



Governance Scrutiny Group

Thursday, 25 September 2025

Going Concern Assessment 2024/25

Report of the Director - Finance and Corporate Services

1. Purpose of report

- 1.1 This report sets out the Council's assessment by the Council's Section 151 officer of the Council's Going Concern status. The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. The Council is required to produce a separate report confirming the Council's position with regards to its Going Concern status.
- 1.2 Local Government Reorganisation (LGR) plans announced by the Government do not affect the Council's position as a going concern. Paragraph 2.1.2.9 of the CIPFA code of practice 2024/25 states 'Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern'.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group note the positive outcome of the assessment made of Rushcliffe Borough Council's status as a Going Concern for the purposes of the Statement of Accounts 2024/25.

3. Reasons for Recommendation

- 3.1. To conform with professional standards with regards to the Local Authority Code of Accounting Practice.
- 3.2. To provide audit evidence that a review of going concern has been conducted and reported to those charged with governance.

4. Supporting Information

The Assessment of Going Concern

- 4.1. As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2024/25 (hereafter referred to as the Code). The Code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the Council's Statement of Accounts is prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and

anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

- 4.2 The main factors which underpin the Going Concern assessment are:
- the Council's current financial position
 - the Council's balance sheet
 - the Council's Medium Term Financial Strategy (MTFS)
 - the Council's cash flow
 - the Council's governance arrangements
 - the regulatory and control environment applicable to the Council as a local authority.

These are considered in more detail below.

4.3. Current Financial Position

- Draft financial statements for 2024/25 can be viewed on the [Council's website](#). The outturn position for 2024/25 showed efficiency savings of £1.933m in relation to direct service costs. This compares against a net revised budget of £14.486m (i.e. a 13% variation). Overall, a net budget variance of £2.62m surplus (including grants and the financial position of the Collection Fund)
- Quarter 1 2025/26 projections currently show an underspend of £0.516m, mostly related to unallocated contingency and pay award being lower than budgeted. Capital projections show £0.681m underspend (£0.61m of this relates to grants to third parties offset by reduced Government grant)
- At 31 March 2025, the Council held earmarked reserves of £24.286m (£20.947m in 2023/24) to meet specific identified pressures, but which ultimately can be diverted to support general expenditure should the need arise. The increase is due mainly to allocations to the Climate Change Reserve and creation of the Simpler Recycling Reserve to fund additional responsibilities
- General reserves reflect the ability of the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of the financial resilience of the organisation. In October 2011, the Cabinet approved as part of its MTFS, the following guiding principle:
“General Fund Balance should not fall below £1.25m and overall revenue reserves should not fall below 20% of net revenue expenditure.”
At 31 March 2025, the Council held a General Fund Balance of £2.6m in accordance with this principle
- The year-end Capital Programme provision totalled £12.145m. Actual expenditure in relation to this provision totalled £7.021m (42% of the budget) giving rise to a variance of £5.125m. Budgets to the value of £4.3m have been carried forward into 2025/26. The Council funds its capital programme from internal borrowing, capital receipts, earmarked

reserves, direct financing from revenue, government grants and partnership funding (such as developer contributions)

- The Council is not aware of any post balance sheet event that would significantly affect the Council's financial position at the end of 2024/25.

4.4. Balance Sheet at 31 March 2025

- The Council's overall net worth has increased by £12.6m to £124.71m (£14.8m excluding pensions)
- In the year, the cash and cash equivalents have decreased by £8.2m and short-term investments have increased by £12.6m these are directly linked with more funds invested short term to maximise interest
- Property Plant and Equipment (PPE) has increased by £7.4m (mainly due to a combination of assets brought onto the balance sheet under IFRS16, works to Cotgrave Leisure Centre and replacement of vehicles)
- The Pension Liability accounts reflect the valuations by the actuary (technical adjustments) with a net decrease of £2.52m in liabilities
- The reserves strategy is aligned with the Council's identified risks and planned use, supporting priority delivery and attracting external funding where possible. Reserves have been increased to reflect known risks, including Local Government Reorganisation (LGR), Simpler Recycling and reform of the local government finance system ('Fair Funding 2.0')
- There has been a positive trend in the Council's net worth over the past ten years indicating the Council is not currently under financial stress
- Despite the cost pressures arising from elevated inflation and additional costs of Employers NICS, the financial position of the Council remains relatively healthy
- Other factors giving rise to the going concern assessment include:
 - the adequacy of risk assessed provisions for doubtful debts
 - the range of reserves set aside to help manage expenditure
 - an adequate risk assessed working balance to meet unforeseen expenditure.

