

# Agenda

## **Audit Committee**

Date: **Tuesday 24 February 2026**

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Time: **5.30 pm**

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Place: **Council Chamber**

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For any further information please contact:

**Democratic Services**

[committees@gedling.gov.uk](mailto:committees@gedling.gov.uk)

0115 901 3844

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# Audit Committee

## Membership

**Chair** Councillor Ron McCrossen

**Vice-Chair** Councillor Sandra Barnes

Councillor Stuart Bestwick  
Councillor Helen Greensmith  
Councillor Paul Hughes  
Councillor Alison Hunt  
Councillor Ruth Strong  
Jonathan Causton

### **WEBCASTING NOTICE**

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### **Responsibility of Audit Committee:**

#### **Statement of purpose**

- a) The Audit Committee is a key component of Gedling Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- b) The purpose of the Audit Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Gedling Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

#### **Governance, risk and control**

- c) To review the Council's corporate governance arrangements including the Local Code of Corporate Governance.
- d) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal

audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

e) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

f) To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

g) To consider and monitor the effective development and operation of risk management in the council.

h) To monitor progress in addressing risk-related issues reported to the committee.

i) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

j) To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

k) To consider and monitor the counter-fraud strategy, actions and resources.

### **Internal audit**

l) To approve the internal audit charter defining the role and scope of internal audit.

m) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

n) To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

o) To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.

p) To consider the Head of Internal Audit's annual report confirming compliance with auditing standards and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control - these will assist the committee in reviewing the Annual Governance Statement.

q) To consider summaries of specific internal audit reports as requested.

r) To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

s) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

t) To support effective communication with the Head of Internal Audit.

### **External audit**

u) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

v) To consider specific reports as agreed with the external auditor.

w) To comment on the scope and depth of external audit work and to ensure it gives value for money.

x) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Financial reporting**

y) To consider and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

z) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

**Accountability arrangements**

aa) To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

## AGENDA

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- 1 **Apologies for Absence and Substitutions.**
- 2 **To approve, as a correct record, the minutes of the meeting held on 9 December 2025** 7 - 9
- 3 **Declaration of Interests.**
- 4 **External Audit Combined Audit Strategy & Completion Report 2024/2025** 11 - 52  
Report of the Chief Finance and Section 151 Officer
- 5 **Annual Governance Statement & Audited Statement of Accounts 2024/2025** 53 - 198  
Report of the Chief Finance and Section 151 Officer
- 6 **Internal Audit Annual Plan - 2026/27** 199 - 241  
Report of the Internal Audit Partner (BDO)
- 7 **Local Code of Corporate Governance 2026/2027** 243 - 276  
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- 8 **Corporate Risk Management Review - Quarter 3 2025/26** 277 - 301  
Report of the Chief Finance and Section 151 Officer
- 9 **Internal Audit Progress Report 2025/2026** 303 - 336  
Report of the Internal Audit Partner (BDO)
- 10 **Any other item which the Chair considers urgent.**

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## **MINUTES AUDIT COMMITTEE**

**Tuesday 9 December 2025**

Councillor Ron McCrossen (Chair)

Councillor Paul Hughes

Councillor Alison Hunt

Councillor Catherine Pope

Councillor Martin Smith

Councillor Sam Smith

Jonathan Causton

Absent: Councillor Ruth Strong

Officers in Attendance: T Adams, F Whyley and C Goodall

Guests in Attendance: M Armstrong (BDO) and Jennifer Norman (Mazars)

### **19 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies for absence were received from Councillors Barnes, Bestwick, Greensmith and Strong.

Councillors C Pope, M Smith and S Smith attended as substitutes.

### **20 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 16 SEPTEMBER 2025**

#### **RESOLVED:**

That the minutes of the above meeting, having been circulated, be approved as a correct record.

### **21 DECLARATION OF INTERESTS**

None.

### **22 EXTERNAL AUDITORS (MAZARS) - DRAFT ANNUAL REPORT**

The Chief Finance Officer & Section 151 introduced a report, which had been circulated in advance of the meeting, informing Members of the progress of the External Audit for the 2024/25 Statement of Accounts.

The External Auditor then summarised the report.

#### **RESOLVED to:**

- 1) Note the External Audit Draft Annual Report attached at Appendix 1 as presented by Mazars.
- 2) Note the recommendations set out in each section in the report.

**23 INTERNAL AUDITORS (BDO) - PROGRESS REPORT**

The Internal Audit Partner introduced a report, which had been circulated in advance of the meeting, summarising the outcome of internal audit activity completed by the BDO Internal Audit Team for the period October to December 2025.

**RESOLVED to:**

- 1) Note the progress of the delivery against the 2025/26 Internal Audit Plan, including the confidential Main Financial Systems Report which would be presented in a confidential session.

**24 UPDATE OF RISK MANAGEMENT FRAMEWORK**

The Deputy Chief Executive introduced a report, which had been circulated in advance of the meeting, seeking approval to recommend updates to the Risk Management Strategy to Cabinet for adoption.

**RESOLVED to:**

- 1) Recommend to Cabinet, the adoption of the amended Risk Management Framework at Appendix 1 to this report.

**25 CORPORATE RISK MANAGEMENT REVIEW - QUARTER 2 JULY - SEPTEMBER 2025**

The Chief Finance and Section 151 Officer introduced a report, which had been circulated in advance of the meeting, updating members on the current level of assurance that could be provided against each corporate risk.

**RESOLVED to:**

- 1) Note the current risk level and actions identified within the Corporate Risk Register.

**26 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT**

None.

The meeting finished at 6.25 pm

Signed by Chair:  
Date:

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## Report to Audit Committee

**Subject:** Mazars - Audit Strategy and Completion Report for year ended 31 March 2025

**Date:** 24 February 2026

**Author:** Chief Finance and Section 151 Officer

### 1 Purpose of Report

To inform Members of the key findings arising from Mazars' (the Council's external auditors) audit work in respect of 2024/25 Statement of Accounts.

#### Recommendation:

THAT:

- 1) Members note the Audit Strategy and Completion Report for 2024/25 and refer to Full Council for information.

### 2 Background

- 2.1 It is a requirement that the Council's financial statements are audited on an annual basis and that in addition the auditors undertake all work necessary to support their conclusion on value for money (VFM).
- 2.2 Mazars are appointed to audit the financial statements of the Council in accordance with International Accounting standards, and under normal circumstances to form and express an opinion on whether the financial statements present a true and fair view on the Council's financial position and standing for 2024/25.
- 2.3 The introduction of the Government's measures to deal with audit backlogs (the backstop arrangements) requires The Council to publish its financial statements on or before 27 February 2026, in addition Mazars are required to provide their audit report on the 2024/25 financial statements even

though they have been unable to complete the necessary audit procedures to obtain sufficient appropriate evidence on which to base their opinion. Therefore, Mazars have issued a disclaimer of opinion which means their report will not express an opinion on the financial statements and no assurance will be provided.

### **3 Proposal**

- 3.1 As external auditors, Mazars have completed the audit of the Council's financial statements for 2024/25, and their Audit Completion Report is attached at Appendix 1.

It is proposed that the Audit Completion Report is noted.

### **4 Financial Implications**

- 4.1 There are no financial implications directly arising from this report.

### **5 Legal Implications**

- 5.1 Under section 4 of the Local Audit and Accountability Act 2014, the Council's accounts must be audited by an auditor appointed under the Act. Public Sector Audit Appointments (PSAA) has appointed Mazars for a period of five years commencing 1 April 2018 to act as Gedling Borough Council's external auditor. The general duties of the external auditor are specified in section 20 of the 2014 Act, requiring them to be satisfied in auditing the accounts that:

- The accounts comply with the requirements of the enactments that apply to them.
- Proper practices have been observed in the preparation of the Statement of Accounts, and that the statement presents a true and fair view.
- The authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

When the auditor has completed the audit of the accounts, they must enter onto the Statement of Accounts:

- An auditor's opinion on the statement.
- A certificate that the audit has been completed in accordance with the 2014 Act.

In carrying out their functions the auditor must comply with the Code of Audit Practice and have regard to guidance issued by the Comptroller and Auditor General under the Act. The Code of Audit Practice 2020 requires the auditor to produce an annual report which brings together all of the

auditor's work over the year and present it to those charged with governance. The auditor's annual report should be published no later than 30 September, but where the auditor is unable to do this, they should issue an audit letter including a statement explaining the reason for the delay.

## **6 Equalities Implications**

6.1 There are no equalities implications directly arising from this report

## **7 Carbon Reduction/Environmental Sustainability Implications**

7.1 There are no carbon reduction/environmental sustainability implications arising from this report.

## **8 Appendices**

Appendix 1 Audit Strategy and Completion Report for year ending 31 March 2025.

**Statutory officer Approval:**

**Approved by: Chief Finance Officer**

**Date: 13.02.26**

**Approved by: Monitoring Officer**

**Date: 13.02.26**

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# Audit Strategy and Completion Report

## Gedling Borough Council – Year ended 31 March 2025

February 2026

Audit Committee

Gedling Borough Council  
Civic Centre  
Arnot Hill Park  
Arnold  
Nottingham  
NG5 6LU

24<sup>th</sup> February 2026

Dear Committee Members,

## Audit Strategy and Completion Report – Year ended 31 March 2025

We are pleased to present our Audit Strategy and Completion Report for Gedling Borough Council for the year ended 31 March 2025. The purpose of this document is to summarise our audit and to explain how the statutory backstop arrangements introduced by the Accounts and Audit (Amendment) Regulations 2024, have affected the completion of our work and the reporting consequences. We consider two-way communication with you to be key to a successful audit and particularly important in the context of the backstop arrangements as it facilitates:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities; and
- providing you with constructive observations arising from the audit process even though this has been curtailed by the backstopped arrangements.

We would usually report the results of our planning work, including the significant risks identified and our planned procedures, in our Audit Strategy Memorandum. The results of our audit, including significant matters identified would usually be reported to you in our Audit Completion Report. As a result of the backstop arrangements, we have determined that the most appropriate way to communicate each of the matters required under auditing standards, in this single Audit Strategy and Completion Report.

As it is a fundamental requirement that an auditor is, and is seen to be, independent of audited bodies, section 8 of this document summarises our considerations and conclusions on our independence as auditors.

We appreciate the courtesy and co-operation extended to us by Gedling Borough Council throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

We will continue to work closely with you and management to take the necessary steps to rebuild assurance over future accounting periods.

