Periodically facilitating workshops for members on finance issues most recently provided in January 2026;
 - Interim reporting and advising members of Treasury issues/updates via Governance Scrutiny Group;
 - Identifying training needs to ensure the development of effective scrutiny, using Cipfa's self-assessment schedule.

With regards to officers:

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

- 4.36 Given the technical nature of the subject failure to attend relevant training sessions undermines the scrutiny process.
- 4.37 The Council will continue to have its annual Treasury Management training session with Councillors provided by its Treasury advisers and will continue to be informed of any technical updates.
- 4.38 On 7 March 2025 Full Council approved the appointment of an independent person to the Governance Scrutiny Group (GSG). This post will be subject to the same training requirements as other members of GSG.

Conclusion

- 4.39 The position on all Council investments, whether treasury or commercial investments, remains fluid. Clearly risks remain in the financial markets and also with the Council's Capital Programme both from inflationary pressures and the labour market. The economy, monetary measures and fiscal policy remain uncertain and will be monitored closely. A quarterly update will be presented to this group showing the position during 2026/27.

5 Risk and Uncertainties

- 5.1 The report covers many treasury risks including counterparty, interest rate risk, changes in fair value and also property risks both unique to individual properties and the wider strategic view of property. The Council is mindful that it is important that it continues to mitigate risk by having a diversified asset investment portfolio and other income streams, so it is not over reliant on property income (paragraph 4.34).

6 Implications

6.1 Financial Implications

Financial implications are covered in the body of the report.

6.2 Legal Implications

Treasury management activities must conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance. This report demonstrates compliance with the legislative framework.

6.3 Equalities Implications

There are no equalities implications contained within the body of this report.

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications contained within the body of this report.

6.5 Biodiversity Net Gain Implications

There are no Biodiversity Net Gain implications contained within the body of this report.

6.6 Local Government Reorganisation

There are no Local Government Reorganisation implications associated with this report.

7 Link to Corporate Priorities

The Environment	Efficient and effective treasury and asset investment management supports all of the Council’s corporate priorities
Quality of Life	
Efficient Services	
Sustainable Growth	

8 Recommendations

It is RECOMMENDED that the Governance Scrutiny Group considers and scrutinises the Capital and Investment Strategy 2025/26 outturn position.

For more information contact:	Name; Peter Linfield Director – Finance and Corporate Services 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Statement of Accounts 2025/26; Capital and Investment Strategy 2025/26; Treasury Management Update – Mid-Year Report 2025/26 and quarters 1 to 3 Reports 2025/26
List of appendices (if any):	Appendix 1 - Glossary of Terms

Glossary of Terms

BoE – Bank of England

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.

ESG – stands for environmental, social, and governance and refers to how companies score on these responsibility metrics. Environmental criteria gauge how a company safeguards the environment. Social criteria examine how it manages relationships with employees, suppliers, customers, and communities. Governance measures a company’s leadership, executive pay, audits, internal controls, and shareholder rights.

SONIA – a backward-looking rate, reflecting interest rates that banks pay to borrow sterling overnight from other banks.

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.

MRP – Minimum Revenue Provision – is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing. This is an annual revenue expense in a Council’s budget.

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.

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 <p>Rushcliffe Borough Council</p>	<p>Governance Scrutiny Group</p> <p>Thursday, 18 June 2026</p> <p>Work Programme</p>
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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.

24 September 2026

- Risk Management Update
- Going Concern
- Capital and Investment Strategy Update
- Internal Audit Progress Report

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

For more information contact:	Peter Linfield Director – Finance and Corporate Services 0115 914 8349 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	None