4.5. Projected Financial Position

- The Council's Medium Term Financial Strategy (MTFS) is updated annually and reflects a five-year assessment of the Council's spending plans and associated funding
- Financial Planning includes:
 - Strategic planning: identifying historical trends, inflation, growth and ongoing implications of existing budgets
 - Transformation Targets focussing on Value For Money and new opportunities
 - Budget setting: aligning investment with outcomes and the Corporate Strategy including the capital programme and investments.

- Full Council approved the MTFS in March 2025, including a balanced budget for 2025/26. This allows for net spending of around £16.34m (which includes the inflationary impact on costs, and transfers from reserves etc) and required a council tax increase of 2.46%
- There is a total surplus position of £0.172m over the 5-year period which is largely predicated on transferring 'windfall receipts' £3.5m in 2025/26 (due to the delay of Business Rates reform and one additional year of NHB funding) into reserves to smooth out annual deficits in the remaining 4 years of the plan
- The Transformation and Efficiency Programme sets challenging but sustainable budget savings to help to mitigate increasing costs with a requirement of an additional £0.824m in 2025/26, rising to £1.762m by 2029/30. Reserves are expected to be drawn upon to deliver the Council's Corporate Priorities with the balance reducing from £21m to £15m over the period of the MTFS
- Funding reforms are currently under consultation, with outcomes expected to be reflected in the autumn's Local Government Finance Settlement for 2025/26. The settlement is expected to cover more than one year, offering some budget certainty. However, early indications suggest a potential reduction in funding, as the Government views the Council as relatively affluent. The Council has adopted a prudent approach to budget setting and the outcome of any funding reforms will be built into the MTFS for 2026/27 onwards
- The MTFS is prepared on a going concern basis, though Local Government Reorganisation (LGR) may prevent it from reaching its fifth year in its current form. Transition costs are expected to be significant, with limited new funding. To mitigate this risk, the Council has allocated £0.661m from 2023/24 efficiencies and proposes a further £0.456m from efficiencies identified at Quarter 1
- The Council prioritises investment and economic development in the Borough with a capital programme of £27m over the next five years. The Council continues to maximise opportunities to deliver the best possible outcome for the residents and businesses
- Operational and financial risks are identified and monitored throughout the year, with mitigations built into the budget as needed. Budget performance is reviewed quarterly by both Corporate Overview Group and Cabinet, and senior officers continuously track financial and performance data.

4.6. Cash Flow

- At 31 March 2025, the Council held £76m (£57.5m 2024) in the form of either cash or short-term investments maturing within the next financial year. The increase is mainly due to efficiencies/underspends in revenue and capital budgets resulting in increased cash balances

- The Council maintains a detailed cash flow forecasting model updated daily. The Council currently holds £92m in investments projected to be around £79m by the end of the financial year
- The Council has no external borrowing and does not anticipate a need to borrow within the period of the MTFS
- The Capital Financing Requirement (the Council's underlying need to borrow) is £9.989m and anticipated to reduce by £2.4m over the next 5 years
- The Capital and Investment Strategy avoids borrowing in advance of need
- Collection rates for Business Rates and Council Tax remain both stable and relatively high compared to other authorities (99.1% Council Tax and 98.8% NDR) and this is closely monitored.

4.7. The Council's governance arrangements

- The Council has a well-established and robust corporate governance framework. This includes the statutory elements such as the post of Head of Paid Service, the Monitoring Officer and the Section 151 Officer in addition to the current political arrangements
- Governance Scrutiny Group meet quarterly and review various elements of the Council's governance arrangements including Statement of Accounts, Internal/External Audit and Risk Management. In 2025, the Council co-opted an independent member onto the Group
- An overview of the governance framework is provided within the Annual Governance Statement which is included within the Statement of Accounts which was published online on 11 June 2025 and presented to the Governance Scrutiny Group 19 June 2025. This includes a detailed review of the effectiveness of the Council's governance arrangements and confirms there are no significant issues.