Yours faithfully

**Mark Surridge**

Forvis Mazars LLP

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## Appendices

- A** Draft management representation letter
- B** Draft audit report
- C** Key communication points

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.



# 01

Our audit and the implications of the statutory backstop

# Our audit and the implications of the statutory backstop

We are appointed to perform the external audit of Gedling Borough Council for the year to 31 March 2025. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the [PSAA website](#)

## Our audit of the financial statements

The detailed scope of our work as your appointed auditor for 2024/25 is set out in the National Audit Office's (NAO) Code of Audit Practice ('the Code'). Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ("the 2014 Act").

We are appointed to audit the financial statements in accordance with International Standards on Auditing (UK). Under normal circumstances, our objectives would be to form and express an opinion on whether the financial statements present a true and fair view of the Council's financial affairs for the year and whether they have been prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting.

A range of factors have led to a backlog in financial reporting in recent years. Legislation passed by government in 2024 (the Accounts and Audit (Amendment) Regulations 2024) addresses the backlog by introducing a 'backstop date' for the publication of financial statements, even if the audits had not been completed. This is intended to enable the sector to focus on the current financial position rather than historic information.

We issued a disclaimed opinion on your financial statements for the 2021/22, 2022/23 and 2023/24 financial years. This meant we did not express an opinion on those financial statements, and as such we do not have assurance over the opening balances in the 2024/25 financial statements. Further information on the procedures we have undertaken in order to issue a disclaimer of opinion in advance of the backstop date is provided in section 3.

The NAO published the Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 in June 2025. This guidance sets out the procedures auditors may undertake to obtain sufficient appropriate evidence over opening balances when previous year's audits have been disclaimed. The guidance acknowledges that how long it will take to rebuild assurance will vary between audit engagements and according to each audit's particular circumstances.

It has not been possible to complete sufficient procedures as part of the current year's audit to enable us to issue a non-disclaimed opinion. For this reason, we will be issuing a disclaimed opinion in time for the Council to publish its financial statements by the backstop date of 27 February 2026 as required by the relevant legislation. We have included our proposed audit report in Appendix B. When an opinion is disclaimed the auditor does not express an opinion on the financial statements and, consequently, no assurance is provided on the financial statements.

## Responsibilities in respect of fraud and internal control

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting. As part of our audit procedures in relation to fraud we are required to inquire of Those Charged with Governance and including key management and internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks.

Management is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Despite our intention to issue a disclaimer of opinion, where matters come to our attention through the course of our audit, we may be required to report these to you.

## Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers under the 2014 Act.

## Value for Money arrangements

The legislation passed to address the financial reporting backlog does not affect our responsibilities in relation to the Council's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work and our findings further in section 6 of this report.

## Whole of Government Accounts Reporting to the group auditor

We anticipate completing the work to enable us to submit the assurance statement to the NAO. However, we have not yet received full group audit instructions from the NAO and so are unable to conclude whether any work is required in this area.

# 02

Your audit team



## Key Contacts

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**Name:** Jennie Norman  
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# 03

Our audit approach

# Our audit approach

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements. Our audit of the financial statements has been conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the Code of Audit Practice. We have also had regard to the Local Audit Reset and Recovery Implementation Guidance ('LARRIG') issued by the National Audit Office and endorsed by the Financial Reporting Council in delivering our audit in the context of the backstop arrangements introduced by the 2024 amendments to the Accounts and Audit Regulations.

## Our approach to the audit of the financial statements

In planning this year's audit, we adopted an approach which we believe will enable us to rebuild assurance as quickly as possible. We have not carried out all the work necessary to issue a detailed audit plan and to complete all the required audit procedures to provide an opinion on the financial statements. After considering LARRIG 06, we have undertaken the procedures we believe we will need to complete to enable us to issue a non-disclaimed opinion as part of a future year's audit. The procedures undertaken this year are sufficient to enable us to comply with International Standards on Auditing (UK) and issue our audit report in respect of the current year's financial statements to allow the Council to meet the backstop date of 27 February 2026 for publishing the financial statements and other relevant information.

We summarise below, the work we have undertaken to inform our audit strategy and our determination that it is necessary to issue a disclaimer of opinion on the Council's financial statements. As we have not completed all our planning procedures, including all risk assessment work, we do not include a summary of significant and enhanced risks as part of this report.

Area of the audit	Summary of our procedures
Acceptance and continuance	We have carried out all acceptance and continuance procedures including consideration of: <ul style="list-style-type: none"><li>• The financial reporting framework adopted by the Council and the existence of any unusual or controversial accounting policies</li><li>• The form, timing and expected content of our communication with Those Charged with Governance</li><li>• Any actual or potential threats to our independence</li><li>• The existence of any other factors that indicate we should not continue as the Council's auditor</li></ul>
Understanding the entity	We have carried out audit procedures to understand and document our understanding of the Council across a range of areas, including but not limited to: <ul style="list-style-type: none"><li>• The Council's structure, including its wider group</li><li>• Key accounting policies</li><li>• Accounting estimates</li><li>• The use of experts</li></ul>
Control environment assessment	We have documented our consideration of the Council's control environment. We carry out this work to inform both our work on the financial statements and as an element of our Value for Money arrangements risk assessment work.

# Our audit approach

Area of the audit	Summary of our procedures
Fraud	We have carried out work on identifying potential fraud risks and made specific inquiries of management and Those Charged with Governance in respect of actual, potential or suspected fraud.
Materiality	We have considered the application of materiality for the audit of the Council's financial statements. Further details on the materiality thresholds determined, is included later in this section of our report.
Laws and regulations	We have obtained an understanding of the legal and regulatory framework applicable to the Council and made specific inquiries with management and Those Charged with Governance in respect of any instances of noncompliance with laws and regulations.
Written representations	We have requested certain written representations from management in accordance with ISA (UK) 580. The draft management letter of representation is provided in Appendix A.
Completion, review and reporting	<p>We have undertaken sufficient review procedures to ensure our audit complies with the requirements of ISA (UK) 230. This includes specific work to document our consideration of the implications of the backstop arrangements on our audit and the reporting implications.</p> <p>We also performed work over the Minimum Revenue Provision.</p> <p>We have also considered whether any matters have come to our attention that we deem should be reported to Those Charged with Governance or that may be relevant to our auditor's report. Such matters may include misstatements identified in the draft financial statements or internal control recommendations.</p> <p>As we intend to issue a disclaimer of opinion, additional quality and risk management processes have also been followed.</p>

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# 04

Materiality

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# Materiality

## Definitions

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

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

## Our approach to determining materiality

Although we intend to issue a disclaimer of opinion on the financial statements as a result of the backstop arrangements, we are required to determine materiality and communicate this to Members.

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

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

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

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

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors. When planning our audit, we make judgements about the size of

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

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

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

# Materiality and misstatements

## Materiality (continued)

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

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

As set out in the table below, we set overall materiality for the year ended 31 March 2025 to be £1.07m (£1.09m in the prior year), and performance materiality to be in the region of £0.642m (£0.653m in the prior year).

	2024-25 £'000s	2023-24 £'000s
Overall materiality	1,070	1,089
Performance materiality	642	653
Clearly trivial	32	33

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## Misstatements

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

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

Based on our assessment of overall materiality, our clearly trivial threshold is £32k, based on 3% of overall materiality. If you have any queries about this, please raise these with me.

We are required to report each misstatement above the reporting threshold that we identify. Misstatements can be classified as:

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

## Reporting

Due to the backstop, we have not undertaken substantive testing procedures on any balances or transactions reported in the accounts. Consequently, there are no misstatements to report.

# 05

Significant findings

# Significant findings

## Background and modification of the audit opinion

As part of our longer-term approach to rebuilding assurance, we have not completed sufficient audit procedures as part of the current year's audit to enable us to provide an unmodified opinion on the Council's financial statements. As we have determined that the effects, or potential effects, on the financial statements of the lack of sufficient appropriate evidence are pervasive, we will be issuing a disclaimed opinion which means we are expressing no opinion on the financial statements.

Appendix B sets out our draft audit report which explains the basis of our disclaimer of opinion being the fact we will not have been able to rebuild assurance in respect of opening balances by 27 February 2026 after issuing a disclaimed opinions in previous years as a result of the backstop arrangements.

Additionally, our draft audit report includes a reference to the historic fraud perpetrated by a former Council employee that, in the absence of the backstop arrangements, would also have led to a disclaimer of opinion.

Members will note that the draft audit report does not report on other matters that would usually appear in an unmodified audit report. These include:

- the use of the going concern assumption in the preparation of the financial statements; and
- the consistency of the other information presented with the financial statements.

Although we are disclaiming our audit opinion, auditing standards require us to report matters to you that have come to our attention during the course of our audit, which we include in this section of this report.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2024/25 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. Whilst we received some correspondence requiring review, no formal objections were raised.

## Significant matters discussed with management

During our audit we communicated the following significant matters to management:

- Implications of the backstop arrangements and the disclaimed audit opinion
- Guidance for rebuilding assurance, including consideration of historic IT controls and the impact on our audit report
- Implications of the ongoing legal action initiated by Thurrock Council against 23 other local authorities, including Gedling Borough Council, that are members of the Association for Public Service Excellence (APSE).
- The Council's financial position and development of its Medium Term Financial Plan

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Council's compliance with laws and regulations. We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error .

## Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

# 06

Value for Money arrangements

# Value for Money

## Approach to Value for Money

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

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

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings up to that point (and since the issue of our previous Auditor's Annual Report).

The Code requires us to structure our commentary to report under three specified criteria:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception. We will also highlight emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. This commentary will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria. We intend to issue the Auditor's Annual Report in February 2026.

## Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2025 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix C confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in February 2026.

# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in a prior year

As part of our audit work in previous years, we identified the following significant weakness and made recommendations for improvement in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council's progress against the recommendations made, including whether the significant weakness is still relevant in the 2024/25 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>In October 2024, a former Council Officer, who was dismissed in 2022, was found guilty of fraud by abuse of position, to the value of nearly £1m.</p> <p>When the fraud was identified in July 2022, the Council took various actions which included informing the police, and, in August 2022, engaging forensic specialists to assess and report on the situation. The Council also directed Internal Audit to examine the IT environment and identify financial controls and/or governance processes within the Council's control environment that require improvement to reduce and mitigate risk. This Internal Audit review commenced in April 2023 and concluded in January 2024 and highlighted a range of significant deficiencies in controls including, but not limited to, privileged user access and payment controls for the year ending 31 March 2024 and made recommendations for improvement.</p> <p>The significant deficiencies noted by Internal Audit are evidence of a significant weakness in the Council's governance arrangements, specifically how the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.</p>	<p>Governance</p>	<p>The Council should:</p> <ul style="list-style-type: none"> <li>continue to implement all remaining recommendations raised by Internal Audit to address all aspects of the control environment that were found to be deficient;</li> <li>ensure that arrangements to test the effectiveness of internal controls on a periodic basis, including any adjustments for changes in systems or processes that may have occurred are in place; and</li> <li>ensure lessons learned are applied as part of its 2024-2027 Digital, Data and Technology Strategy</li> </ul>	<p>For our 2024/25 VFM work, we reviewed actions since the fraud investigation and related internal audit reports.</p> <p>The 2023/24 AAR (Feb 2025) confirmed initial steps to reduce privileged access, with further work needed to redefine ICT roles.</p> <p>BDO's Internal Audit Annual Reports for 2023/24 and 2024/25 gave Moderate assurance, an improvement from Limited in 2022/23. Reports noted the 2024/25 SLT restructure, wider governance, and roles supporting transformation. SLT engagement with internal audit has continued, with robust Audit Committee scrutiny strengthened by an independent member. Recommendations are tracked live for management oversight.</p> <p>We discussed progress with the s151 Officer in Dec 2024, Apr 2025, and Jul 2025. The privileged 'AGSystem' access has been reduced from 15 users to 3 (2 in finance, 1 in ICT), with restrictions and reporting in place.</p> <p>The Digital, Data and Technology Strategy 2024–27 addresses data security, cyber risk, and access management. In the new finance system (from Aug 2025) and privileged access has moved from finance to IT.</p>	<p>Based on our review of the actions taken by the Council during 2024/25 and to date, we are satisfied that the recommendations have been sufficiently implemented to address the previously reported significant weakness in this area.</p>

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Audit fees and other services

# Audit fees and other services

## Fees for work as the Council’s appointed auditor

Our fees (exclusive of VAT) as the Council’s appointed for the year ended 31 March 2025 are outlined below. Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

Area of work	2024-25 Proposed Fee	2023-24
<b>PSAA Scale Fee</b>	<b>£142,149</b>	<b>£128,065</b>
Adjusted scale fee: <ul style="list-style-type: none"> <li>• Planning and disclaiming accounts, including modified audit report</li> <li>• VFM</li> </ul>	£70,137	£63,761
Fee for VFM significant weaknesses	£7,820	£6,234
Costs of dealing with public correspondence	£3,482	-
<b>Proposed fee</b>	<b>£81,439</b>	<b>£69,995</b>

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Confirmation of our independence

# Confirmation of our independence

## Requirements

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

## Compliance

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

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

## Non-audit and Audit fees

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

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

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

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

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

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

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

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 2023/24 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

# Appendices

A: Draft management representation letter

B: Draft audit report

C: Key Communication points

# Appendix A: Draft management representation letter

Forvis Mazars  
2 Chamberlain Square  
Birmingham  
B3 3AX

Dear Mark,

## **Gedling Borough Council - Audit for Year Ended 31 March 2025**

This representation letter is provided in connection with your audit of the financial statements of Gedling Borough Council ('the Council') for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by applicable law.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;  
additional information that you have requested from us for the purpose of the audit; and  
unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

I confirm that there is no information provided to you as part of the audit that I consider legally privileged.

## Appendix A: Draft management representation letter - continued

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

### **Accounting estimates, including those measured at current or fair value**

I confirm that the methods, significant assumptions and the data used by the Council in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

### **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by applicable law.

### **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Appendix A: Draft management representation letter

### **Fraud and error**

I acknowledge my responsibility as s151 officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;

all knowledge of fraud or suspected fraud affecting the Council involving:

management and those charged with governance;

employees who have significant roles in internal control; and

others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

I have considered the impact of the identified fraud on the financial statements and am satisfied that sufficient disclosure has been made in the Annual Governance Statement; that steps have been taken to address the identified control weaknesses; and the impact on the financial statements is not material.

### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

## Appendix A: Draft management representation letter - continued

### **Charges on assets**

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

### **Future commitments**

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by applicable law, require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **Impacts of Russian Forces entering Ukraine**

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

### **Tariffs**

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

## Appendix A: Draft management representation letter - continued

### **Going concern**

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

### **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

### **Narrative Report**

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

### **Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)**

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours sincerely,

Tina Adams  
Chief Finance and Section 151 Officer  
Date: XXXX

# Appendix B: Draft audit report

## Independent auditor's report to the members of Gedling Borough Council

### Report on the audit of the financial statements

#### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Gedling Borough Council ('the Council') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations specify the date by which the Council is required to publish its Accountability Statements, which include the financial statements and the auditor's opinion, for each financial year. The Council is required to publish its Accountability Statements for the year ended 31 March 2025, by 27 February 2026 ('the 2026 backstop date').

We issued disclaimers of opinion in relation to the financial statements for the years ended 31 March 2022 and 2023 on 13 December 2024.

On 25 February 2025 we issued a disclaimer of opinion in relation to the financial statements for the year ended 31 March 2024 as there was insufficient time to perform all necessary audit procedures to obtain sufficient appropriate evidence upon which to form an opinion before the relevant backstop date specified in the Amendment Regulations. In addition, we reported the following matter:

International Standard on Auditing (UK) 240 requires us to make enquiries of management to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. Where actual, suspected or alleged fraud is reported, we are required to design and perform further audit procedures to address the risk that the financial statements include material misstatements due to fraud. Management has disclosed that the Council has been subject to a fraud that exposed IT control weaknesses over the financial ledger relevant to the year ended 31 March 2024. We have not yet completed the audit procedures we deem necessary to address the risk that the financial statements for the year ended 31 March 2024 include material misstatements due to fraud. The extent and nature of the incomplete audit procedures would have required a modification to our opinion on the financial statements in the absence of the backstop arrangements that have led to a disclaimer of opinion as described above.

## Appendix B: Draft audit report - continued

The National Audit Office issued guidance to auditors on rebuilding assurance following backstop-related disclaimers of opinion through Local Audit Reset and Recovery Implementation Guidance 06 (“LARRIG 06”) in June 2025. We have had regard to LARRIG 06 and other relevant guidance and determined that there is not sufficient time to carry out the procedures we deem necessary to rebuild assurance, including resolution of the additional matter of IT control weaknesses. As a result, we are not able to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements for the year ended 31 March 2025 before the 2026 backstop date.

### **Responsibilities of the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of the Chief Financial Officer’s Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Chief Financial Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor’s responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Council’s financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor’s report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

## Appendix B: Draft audit report - continued

### **Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

#### **Matter on which we are required to report by exception**

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in this respect.

#### **Responsibilities of the Council**

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

#### **Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively. We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

#### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## Appendix B: Draft audit report - continued

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

### **Use of the audit report**

This report is made solely to the members of Gedling Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have received confirmation from the NAO that the group audit of the Whole of Government Account has been completed and that no further work is required to be completed by us.

[Signature]

Mark Surrige, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

2 Chamberlain Square  
Birmingham  
B3 3AX

## Appendix C: Key communication points

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

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

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

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

### Key communication points at the planning stage as included in this report

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

### Key communication points included in this report

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

### Changes introduced by the 2024 Code of Audit Practice

The 2024 Code now requires the auditor to issue the draft Auditor's Annual Report by 30<sup>th</sup> November following each year end. For the 2024/25 audit, this means that we were required to issue our draft Auditor's Annual Report by 30 November 2025, whether our audit was complete or not. We issued our draft report on 11 November 2025.

# Appendix C: Key communication points

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

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

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# Appendix C: Key communication points

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

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## Appendix C: Key communication points

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

## Appendix C: Key communication points

Other communication	Response
 <p><b>System of Quality Management</b></p>	<p>To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management, including:</p> <ul style="list-style-type: none"> <li>• Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership</li> <li>• Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities</li> <li>• Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.)</li> <li>• Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall quality</li> <li>• Evaluating responses and remediating control gaps or deficiencies</li> </ul> <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website <a href="#">here</a>.</p>

# Contact

## Forvis Mazars

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Key Audit Partner

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## Report to Audit Committee

**Subject:** Annual Governance Statement and Statement of Accounts 2024/25

**Date:** 24 February 2026

**Author:** Chief Finance and Section 151 Officer

### 1 Purpose

To seek approval of the Council's Annual Governance Statement and the Statement of Accounts for 2024/25.

#### Recommendations:

THAT:

- 1) Members approve the Annual Governance Statement for 2024/25 (Appendix 1).
- 2) Subject to approval of the Annual Governance Statement at recommendation 1, Members approve The Statement of Accounts for 2024/25 (Appendix 2).
- 3) Members note the Narrative Statement on pages 3 to 17 of The Statement of Accounts for 2024/25 (Appendix 2).
- 4) Members agree The Draft Letter of Representation (Appendix 3).

### 2 Background

#### 2.1 Overview

- 2.1.1 The preparation, approval and publication of the Statement of Accounts by local authorities are governed by the **Accounts and Audit Regulations 2015**, as amended by the **Accounts and Audit (Amendment) Regulations 2024**. These regulations require the authority to prepare its

annual Statement of Accounts in accordance with proper accounting practices and to publish the accounts, together with the auditor's opinion and certificate, on the authority's website in order to ensure transparency and accountability for the use of public funds.

- 2.1.2 Historically, the Regulations required authorities to publish audited accounts by a prescribed statutory deadline. However, due to the national backlog in local authority audits, the government introduced **statutory backstop arrangements** as part of a wider programme to reset and recover the local audit system in England. These arrangements impose fixed long-stop dates by which audited accounts must be published, regardless of whether the audit has been fully concluded, subject to limited statutory exemptions.

Under the amended Regulations, local authorities are required to publish audited accounts by the following backstop dates:

- **2024/25** – 27 February 2026
- **2025/26** – 31 January 2027
- **2026/27** – 30 November 2027
- **2027/28** – 30 November 2028

- 2.1.3 The Accounts and Audit Regulations 2024 require the Council to conduct a review of the effectiveness of the system of internal control and to prepare an Annual Governance Statement (AGS). The Council's AGS for 2024/25 is attached at Appendix 1, and also accompanies the Statement of Accounts at pages 104 of Appendix 2. The Regulations require that the Annual Governance Statement must be approved in advance of the approval of the Statement of Accounts and accordingly the AGS will be signed by the Leader of the Council and the Chief Executive following its approval at this meeting.

