

## B. ANNUAL GOVERNANCE STATEMENT 2025/26

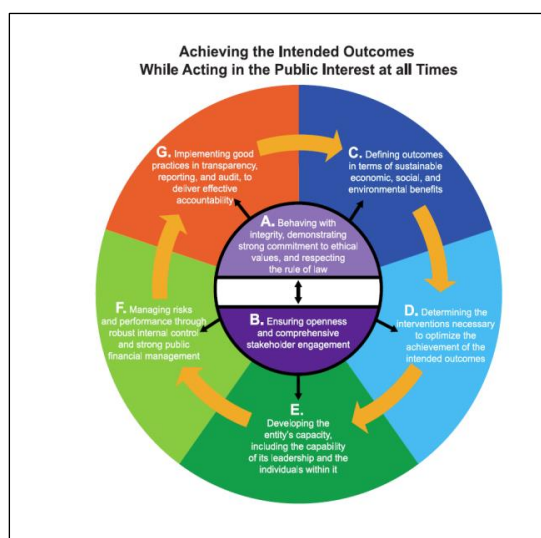
### 1. SCOPE AND PURPOSE

#### 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><b>Principles C &amp; D</b> – <i>Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining interventions to achieve them</i></p>
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### 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 Councils 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><b>Principle A</b> - <i>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</i></p>
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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

<b>Principle B</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 MTF5
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
<b>Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team</b>				
<b>A</b>	The leadership team is able to demonstrate that the services provided by the authority provide value for money.		<p>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</p>	
<b>B</b>	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.		<p>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.</p>	

**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**

<b>F</b>	<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>	
<b>G</b>	<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>	
<b>H</b>	<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>	
<b>I</b>	<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	<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.</p>	<p>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.</p>	
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Q	<p>The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.</p>	<p>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.</p>	
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