4.8. The external regulatory and control environment

- As a local authority, the Council must operate within a highly legislated and controlled environment. The Council is required to set a balanced budget each year and comment on the robustness of the budget estimates and the adequacy of reserves (Section 25 statement)
- In addition to the legal framework and central government control, there are other factors such as the role undertaken by External Audit. The Council's accounts and audit are up to date and unqualified
- Internal audit form an integral part of the regulatory framework, assessing the efficiency and adequacy of the Council's risk management, internal control, and governance frameworks, in alignment with applicable public

sector internal auditing standards and guidance. The Council's Head of Internal Audit, has for the fourth consecutive year, issued Substantial opinion in its annual report. An accolade that is very rarely awarded. The internal audit plan for 2025/26 is currently on target

- There is a statutory requirement for compliance with best practice and guidance published by CIPFA and other relevant bodies such as implementation of new financial reporting standard IFRS16
- During 2024/25 both the Anti-Fraud and Anti-Money Laundering policies have been updated with Anti-Fraud Training delivered and Anti-Money Laundering e-learning rolled out to staff. The Council also participates in the National Fraud Initiative (NFI) scheme. There have been no instances of fraud identified in the year
- Many councils are facing financial strain due to a combination of poor commercial decisions, rising demand, and inflation, leading to a rise in Section 114 Notices. While it's unlikely a local authority would be allowed to fail, government intervention—supported by bodies like the LGA—would likely follow including exceptional financial support (EFS). The Borough Council's strong financial management means we are not in this position, but continued vigilance is essential given ongoing economic risks
- The pending funding reforms are likely to significantly impact on the resources that the Council receives, coupled with LGR this presents the most significant challenges faced by the Council since the pandemic in 2020.

4.9. Conclusions

The Council ended 2024/25 in a strong financial position and was able to increase reserves to provide a buffer for future risks and uncertainties. Early indication is that the financial position for 2025/26 will be favourable, with budget efficiencies achieved. It is considered that having proper regard to the Council's financial arrangements, and such factors as highlighted in this report, that the Council remains a Going Concern.

5. Risks and Uncertainties

- 5.1. Inflationary pressures continue to present some financial risks to the Council, however such risks have been incorporated into the balanced budget for 2025/26 and use of budget efficiencies from 2024/25. Funding reform and LGR present the most significant risks to future Council's operations. Risks continue to be monitored regularly and the opportunity to bolster reserves will be taken.

6. Implications

6.1. Financial Implications

There are no direct financial implications arising from this report.

6.2. Legal Implications

Section 25 of the 2003 Local Government Act requires the authority's s151 Officer to comment on the robustness of the estimates and the adequacy of reserves. A report was considered as part of its budget determination by Full Council in March 2025.

Section 114 (1) of the Local Government Finance Act 1988 places a duty on the S151 Officer to report certain matters to the authority. The duty of the S151 Officer to report is triggered if they believe that a decision involves (or would involve) unlawful expenditure, a course of action is unlawful and is likely to cause a loss or deficiency and an entry of account is therefore unlawful.

Likewise, the S151 Officer must inform the authority where they believe that the authority's expenditure is likely to exceed available resources. The authority is prevented from entering into any agreements incurring expenditure until the Council has considered the report. As per this report, this is not a significant risk at this time.

6.3. Equalities Implications

There are no direct equalities implications.

6.4. Section 17 Implications

There are no direct Section 17 implications.

6.5. Biodiversity Net Gain

There are no Biodiversity Net Gain implications.

7. Link to Corporate Priorities

The Environment	The Budget resources the Corporate Strategy and therefore resources all corporate objectives.
Quality of Life	
Efficient Services	
Sustainable Growth	

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group note the positive outcome of the assessment made of Rushcliffe Borough Council's status as a Going Concern for the purposes of the statement of accounts 2024/25.

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Background papers available for Inspection:	Draft Statement of Accounts 2024/25 – Council website
List of appendices:	