- 2.1.4 The Draft Annual Governance Statement was presented to members of the Audit Committee for noting at its meeting on 16 September 2025. Members of the Audit Committee have had the opportunity to raise any queries regarding the Governance Statement in the period since it was issued in September 25.

- 2.1.5 The draft Statement of Accounts was presented to members of the Audit Committee at its meeting on 16 September 2025, it is important that members have had the opportunity to raise any queries regarding the Financial Statements in the period since the pre-audit accounts were originally issues in September 2025.

- 2.1.6 In addition to the Annual Governance Statement and Statement of Accounts, the Council is required to prepare a Narrative Statement which

includes comment on the Council's financial performance and the economy, efficiency and effectiveness of its use of resources over the financial year. This forms part of the Statement of Accounts and can be found at pages 3 to 18 of Appendix 2.

- 2.1.7 Once approved, the Council is required to publish the Annual Governance Statement, Statement of Accounts and Narrative Statement on its website.

## 2.2 The Economy

During 2024/25, inflationary pressures across the UK economy eased significantly, allowing the Bank of England to begin reducing interest rates, although borrowing costs remained elevated compared with historic levels. Economic growth remained weak, with cautious consumer spending and business investment despite improving real household incomes. The labour market softened slightly but remained broadly resilient. Public sector finances continued to operate within a constrained fiscal environment, and for local government, funding increases did not fully offset rising service demand and cost pressures, requiring continued prudent financial management and focus on financial sustainability.

- 2.2.1 The Council will continue to monitor the external environment to develop and refine its strategies to counter any threats from the wider economy. Ongoing pressures on costs and income streams were experienced during 2024/25 and these are expected to continue, especially in light of the cost of living crisis.
- 2.2.2 The Council's continuing robust financial position means that it remains relatively well placed to deal with ongoing challenges and worldwide uncertainty, albeit that there are significant challenges ahead.

## 2.3 Accounting Practice Changes

- 2.3.1 There were no major changes to the CIPFA Accounting Code of Practice in 2024/25.

## **3 Proposal**

### 3.1 Annual Governance Statement

- 3.1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and with proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of

the system of internal controls and prepares an Annual Governance Statement (AGS).

3.1.2 The Annual Governance Statement is also attached at Appendix 1, and is requested for approval, Following such approval, the AGS will be signed by the Leader of the Council and the Chief Executive prior to its publication with the Statement of Accounts.

### 3.2 Statement of Accounts 2024/25

#### 3.2.1 Financial Performance

The General Fund outturn figures for 2024/25 were reported to Cabinet on 5 June 2025. Net expenditure totalled £14,938,000, which was a balanced position to the budget, set out in the table below.

<b>Revenue Outturn</b>	<b>Estimate 2024/25 £000</b>	<b>Actual 2024/25 £000</b>	<b>Variance £000</b>
<b>Portfolio:</b>			
Communities & Place	334	362	28
Lifestyles, Health & Wellbeing	1,729	1,592	(137)
Public Protection	1,251	1,594	343
Life Chances & Vulnerability	1,868	1,650	(218)
Environmental Services	4,279	4,586	307
Climate Change & Natural Habitat	2,109	2,015	(93)
Sustainable Growth & Economy	1,490	1,682	192
Corporate Resources & Performance	3,050	1,467	(1,583)
<b>Net Portfolio Budget</b>	<b>16,110</b>	<b>14,938</b>	<b>(1,162)</b>
Transfer (from)/to Earmarked Reserves	(1,172)	(10)	1,162
<b>Net Council Budget</b>	<b>14,938</b>	<b>14,938</b>	<b>0</b>
<b>Financing:</b>			
Business Rates	(6,539)	(6,748)	(209)
Council Tax	(7,333)	(7,333)	0
Funding Guarantee	(226)	(226)	0
Service Grant	(21)	(21)	0
Revenue Support Grant	(125)	(125)	0
New Homes Bonus	(710)	(710)	0
<b>Transfer (from)/to General Fund Balance</b>	<b>16</b>	<b>225</b>	<b>209</b>
<b>Total Financing</b>	<b>(14,938)</b>	<b>(14,938)</b>	<b>0</b>

The General Fund balance as 31 March 2024 was £5.292m.

### 3.2.3 Capital Outturn 2024/25

Capital investment during 2024/25 totalled £6.063m and this was financed by the use of capital receipts, grants and contributions, S106 and CIL, General Fund revenue contributions and borrowing. The Council's total external debt at 31 March 2025 was £10.812m, all held with the Public Works Loan Board.

### 3.2.4 Collection Fund

Council Tax - The Council collects its own council tax and, as billing authority, for Nottinghamshire County Council, the Nottinghamshire Police and Crime Commissioner, the Combined Fire Authority and twelve parish councils. This has a significant impact on cashflow with nearly £94.3m collected but only around £7.3m retained for spending on services.

Business Rates - Under the Business Rates Retention Scheme the proportion of a local authority's income that arises from business rates will change according to movements in its local business rates income, providing an incentive for supporting local business growth. The Council collected £26.2m and Gedling's share of its business rates income in 2024/25 was £7.1m.

### 3.2.5 Balance Sheet

The Council's net worth increased during the year from a net asset of £33.335m on 1 April 2024 to a net asset of £39.537m at 31 March 2025. The increase is mainly due to a change in pension liability and an increase in short term debtors.

- Pensions

The pension deficit decreased by £2.8m to £1.5m during 2024/25, mainly due to changes in the present value of the defined benefit obligation and an increase in the fair value of fund assets based on technical calculations and actuarial assumptions. Whilst this has a significant impact on the Council's net worth, the increase in pension liability will be made good by the increases in future contributions and bears no relation to the cash position on the Pension Fund.

- Short-term Creditors

The value of short-term creditors decreased by £0.1m.

- Short-term Debtors

The value of short-term debtors increased by £4.4m.

### 3.2.6 Earmarked Reserves

The balance on earmarked reserves at 31 March 2025 was £8.594m, an increase of £0.01m.

### 3.3 Significant Issues arising in 2024/25

3.3.1 There were no significant technical accounting issues arising in 2024/25 that required inclusion in the draft Statement of Accounts signed by the Chief Financial Officer.

### 3.4 Audit of Accounts Process

The Accounts are scrutinised by the Council's external auditors, Mazars, however due to the backstop arrangements the 2024/25 accounts have not been audited in full.

Mazars requires each authority to provide a letter of representation, providing certain assurances about the completeness and accuracy of its Statement of Accounts. A copy of the draft letter of representation for 2024/25 is attached at Appendix 3.

The procedures that Mazars expects authorities to follow in providing a letter of representation are that it should be dated on or near the date that the auditors sign the audit opinion, and that it is signed by the person with responsibility for the financial statements after consultation with the Monitoring Officer on legal matters, and other matters as appropriate. It must be agreed by an appropriate committee of the Council, and in Gedling's case this is the Audit Committee.

As noted at 2.1.3 above, once the Audit Committee has considered and approved the Statement of Accounts, the Chief Financial Officer re-signs it prior to its signature by the Chair of the Audit Committee. The final External Auditors' Report, and the Auditors' Opinion, cannot be issued until this has been done.

In addition to the Opinion, an Audit Certificate is issued by the external auditor to confirm the conclusion of the Audit.

## **4 Financial Implications**

There are no financial implications directly arising from this report.

## **5 Legal Implications**

The approval of the Annual Governance Statement and the Statement of Accounts is a process that is set out in statute namely the Accounts and Audit Regulations 2024, as detailed in the report. The Council is required to comply with this statutory process which ensures openness and transparency in financial management.

## **6 Equalities Implications**

There are no equalities implications directly arising from this report.

## **7 Carbon Reduction/Environmental Sustainability Implications**

There are no carbon reduction/environmental sustainability implications arising from this report.

## **8 Appendices**

1. Annual Governance Statement 2024/25.
2. Statement of Accounts 2024/25.
3. Draft Letter of Representation.

### **Statutory officer Approval:**

**Drafted by:** Chief Finance Officer

**Date:** 13 February 2026

**Approved by:** Monitoring Officer

**Date:** 13 February 2026

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# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

### 1. **Scope of Responsibility**

- 1.1 Gedling Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Gedling 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.
- 1.2 In discharging this overall responsibility, Gedling Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 Gedling Borough Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. A copy of the authority's local code is on our website at <https://www.gedling.gov.uk/council/aboutus/financeandaccounts/> or can be obtained from the Chief Finance Officer, Gedling Borough Council, Arnot Hill Park, Arnold, Nottingham. NG5 6LU. This statement explains how Gedling Borough Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

### 2. **The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate cost-effective services.
- 2.2 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 ongoing process designed to identify and prioritise the risks to the achievement of Gedling Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the statement of accounts.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

### 3. The Governance Framework

3.1 Gedling Borough Council's Local Code of Corporate Governance recognises that effective governance is achieved through the 7 core principles as identified in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. These are:

(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

(B) Ensuring openness and comprehensive stakeholder engagement.

*Principles A and B permeate the implementation of principles C-G.*

(C) Defining outcomes in terms of sustainable economic, social and environmental benefits.

(D) Determining the interventions necessary to optimise the achievement of the intended outcomes.

(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

(F) Managing risks and performance through robust internal control and strong public financial management.

(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.2 Good governance is a dynamic process and the Council is committed to improving governance on a continuing basis through a process of evaluation and review. The Audit Committee on 19 March 2024 received the report on Gedling's "*Local Code of Corporate Governance 2024-25*" which set out in detail how the Council demonstrates that its governance structures comply with these seven core principles. An end of year review considered by Audit Committee on the 18 March 2025 has confirmed that these were in place for the whole of the financial year.

