

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

### **1. Purpose of Report**

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

### **2 Recommendation**

It is RECOMMENDED that the Governance Scrutiny Group:

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

### **3 Reasons for Recommendation**

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

### **4 Supporting Information**

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

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

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

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

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

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

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

## **5 Risk and Uncertainties**

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

## **6 Implications**

## 6.1 Financial Implications

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

## 6.2 Legal Implications

There are no legal implications identified for this report.

## 6.3 Equalities Implications

There are no equalities implications identified for this report.

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

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

## 6.5 Biodiversity Net Gain Implications

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

## 7 Link to Corporate Priorities

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

## 8 Recommendation

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