

B. ANNUAL GOVERNANCE STATEMENT 2024/25

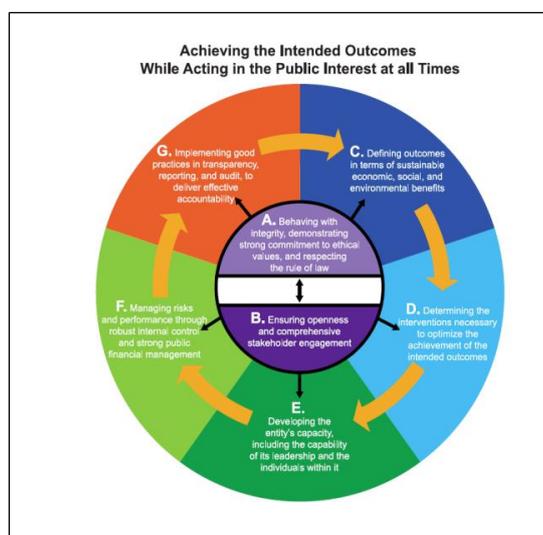
1. SCOPE AND PURPOSE

1.1 Scope of responsibility and Explanatory Foreword

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

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

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



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

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

actions for 2025/26 and also focuses on the reporting of progress regarding Local Government Reorganisation.

1.2 The purpose of the governance framework

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

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

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

2 THE GOVERNANCE FRAMEWORK

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

2.1 Vision and priorities

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

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

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

The Council continues to work towards the delivery of its Transformation and Efficiency Strategy, its plan to address the financial pressures facing all public bodies. This outlines how the Council will meet its financial challenges until 2029/30. As Local Government Reorganisation (LGR) takes shape over the next 2 years Council transformation will be dominated by this as the Council moves to becoming part of a new authority. The Transformation and Efficiency Strategy focuses upon three key

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

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

2.2 Improvement and Efficiency

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

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

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

Going forward, the Council will review the Transformation Programme as part of its ongoing financial governance arrangements but undoubtedly as LGR progresses this will be a 'game changer' and the Council will have to refocus resources and at the same time continue to deliver the Corporate Strategy. The latter will be subject to a review later in 2025/26. The Business Rates, Fair Funding and New Homes Bonus

reviews have been delayed although the Government is that these will take place in 2025/26 to take effect from 2026/27. The MTFs will be updated accordingly.

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

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

To secure a medium-term financial position, the Council will maintain progress and focus on managing budget reductions where appropriate, managing inflationary pressures on its operational costs, whilst increasing income to deliver balanced budgets annually. Additional resource will be required to deliver LGR and the Organisational Stabilisation Reserve will be used to smooth the impact of this.

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

2.3 The Constitution

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

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

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere, including the setting of the council tax;
- Cabinet is allocated authority by Council to take executive decisions and approve policies not reserved for consideration by Council. Cabinet and Council works to a Forward Plan of forthcoming decisions for up to three months ahead;
- The work of Cabinet has been supported by four scrutiny groups. The Council now has a Corporate Overview Group, which manages corporate performance and financial control as well as the work programmes for the three additional scrutiny groups of Governance, Growth and Development, and Communities;

- Separate committees exist for Standards, Planning, Employment Appeals, Licensing, and Interviewing; and
- Delegation arrangements to officers are set out in detail within the Constitution.

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

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

- Part 1 – Clarification that the Local Government and Social Care Ombudsman will only consider complaints where the Council's formal complaints procedure as been followed.
- Part 3 - Clarification that the delegation to the Director for Development and Economic Growth in respect of development management extends to determination of approvals and consents under the Local Development Order.
- Part 4 – Amendments to the Standing Orders – Council to ensure the efficient running of council business, to take account of best practice and ensure the Council complies with its equality duty in respect of accessibility

2.4 **Policies, Procedures, Laws and Regulations**

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

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

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

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

- During 2024/25, the Director Finance and Corporate Services held the post of Chief Finance Officer. The post holder is a professionally qualified accountant with direct access to the Chief Executive, Leader of the Council and other Cabinet members.

The post holder also has direct access to the Governance Scrutiny Group and the Council's internal and external auditors.

- The Chief Finance Officer has a line of professional accountability for all finance staff and for ensuring that the finance function is 'fit for purpose'. The Council has established robust arrangements to manage its finances, including a Medium-Term Financial Strategy, annual budget process and compliance with CIPFA's Codes and Guidance on the Prudential Framework for Capital Finance, Treasury Management and the management of reserves.
- Internal audit services are provided to the Council by BDO. The effectiveness of this service is monitored by the Governance Scrutiny Group.
- The Chief Executive and three Directors are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice. Oversight of these arrangements is provided by the Director for Neighbourhoods.