### 4. Governance Arrangements

4.1 There is a governance assurance framework through which the Council satisfies itself as to the effectiveness of its system of internal control. This takes as its starting point the Council's principal statutory objectives, and our organisational objectives as set out in the Council's Corporate Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

### **ANNUAL GOVERNANCE STATEMENT**

- 4.2 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.
- 4.3 The following documents establish these policies, aims and objectives at a strategic level:
- The Corporate Plan (The Annual Plan);
  - The Local Plan;
  - The Annual Budget and Performance Management Framework;
  - The Financial Strategy;
  - The Treasury Management Strategy;
  - The Internal Audit Strategy;
  - The Risk Management Strategy;
  - The Equality and Diversity Policy;
  - The Counter Fraud and Corruption Strategy.
- 4.4 These high level plans are further supported by Service Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are within the Council's Publication Scheme and available on the Council's website at [www.gedling.gov.uk](http://www.gedling.gov.uk) or can be inspected at the Council's Civic Centre, Arnot Hill Park, Arnold, Nottinghamshire.
- 4.5 Gedling's corporate governance framework defines the roles and responsibilities of the full Council, Cabinet, Scrutiny and officer functions as detailed in the Constitution, and demonstrates how the Council meets defined standards of governance in relation to its policies, aims and objectives.
- 4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period.
- 4.7 The internal control system includes:
- Annual review of the effectiveness of the Council's Corporate Governance Framework, including signed Assurance Statements from Directors and Assistant Directors;

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

### **ANNUAL GOVERNANCE STATEMENT**

- An established Counter Fraud and Corruption Strategy, including whistleblowing procedures, communicated to Members, officers and the public, and are available on the Council's website;
- An established Audit Committee that undertakes the core functions as identified in CIPFA guidance;
- The Terms of Reference for the Audit Committee which include specific responsibility for reviewing risk management procedures, including the reporting arrangements on strategic risks via a corporate risk scorecard;
- A Risk Management Strategy that is led by Senior Management for the identification and evaluation of strategic and operational risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives;
- A comprehensive risk management process that includes the identification of both strategic and operational risks which are held and maintained on corporate and directorate Risk Registers, and subject to regular review;
- Internal audit reviews are carried out using a risk-based audit approach with the emphasis on key financial systems. This work is undertaken in co-operation with the Council's External Auditor ensuring maximum use of Audit resources, and ensures that professional standards are maintained;
- Performance Plan monitoring, review and reporting;
- Facilitation of policy and decision making through the Constitution, Codes of Conduct and the decision-making process, Forward Plan and role of the Scrutiny Committee;
- The statutory roles of the Council's Head of Paid Service, Monitoring Officer and Chief Financial Officer place a duty on these post-holders to provide robust assurance on governance and ensure compliance with established policies, procedures, laws and regulations;
- Compliance with established policies, procedures, laws and regulations are monitored through the work of the Finance and Legal staff that are adequately trained and experienced;
- Budgetary and performance management reporting to management, Cabinet and Council;
- Formal project management guidelines;

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

- Business continuity planning processes;
- Adherence to good employment practices;
- Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.

### 5. **Financial Management**

- 5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Chief Financial Officer.
- 5.2 Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract and Procurement Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.
- 5.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:
- Council objectives are being achieved;
  - The economic and efficient use of resources;
  - Compliance with policies, procedures, laws, rules and regulations;
  - The safeguarding of Council assets;
  - The integrity and reliability of information and data.
- 5.4 CIPFA issued in 2016 a Statement on “*The Role of the Chief Financial Officer in Local Government*”, and this covered five key areas. The Council can demonstrate how it conforms to these governance requirements as the Chief Financial Officer:
- is a member of the Senior Leadership Team and plays a key role in helping it to develop and implement strategy to resource and deliver the Council’s strategic objectives sustainably and in the public interest;
  - is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and there is alignment with the Council’s overall financial strategy;
  - leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively;
  - leads and directs the finance function, which is resourced to be fit for purpose;

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

- is professionally qualified and suitably experienced.
- 5.5 CIPFA issued in 2019 a Statement on the Role of the Head of Internal Audit, and this covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:
- Objectively assesses the adequacy and effectiveness of governance and management of risks, giving an evidence based opinion on all aspects of governance, risk management and internal control;
  - champions best practice in governance and comments on responses to emerging risks and proposed developments;
  - is Gurpreet Dulay, a Partner of BDO UK, and he (or his BDO representatives) have regular and open engagement across Gedling Borough Council, particularly with the Leadership Team and with the Audit Committee;
  - leads and directs an internal audit service that is resourced appropriately, sufficiently and effectively;
  - is professionally qualified and suitably experienced.

### 6. Review of Effectiveness

- 6.1 Gedling 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 executive 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.
- 6.2 The Council is committed to the maintenance of a system of internal control which:
- Demonstrates openness, accountability and integrity;
  - Monitors and reviews compliance with established policies, procedures, laws and regulations and effectiveness against agreed standards and targets;
  - Monitors and reviews the effectiveness of the operation of controls that have been put in place;
  - Identifies, profiles, controls and monitors all significant strategic and operational risks;
  - Ensures that the risk management and control process is monitored for compliance.

### 6.3 Assurance From Executive Managers

In preparing this statement each Assistant Director and Director has signed an assurance checklist. The checklist requires assurance that services are

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

operating in compliance with the Council's policies, procedures and practices and with the internal control and governance assurance framework. The checklist asked each Assistant Director to draw attention to any matters in respect of which internal controls were not working well and required a positive assurance that apart from those areas which were identified for improvement that the controls within the service had been, and are, working well. Each Assistant Director gave a positive assurance with no material risk issues raised.

### 6.4 Assurance from Internal and External Audit

Two of the key assurance statements the Council receives, and the external auditor's review of Value for Money arrangements and the annual report and opinion of the Head of Internal Audit:

External Auditor (Mazars) Value for Money arrangements:

The Code of Audit Practice issued by the National Audit Office requires External Audit to consider if the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources, reporting by exception where they have identified significant weakness in those arrangements.

The external auditor is required to report under three specified criteria:

- Financial Sustainability – How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – How the Council ensures that it makes informed decisions and properly manages its risks;
- Improving economy efficiency and effectiveness – How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

*For the year ended 31 March 2025 The Head of Internal Audit (BDO) Annual Report and Annual Statement for 2024/25, concluded:*

- *Overall, we provide Moderate Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services.*
- *We completed a total of nine reviews (eight assurance audits and one advisory review). The advisory review for to EDI was an advisory review where a formal audit opinion was not provided.*
- *For the eight assurance audits, two were rated Substantial and six Moderate in the design of the controls. One assurance audit was rated as Substantial, five were Moderate and one was Limited in their operational effectiveness. These ratings are similar to those in the prior year.*

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

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- *There has been a continued engagement with internal audit by the Senior Leadership Team (SLT), demonstrating a commitment to enhancing internal controls, governance and risk management processes. There was appropriate levels scrutiny of our internal audit work, including robust discussions about our reports in Audit Committee meetings. This is despite a backdrop of increasing challenges on resources for local authorities, compounded by other demands that have impacted capacity of staff (such as managing the electoral pressures of a General Election). Staff have consistently provided our Internal Audit Team with availability to support the delivery of our reviews.*
- *The Council had a restructure of its SLT and governance model in 2024/25, widening the management team and creating roles to support its transformation programmes and operational management. We have met with the SLT, Assistant Directors and Senior Managers individually throughout the year and collectively to agree our Internal Audit Plan for 2025/26.*
- *As with many other local authorities, there has been a continued challenge to sign off the Council's financial accounts for prior years. The accounts for 2022/23 and 2023/24 have been published with a disclaimed audit opinion, where an audit certificate could not be issued. This partly relates to the historic challenges that the Council has had for the control gaps in its main financial system. Our internal audit work continues to assess key financial controls as part of our core assurance.*

The Head of Internal Audit's Annual Report also details evidence of BDO's own compliance with the Public Sector Internal Audit Standards against which they are externally assessed every five years. This provides assurance that the internal audit provision is effective.

#### **7. Significant Governance Issues 2024/25**

- 7.1 The control framework facilitates the identification of any areas of the Council's activities where there are significant weakness in the financial controls, governance arrangements of the management of risk.

##### **7.1.1 Management Arrangements and Workforce Capacity**

The Council implemented a senior management structure as part of its efficiency programme with a phased implementation timescale recognising the need to balance the requirements of delivering efficiencies with appropriate management capacity to ensure effective governance and the continued delivery of strategic objectives.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

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It was recognised at the outset that new ways of working will be required to ensure successful delivery and there is potential for some capacity reductions to arise during this period of change which may impact on governance compliance and service planning which will require appropriate prioritisation to ensure the Annual Plan delivery is aligned to resources and to maintain staff morale.

### 7.1.2 Economic Growth / Cost of Living Crisis

The 2024/25 balance of risk to economic growth in the UK was still to the downside, with significant risks related to: labour supply shortages proving more to challenge to economic activity; inflationary pressures not being effectively controlled by monetary policy interventions; UK/EU trade agreements being effective.

Key potential risk issues will be monitored via the established Risk Management process and include:

- a direct impact on service delivery and workforce capacity arising from increased service demand pressures and new initiatives to support vulnerable households.
- Delayed supply chains directly affecting service delivery;
- Budget pressures due to inflation for example pay pressures, fuel and utilities, reduced fees and charges income.

### 7.1.3 The CIPFA Financial Management Code

CIPFA introduced the Financial Management Code (FM Code) 2019, which sets out for the first time, the standards of financial management for local authorities. Adoption of the Code was required from 1 April 2021 and was included the Annual Governance Statement (AGS) Action Plan for 2021/22. A self-assessment providing assurance that the standards of the FM Code are being met was considered by Audit Committee in September 2021 and some improvement actions were noted.

The implementation of the majority being implemented in 2022/23 and outstanding actions implemented in 2023/24 as detailed in the paragraphs below, including for example, implementation of the Officer Declarations of Interest process.

It should be noted that compliance with the FM Code is an ongoing requirement and new actions to both maintain and improve standards will be a normal feature of securing effective financial management and continuous improvement.

### 7.1.4 Fraudulent Activity

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

A sophisticated fraud which took place over a number of decades, conducted by an individual with key inside knowledge of the council's financial systems using sophisticated techniques was discovered in July 2022.

Upon discovery of the fraud the individual was suspended and subsequently dismissed following a thorough investigation by the Council and its internal auditors (BDO), the Council co-operated with the relevant bodies and a prosecution commenced in 2024 with the individual being sentence to 5 years imprisonment in October 2024.

The financial impact of the fraudulent activity has been quantified as £934,343. During 2022/23 £327,750 was recovered from the Nottinghamshire Local Government Pension Scheme leaving a balance of £606,593 which is currently still being pursued via an insurance claim. Nottinghamshire Police Authority are also pursuing a claim under the Proceeds of Crime Act 2002. At the time of writing the AGS we have not had an update from the Police or the Insurance company.

Following discovery of the fraud the Council have conducted mandatory training for all staff to be undertaken every two years in fraud awareness and commissioned an extensive internal audit and implemented numerous changes in its processes. Recent changes in legislation have also put more measures in place to prevent this type of fraud from happening in the future.

### 7.2 Action Plans

#### 7.2.1 Review of Progress in 2024/25

The 2024/25 Annual Governance Statement (AGS) identified the following control or risk issues and some issues deferred from the previous year which whilst not significant were included, through its proactive and holistic approach to Governance. The progress is detailed below:

2024/25 AGS Actions:

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan was presented to Cabinet to consider the emerging risk on increased service delivery costs and inflation. To consider the impact of rising prices, including pay pressures, fuel and utilities, the potential adverse supply impacts on service delivery, and increasing service demand pressures from vulnerable households.. A new round of efficiency savings were identified and approved for delivery.*
- **Action: Chief Finance Officer/Senior Leadership Team – Completed March 2025 remains an Ongoing Action.**
- Workforce Capacity – *To monitor the emerging risk of restrictions on workforce capacity to the delivery of the Gedling Plan and to governance*

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

*compliance. Prioritise Gedling Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by increased service demand and a shortage of professionals in the job market, with reliance on high cost Interim staffing arrangements, implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the cost of living crisis is still increasing demands to support for vulnerable households.*

#### **Action: Senior Leadership Team - Ongoing**

- Emergency Planning Arrangements and Business Continuity Plans – *A review of emergency planning arrangements and an update of all Business Continuity Plans to ensure they are fit for purpose for all business continuity risks. To include emergency planning training, in particular related to cyber risk. Revise strategic policy, corporate business continuity plan and update response structures.*

**Action: Deputy Chief Executive – Business Continuity plans updated December 2024 approval and implementation in 2025/26. Emergency Planning July due 2025.**

- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA's Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*

**Action: Chief Finance Officer – Ongoing Independent Member on the Audit Committee - Completed.**

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*

#### **Action: Chief Finance Officer – Ongoing**

- Internal Audit Actions Implementation – *to ensure the continuous improvements to support the monitoring and timely implementation of internal audit actions by management.*

**Action: Chief Finance Officer - Ongoing**

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

- Risk Management Strategy – Building on audit recommendations and the new risk management strategy approved in 2023/24, implement risk management and reporting under the new process to ensure risks are considered, analysed, monitored and reported effectively.

**Action: Chief Finance Officer & Interim Director of Corporate Resources – Completed.**

- Procurement Strategy – *The new Procurement Act came into force in February 2025 and includes a number of new areas that need to be implemented. A revised procurement strategy will be required in order to ensure we are operating within the legislative framework.*

**Action: Deputy Chief Executive & Chief Finance Officer – Completed.**

- Governance – Introduce and implement a new governance structure including introducing governance boards to better and more effectively manage activity across the authority.

**Action – Director of Transformation and Deputy Chief Executive – Completed.**

- Fees & Charges – Review the fees and charges process and introduce a new charging policy.

**Action – Chief Finance Officer - Completed**

#### 7.2.2 Actions 2025/26

Based on our review of the Governance Framework, the following control and risk issues will be addressed in 2025/26. Whilst not all actions represent significant issues, all planned governance actions are included to provide a proactive and holistic approach to Governance:

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan will be presented to Cabinet to consider a new round of efficiency savings to ensure a balanced budget in the medium term.*

**Action: Chief Finance Officer/Senior Leadership Team – Ongoing**

- Workforce Capacity – *To monitor the emerging risk of restrictions on workforce capacity to the delivery of the Annual Plan and to governance*

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

*compliance. Prioritise Annual Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by increased service demand and a shortage of professionals in the job market, with reliance on high cost Interim staffing arrangements, implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the continuing cost of living crisis is still increasing demands to support for vulnerable households.*

#### **Action: Senior Leadership Team – Ongoing**

- Good Governance – Undertake a review on Governance arrangements to align the annual governance review and the Annual Governance Statement in 2025/26 with the new CIPFA framework “Delivering good governance in local government”

#### **Action: Senior Leadership Team – March 2026**

- Governance Arrangements – Complete the new LGA “Improvement and Assurance Framework Self-Assessment Tool” to evaluate the Councils governance arrangements.

#### **Action; Senior Leadership Team – March 2026**

- Emergency Planning Arrangements – *A review of emergency planning arrangements. To include emergency planning training, in particular related to cyber risk.*

#### **Action: Deputy Chief Executive – October 2025**

- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA’s Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*

#### **Action: Chief Finance Officer – Ongoing**

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

#### **Action: Chief Financial Officer – March 2026**

- Anti- Fraud Strategy and Whistleblowing Policy – *Review, revise and refresh the anti- fraud strategy and whistle blowing policy in line with audit recommendations.*

#### **Action: Chief Finance Officer – September 2025**

- External Funding – Implement a review and update the Councils External funding policy and guidance, ensuring that any external funding applied for meets the priorities of the Council and is a deliverable within the Annual Plan.

#### **Action: Deputy Chief Executive – December 2025**

- 7.3 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.

Mike Hill  
Chief Executive

Date:

John Clarke  
Council Leader

Date:

2024/2025



**Gedling Borough Council**

**Annual Statement of Accounts**

**2024/2025**

**Unaudited**

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**

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**GEDLING BOROUGH COUNCIL**  
**ANNUAL STATEMENT OF ACCOUNTS 2024/25**  
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The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with International Reporting Standards (IFRS), rather than the amounts to be funded from taxation (which are shown in the Expenditure Funding Analysis at note 5 on page 46). The Movement in Reserves Statement (MiRS) shows how the Council's resources, or "net worth", moved over the year, and the Balance Sheet shows how those resources were held at the year-end in the form of assets and liabilities. Finally the Cashflow Statement shows how the Council's cash balances have moved over the year.

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**ANNUAL STATEMENT OF ACCOUNTS 2024/25**

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## **1. Introduction to Gedling Borough**

The Borough of Gedling is home to an estimated 117,800 people living in just over 53,000 households and is also the base for around 5,000 businesses. It covers 120 square kilometres on the outskirts of Nottingham and is a Borough of contrasts, with an urban commuter base centred on the towns of Carlton and Arnold, extending out to rural farmland and villages including Calverton, Ravenshead and Woodborough.

Gedling's vision is clear: we are responsible for a wide range of local services that matter to our residents in the borough. However, we do not limit our interest to those services we are directly accountable for but rather seek to influence and make a difference in all aspects of community life. At the centre of what we do is the motto "Serving People, Improving Lives" by which we aim to fulfil our ambition of being regarded as an excellent Council by the people and businesses we serve and the staff we employ and by making a positive difference to people's lives as well as creating opportunities for everyone to fulfil their full potential.

Managing a net revenue budget of £14.938m and a revised capital budget of over £9.467m, the Council provides a wide range of services for its residents as detailed in our Gedling Plan 2023-27.

Gedling has a strong record of delivering high-quality, low-cost services, but the Council continues to face cuts in central government funding, making this an ever-increasing challenge to maintain. Funding cuts have come at a time of increasing demands for services from a growing and increasingly ageing population, together with inflationary pressures, in particular the Government's removal of the public sector pay cap has impacted on pay expectations in local government. Details of the plans made by the Council for 2024/25, the performance achieved against those plans and a look forward to 2025/26 and beyond are given in the following sections.

## **2. Gedling's Plans for 2024/25**

The Gedling Plan 2023-27, summarising how the Council would work with its partners to improve the lives of its residents, support local businesses and provide high quality and excellent value for money services, was approved by Council on 2 March 2024. This document set out the Council's four priorities, and all Gedling's plans are structured around these priorities, which are summarised below:

- ❖ Economy – to encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and prioritising an economy that attract visitors throughout the day and supports leisure activity.
- ❖ Community - to enable a resilient, empowered, connected, inclusive and healthy community.
- ❖ Place - to enable a safe, attractive, clean and culturally vibrant borough that plays its part to tackle the climate emergency.
- ❖ The Council - to ensure the council is a healthy place to work, it engages with its customers, has a focus on improvement, is financially sound, and ensures compliance with all relevant legislation.

### **2024/25 Budget Highlights**

On 30 October 2024, the Chancellor of the Exchequer presented his Autumn Statement to Parliament.

At the Budget, the government has fixed the envelope for Phase 2 of the Spending Review, which will conclude in the late Spring 2025. It will deliver a new settlement for public services, marking a fundamental change in how the government approaches public spending, supports growth, and delivers public services.

A Fair Funding Review has been announced and is currently open for consultation until August 15, 2025. The review aims to reform the way local authorities are funded, with a focus on a more equitable distribution of resources and reducing administrative burdens. This includes a review of how needs and resources are assessed, and a potential reset of the 50% business rates retention system from April 2026.

Earlier this year, the Government announced the £69 billion financial Settlement for 2025-26 - a 6.8% cash terms increase, with £600 million being directed through a one-off Recovery Grant to sustain

councils with historical low tax bases and higher levels of deprivation, through to the upcoming multi-year settlement. At the Spending Review earlier this month, the Government also announced over £5 billion of new grant funding over the next three years. This includes £3.4 billion of new grant funding which will be delivered through the multi-year Local Government Finance Settlement.

The Government has ambitious plans to strengthen and simplify the structures of local government through reorganisation. The Government are also bringing to an end wasteful, competitive bidding for funding pots and moving towards multi-year financial Settlements that give local leaders the certainty and stability they need to plan for the future.

The government is prepared to take the tough choices to improve services for the working people of Britain – with a balanced approach that protects all local authorities but ensures funding is truly based on need. The reforms will take into account the different needs and costs faced by communities across the country, including adjusting for the costs of remoteness faced by rural communities, and the ability of individual local authorities to raise Council Tax, while also resetting business rates income. It will update the crucial formulae used to calculate funding allocations, which are a decade out of date. Once finalised, the changes will be implemented in 2026-27 through the first multi-year Settlement in a decade.

These improvements are part of wider reforms we are making to local government to reset the relationship with central government, and drive the greatest transfer of power from Whitehall to the townhall in a generation through our landmark English Devolution Bill.

The 2024/25 Settlement determines how much Revenue Support Grant central government will give to each local authority in England in 2024/25 and sets the Baseline Funding Level for Business Rates (the actual amount of business rates funding will be determined by the actual amount of rates collected and movements in the business rates base in accordance with the business rates retention scheme).

The one year settlement means that there is still no clarity over funding levels after March 2025. This continues to hamper meaningful financial planning at a time when demand and inflationary pressures are now increasing beyond expectations.