2.5 Risk Management

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

The Council's risk management arrangements are regularly reviewed. In the last twelve months, the Governance Scrutiny Group reviewed the Risk Register twice, in September 2024 and February 2025. At the last meeting in February there were 38 corporate risks and 21 operational risks on the risk register. In addition, there were 4 opportunity risks.

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

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

2.6 Development and training needs

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

The Council has a cross party Member Development Group (MDG) to oversee the development and delivery of Councillor learning and training. This Group meets to

review the delivery of the annual training programme and looks at the Councillors' Community Grant Scheme before each election.

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

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

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

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

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

2.7 Communication

Principle B - *Ensuring openness and comprehensive stakeholder engagement*

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

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

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

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

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

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

2.8 Partnerships

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

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

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

2.9 Transparency

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

All reports to meetings of Council, Cabinet, Scrutiny Groups and other committees are publicly available on the Council's website. Minutes are also published providing a record of the meeting and any decisions taken, and the Council provides public access to audio and video recordings of meetings. Other forms of public accountability

reporting include the Annual Statement of Accounts, the Council's Annual Report and in-year financial and performance monitoring reports which are reported to the Governance Scrutiny Group and Corporate Overview Group respectively. Reports from the Council's internal auditors (BDO) and external auditors (Mazars) are published online, including their annual reports.

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

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

3 REVIEW OF EFFECTIVENESS

3.1 Introduction

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

3.2 The Council

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

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

3.3 The Cabinet

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

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

3.4 Scrutiny groups - Governance Scrutiny Group

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

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

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

3.5 Other Scrutiny Groups

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

In addition to the Corporate Overview Group and Governance Scrutiny Group, the Council has two other scrutiny groups. The first, Communities, looks at areas that affect the community, topics covered include are as diverse as community facilities and the residents survey. The other group, Growth and Development, is tasked with looking at different aspects of growth within the Borough and has, this year for example, scrutinised reports in relation to the Crematorium and the health of town and village centres. Extraordinarily there was a joint meeting of both Groups on accessible housing.

3.6 Directors and Monitoring Officer

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

The Monitoring Officer

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

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

3.7 Internal Audit

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

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

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

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

3.8 External Audit

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

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

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made. Mazars issued an unqualified audit opinion, expressing the view that the financial statements give a true and fair reflection of the financial position of the Authority, and of its expenditure and income for the year. Whilst this was later than expected, with the accounts signed-off in January 2025, we are in a better position than many authorities with some several years behind regarding their financial statements being certified with new statutory 'back-stop' procedures being invoked. We continue to work with the auditors to ensure the end of September deadline is met. A positive Value for Money conclusion was given by Mazars in their September report.

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

4 IMPORTANT GOVERNANCE ISSUES

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

Current budget position

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

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

The Peer Review and Other Issues

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

Given the challenges linked to rising inflation combined with medium-term uncertainty for example as a result of Business Rates and Fair Funding reviews, the Council has balanced its budget. The Government is focused on redirecting funding to authorities with low deprivation levels and prudent assumptions have been made in the Council's MTFS to reflect this. 2025/26 requires £0.824m of budget efficiencies which will be monitored as part of the Council's ongoing finance and performance monitoring and due diligence to both Cabinet and Corporate Overview Group. The Transformation Strategy and supporting Programme identifies the Council's approach to meeting its efficiency requirements Whilst the expectation is pay and utility inflation will reduce, the base budget is already substantially inflated. Pay inflation is linked largely to government policy on the national minimum living wage but also labour market pressures generally affecting recruitment. There is also a knock-on effect on supplies and service costs, and we are already aware of cost pressures arising above and beyond those already in the budget. Fortunately, the Council's robust current financial position, enables some mitigation regarding such cost pressures.

Going forward, there will also be service based pressures linked to statutory changes in relation to planning (Levelling-Up Act) and waste services (Simpler Recycling and

the Environment Act). Cabinet received a separate report in January 2025 on the impact of Simpler Recycling and the creation of a Simpler Recycling Reserve to mitigate the future financial impact of this. That said by 2029/30 there is a net budget pressure of £0.318m regarding Simpler Recycling.

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

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

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

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

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

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

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

risks. In 2025/26 an updated ICT Strategy for the next 3 years will be presented to Cabinet which is crucial in how the Council continues to develop its ICT for the benefit of all stakeholders and also operates within a secure and resilient working environment.

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

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

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

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

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

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

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

Signed:

Signed:

A Hill (Chief Executive)

Councillor N Clarke (Leader)

Date: September 2025

Date: September 2025