The 2024/25 Settlement Funding Assessment (SFA) figures are set out in the table below along with those for previous periods for comparative purposes:

Year	Revenue Support Grant £	Business Rates £	Total SFA £	Cash (Reduction) /Increase £	Movement from Prev. Year	Movement from 2015/16 (last CSR)
2015/16	2,146,200	2,792,300	<b>4,938,500</b>			
2016/17	1,415,700	2,815,500	<b>4,231,200</b>	(707,300)	-14.3%	<b>-14.3%</b>
2017/18	780,500	2,873,000	<b>3,653,500</b>	(577,700)	-13.7%	<b>-26.0%</b>
2018/19	384,900	2,959,300	<b>3,344,200</b>	(309,300)	-8.5%	<b>-32.3%</b>
2019/20	0	3,027,100	<b>3,027,100</b>	(317,100)	-9.5%	<b>-38.7%</b>
2020/21	0	3,076,400	<b>3,076,400</b>	49,300	+1.6%	<b>-37.7%</b>
2021/22	0	3,076,400	<b>3,076,400</b>	0	0%	<b>-37.7%</b>
2022/23	500	3,076,400	<b>3,076,900</b>	500	0%	<b>-37.7%</b>
2023/24	117,500	3,191,600	<b>3,309,100</b>	232,200	7.5%	<b>-33.0%</b>
2024/25	125,300	3,321,100	<b>3,446,400</b>	137,300	4.1%	<b>-30.2%</b>

The new element of Revenue Support Grant (RSG) relates to the consolidation of grant funding that has previously been received outside of the Settlement Process, primarily being Council Tax Administration Subsidy i.e. this is not new funding. An offsetting reduction has been made in the core Revenue Budgets detailed at paragraph 2.5. The increase in business rates is due to adjustments made to baseline funding levels due to the revaluation of the system (see para 2.4.3)

The total cumulative settlement reductions equate to 30% or £1.49m in cash terms over the periods from 2016/17 to 2024/25 compared to the base position of 2015/16. Excluding the grants now consolidated into RSG i.e. not additional funding, the equivalent cumulative settlement reductions equate to 33% or £1.62m over the same period.

SFA is reduced to 23% of Gedling's net budget for 2024/25, before accounting for new required efficiency targets, compared to 60% in 2010/11.

### 3. Gedling's Performance in 2024/25

#### a. Financial Performance

During 2024/25, Cabinet received the usual Gedling Plan monitoring reports by portfolio for decision making (see the Expenditure and Funding Analysis at disclosure note 5 on page 46) and approved budget amendments to align resources to meet identified budget pressures, managing within the overall maximum capital and revenue budgets approved by Council, which included approved budget carry forwards from 2023/24.

#### Capital Outturn

Summary capital outturn expenditure by portfolio is shown below, together with its financing:

<b>Capital Outturn</b>	<b>Revised Estimate 2024/25 £000</b>	<b>Actual 2024/25 £000</b>	<b>Variance 2024/25 £000</b>
<b>Capital Expenditure:</b>			
Lifestyles, Health & Wellbeing	226	174	(52)
Public Protection	2,003	1,836	(167)
Environment Services	1,106	612	(494)
Climate Change & Natural Habitat	607	333	(274)
Sustainability Growth & Economy	3,548	2,485	(1,063)
Corporate Resources & Performance	1,977	623	(1,354)
<b>Total Capital Expenditure</b>	<b>9,467</b>	<b>6,063</b>	<b>(3,404)</b>
<b>Financing:</b>			
Capital Receipts	(1,039)	(372)	667
Capital Grants and Contributions	(3,969)	(3,627)	342
General Fund Revenue Contribution	(252)	(195)	57
Developer Contributions	(347)	(289)	58
Borrowing	(3,860)	(1,580)	2,280
<b>Total Financing</b>	<b>(9,467)</b>	<b>(6,063)</b>	<b>3,404</b>

Requests for carry forward of budgets to 2025/26 totalled £3,204m.

Major investments in services during the year included

:

- ❖ £1.234m provided for Disabled Facilities Grants.
- ❖ £0.977m on the Hillcrest Business Park Extensions
- ❖ £0.708m on Temporary Accommodation
- ❖ £0.580m on the Vehicle Replacement Programme
- ❖ £0.578m on the East Midlands Domestic Retrofit Project
- ❖ £0.572m on The Arnold Market Place (AMP)
- ❖ £0.255m on Digital Transformation
- ❖ £0.174m provided for Sports Facilities Investment.

At the end of the year capital grants and contributions received but not yet applied to capital expenditure totalled £1.474m. These capital reserves remain available for use in future years.

The Capital Financing Requirement represents the Council's underlying "need" to borrow for capital purposes and totalled £16.293m at 31 March 2025. No PWLB loans matured during 2024/25 and no additional PWLB loans were taken out in the year. Total external debt as at 31 March 2025 totalled £10.812m and therefore the Council remained in an "internally borrowed position", effectively using some of its reserves and balances to support capital expenditure in the short term. This approach is deemed prudent since although borrowing and investment rates are starting to increase, any further borrowing in advance of cash flow requirements would result in a significant additional cost to carry the extra debt. The Council has access to borrowing facilities at concessionary "certainty" rates from the PWLB. Loans taken from PWLB have special characteristics in that interest rates are based on the Government's cost of borrowing, rather than on market rates.

### **Revenue Outturn**

Summary outturn revenue expenditure by portfolio is shown below, together with its financing:

<b>Revenue Outturn</b>	<b>Estimate 2024/25 £000</b>	<b>Actual 2024/25 £000</b>	<b>Variance £000</b>
<b>Portfolio:</b>			
Communities & Place	334	362	28
Lifestyles, Health & Wellbeing	1,729	1,592	(137)
Public Protection	1,251	1,594	343
Life Chances & Vulnerability	1,868	1,650	(218)
Environmental Services	4,279	4,586	307
Climate Change & Natural Habitat	2,109	2,015	(93)
Sustainable Growth & Economy	1,490	1,682	192
Corporate Resources & Performance	3,050	1,467	(1,583)
<b>Net Portfolio Budget</b>	<b>16,110</b>	<b>14,938</b>	<b>(1,162)</b>
Transfer (from)/to Earmarked Reserves	(1,172)	(10)	1,162
<b>Net Council Budget</b>	<b>14,938</b>	<b>14,938</b>	<b>0</b>
<b>Financing:</b>			
Business Rates	(6,539)	(6,748)	(209)
Council Tax	(7,333)	(7,333)	0
Funding Guarantee	(226)	(226)	0
Service Grant	(21)	(21)	0
Revenue Support Grant	(125)	(125)	0
New Homes Bonus	(710)	(710)	0
<b>Transfer (from)/to General Fund Balance</b>	<b>16</b>	<b>225</b>	<b>209</b>
<b>Total Financing</b>	<b>(14,938)</b>	<b>(14,938)</b>	<b>0</b>

The table shows the achievement of a balanced Net Council Budget, which is a positive result.

The General Fund balance at 31 March 2025 is £5.292m. This remaining balance will be available to support future revenue expenditure.

In addition to the General Fund balance, earmarked reserves are sums set aside to provide financing for specific future expenditure plans. The total balance of such reserves at 31 March 2025 is £8.594m as opposed to £8.604m at 31 March 2024.

## **Council Tax**

Gedling collects its own council tax and, as a billing authority, for Nottinghamshire County Council, the Nottinghamshire Police and Crime Commissioner, the Combined Fire Authority and twelve parish councils. This has a significant impact on the Council's cash flow with the Council planning to collect around £94.3m and retaining only its own £7.3m for spend on services in 2024/25. Gedling's element of the council tax was increased by £5.48 (for a Band D equivalent property) in 2024/25 and during the year 97.5% of council tax due was collected, against a target of 98.5%.

## **Non-Domestic Rates**

Under the Business Rates Retention Scheme, Gedling collects business rates income and pays over the appropriate shares to Central Government, Nottinghamshire County Council and the Combined Fire Authority. Gedling was due to collect business rates income of £26.2m in 2024/25 after applying a number of reliefs announced by the Government. These reliefs and the accompanying compensation grants from the Government impacted the Council's cash flow during 2024/25 and this impact will continue for a number of years. Gedling's share of business rates income amounted to £7.1m in 2024/25.

The Business Rates Retention Scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the degree of successful appeals nor the reduction in rateable value achieved can be pre-determined. Using the best information available the total provision at 31 March 2025 is £1.522m, of which Gedling's share under the scheme is £0.609m. This represents a decrease for Gedling's share of £0.716m from the position at 31 March 2024.

During the year 98.5% of the business rates due was collected against a target of 98.9%.

## **Balance Sheet**

The Council's net worth increased from a net asset of £33.335m to £39.537m at 31 March 2025. The movement is largely due to a change in the pension liability and an increase in short term debtors.

### ❖ Pension Liabilities

The Council's pension liability is the value of its commitment to pay retirement benefits across future years, offset by the value of assets invested in the Pension Fund. The Pension Fund is revalued every three years to set future contribution rates. At the most recent actuarial valuation on 31 March 2023, which set Gedling's contribution rates for 2023/24 to 2025/26, the funding level of the Nottinghamshire County Council Pension Fund was 100% of the accrued liabilities as at 31 March 2022, which has increased from 93% at the 2019 valuation.

Gedling's pension liability decreased by £2.9m to £1.5m during 2024/25. This was mainly due to decrease in the present value of the defined benefit obligation and an increase of the fair value of fund assets based on technical calculations and actuarial assumptions. This figure includes an asset ceiling figure of £11.4m. Whilst this has a significant impact on the Council's net worth, the increase in pension liability will be made good by the increases in future contributions and bears no relation to the cash position on the Pension Fund.

### ❖ Short Term Creditors

The value of short-term creditors and receipts in advance decreased by £0.1m during 2024/25.

### ❖ Short Term Debtors

The value of short-term debtors increased by £4.4m during 2024/25.

## **b. Non-Financial Performance**

### **Key Achievements and Key Performance Measures:**

The Council has made a commitment to closely align budget and performance management in line with good practice. To deliver this commitment, progress in respect of activities,

achievements and performance measures, grouped by the Council's priorities, is reported to Cabinet on a regular basis. Key achievements are deemed to be those making a real difference to peoples' lives, in keeping with the Council's key aim of Serving People, Improving Lives whilst key performance measures allow progress towards these to be monitored.

### **Economy:**

To encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and promoting an economy that attracts visitors throughout the day and supports leisure activity.

#### Key Achievements

- ❖ This year, more than 650 stakeholders across the borough contributed to shaping the Ambition Arnold Visionary Masterplan. The plan, which has now been approved, sets a future vision to revitalise Arnold town centre and address its long-term sustainability. It ensures that the Council is ready to make the most of future funding opportunities as they arise

Significant progress was made this year on skills development including:

- ❖ 30 residents taking part in HGV driver training programme, with 18 so far securing work.
- ❖ 38 residents taking part in forklift truck driver training with 18 participants so far in work.
- ❖ 110 socially excluded residents taking part in the 'Transform Your Future' Programme, with 86 people supported to access basic skills and 107 supported to engage in job searching.
- ❖ More than 100 people accessing Digital Skills training.
- ❖ More than 40 people accessing ESOL training to improve their 'Everyday English' skills.
- ❖ In partnership with the Department for Work and Pensions, we have also held four well-attended jobs fairs.

Business support also remains strong including:

- ❖ 110 businesses being engaged in five Business Support Network events delivered across the year.
- ❖ Ongoing access to Business Advice Surgeries hosted by East Midlands Chamber.
- ❖ High interest from Gedling businesses in the Business Start Up/Growth grants managed by Nottinghamshire County Council, with 24 applications bought to panel and approved.
- ❖ Additionally, solid progress was made (and is now completed) on Hillcrest Park business units in Calverton which will further enable space for local business growth.
- ❖ Our focus on high street improvement has also continued. High Street Events Grant activity has involved volunteers removing graffiti, weeding and planting in local areas. The High Street Hero week held in February attracted 168 children from across the borough, increasing footfall to the high street.
- ❖ `Finally, in Quarter 3 we received positive news from the Government, honouring the £20m commitment to a revised programme that builds on the work done to create a 3 year investment plan and ten-year vision as part of the Carlton Long Term Plan for Towns.

## **Community:**

To enable a resilient, empowered, connected, inclusive and healthy community.

### Key Achievements

- ❖ Our Leisure service achieved its highest ever membership numbers, with more than 5000 members registered as at Spring 2025, making a significant contribution to health and wellbeing across the borough.

A multitude of successful events were held across the borough, delivered or enabled by the Council, including:

- ❖ The Arnold Christmas lights switch on, attracting more than 2500 people to watch festive performances from local schools and choirs.
- ❖ The 9th Pride of Gedling Awards, with more than 120 nominations received.
- ❖ The Arnold Summer Fair, bringing communities together with a focus on heritage and history.
- ❖ A schools celebration event bringing together young people from across the borough.
- ❖ Arnold Remembrance Event with a record attendance of 2500 – 3000 people, with advisory support provided for Gedling and Mapperley events.
- ❖ Multiple civic events, a parish conference, leisure gala days, litter picking events ... and more!
- ❖ In Netherfield, the Council supported the development of a community mosaic designed by local artist Anna Dixon in liaison with local residents. This was installed in Jackie Bells Field along with the addition of a new tree to improve the green space.
- ❖ Carlton Hill Sensory Garden was re- developed, including replanting the garden and adding additional sensory elements along with replacement benches and enhanced signage.
- ❖ The Gedling Social Mobility Commission was mobilised with the intention of tackling inequality across the borough.
- ❖ A partnership 'Day of Action' at Burton Road Jubilee Park brought partners together including Red Snapper Immediate Justice, the police, Deputy Police Crime Commissioner, Rivendell View Care Home and Council staff to carry out improvements on the park.
- ❖ A week long Keep Britain Tidy 'Spring Clean' involved several community litter picks across parks in the borough. Volunteers from The Friends of Bestwood Country Park, Gedling Parks Community Group were amongst those taking part.

## **Place:**

To promote and drive sustainable growth across the borough to meet current and future needs.

### Key Achievements

- ❖ Four of our parks have again achieved Green Flag status, including Arnot Hill Park for the 18<sup>th</sup> year running, Burton Road Jubilee Park and Gedling Country Park (for the 9<sup>th</sup> year running) and Breck Hill Park (for the 3<sup>rd</sup> year running).
- ❖ Our housing team has succeeded in reducing long-term vacant homes to 0.79%, an achievement that exceeds the East Midlands (1.1%) and national (1.03%) averages.
- ❖ We completed the planting of more than 1,370 new trees and established a wildflower meadow for the Green Lung project at Digby Park, strengthening local biodiversity and climate change.

We funded improvements to our parks, playgrounds and community facilities by attracting external funding and local grant funding to deliver improvements including:

- ❖ The Queen's Canopy memorial at Gedling County Park,
- ❖ An upgraded playground at Valley Road in Carlton including a zip line, wheelchair accessible see saw, swings, trampolines and more.
- ❖ Four new art sculptures at Arnot Hill Park showing the history of Arnold and its surroundings.
- ❖ A new willow sculpture at Gedling Country Park park.
- ❖ Improvements at Conway Road tennis courts, investment in flood lights at Mellish Rugby Club and Pavoirs Rugby Club, and a new 3G pitch at Calverton Miners Welfare Football Club.
- ❖ Investments have also been made in retrofitting homes in partnership with Eon Energy, maximising external funding to enable home energy efficiency measures. Solar panels and external wall insulation were installed in 29 homes and 28 homes were improved to an Energy Performance Certificate rating (EPC) of band C or above.
- ❖ Other housing improvements have also been made, with the re-launch of our Selective Licensing scheme in Netherfield, giving us powers to make privately rented homes better for people to live in. The scheme makes it mandatory for landlords in certain areas to have licences for each of their private rented properties and currently covers Netherfield, Colwick, Carlton Hill, Daybrook and Newstead Village.
- ❖ The Council's carbon footprint has also reduced significantly in the past year with directly controlled emissions and emissions from energy use reducing by 45% (753 tonnes) since 2019.
- ❖ Environmental improvements to air quality have also been achieved this year, with the removal of the Air Quality Management Area along the A60 following a continued significant reduction in emissions thanks to actions taken by the Council in partnership with Nottinghamshire County Council and Nottingham City Council,
- ❖ The Council's Cabinet agreed to the progression of a feasibility study to consider the potential for a new Carlton Leisure and Community Wellbeing Centre. Work is underway, which will result in a set of detailed design proposals and a full business case.
- ❖ Finally, to enable us to meet 100% of the required housing target for Gedling, we took the challenging decision to withdraw from the Greater Nottinghamshire Local Development Plan to focus on meeting local housing targets with a specific plan for Gedling. By doing this, we can reduce the risk of speculative and uncontrolled development borough wide, while ensuring that as the borough grows, the critical infrastructure to enable it is put into place. Consultation on the Plan will continue into the new Financial Year and we are committed to listening carefully to all views before any final decisions are reached.

#### **The Council:**

To be a high performing, efficient and effective council.

#### **Key Achievements**

- ❖ Despite the ongoing financial and demand pressures that the Council faces, significant work has been done this year to ensure that the Council remains financially stable and can balance its budgets providing planned efficiency targets are achieved. Teams across the Council have worked hard to cut costs, make better use of ICT, to amalgamate managerial roles to ensure value for money and to consider alternative ways of delivering services within financial constraints. Financial prudence will continue to be a core focus for the Council to ensure that our wider objectives can be achieved.

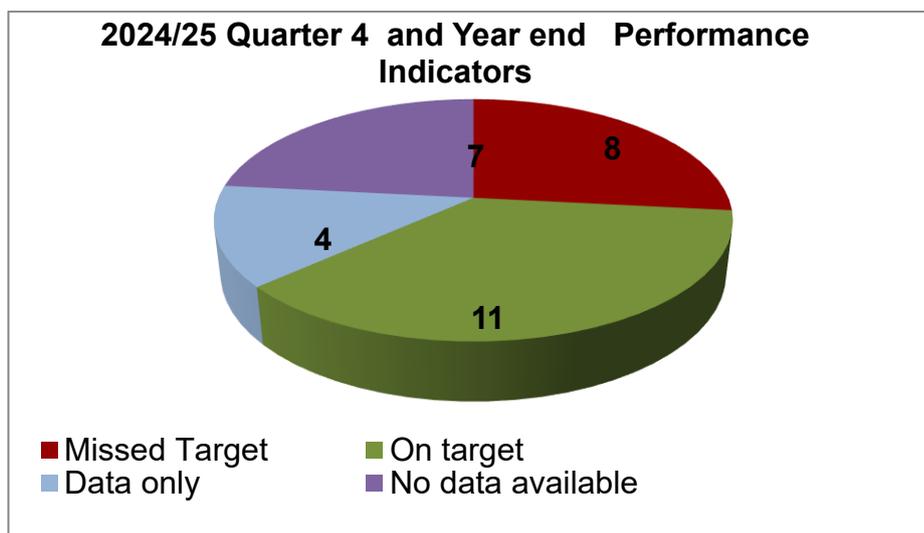
- ❖ As part of the Council's efficiency drive, we are also encouraging people to make better use of online services where they are able to do so. This year 8500 e-bills were issued, an increase of more than 1000 on last year's figures, resulting in significant savings on postage and printing costs.
- ❖ In our waste and streets services, new technology has been developed that, in the new Financial Year (2025/26) will better enable us to deliver services efficiently and will support our teams, and residents, to know exactly where service requests are up to.
- ❖ Similarly, within Customer Services, we are introducing new technology to help residents get through to the person they need to speak to more quickly and to enable our teams to resolve more enquiries at first point of contact, improving service for our residents and enabling more efficient ways of working within our teams.
- ❖ Internally, improvements have also been made to our procurement function, with a new service model in place to ensure greater responsiveness and to achieve greater value over time. Training has also taken place on the new Procurement Act which came into force in February 2025.
- ❖ A new Risk Management Framework has also been introduced to strengthen how we manage risk, supported by a new Corporate Risk Board with regular reporting to the Senior Leadership team, Audit Committee and Overview and Scrutiny Committee.
- ❖ We have also expanded our Trade Waste Service. This generates a small amount of income for the Council and ensures we are ready for the Government's Simpler recycling programme which started to be rolled out this year and will continue into 2025/26.
- ❖ Funding was also awarded to us for successful completion of the Government's Cyber Assessment Framework pilot, giving residents assurance that we are doing everything we can to keep their data safe.
- ❖ And we are updating our asset plans based on a strategic review of our overall assets within the financial year so that we spend limited public funding in the best possible way.

**Actions:**

There are 96 actions included in the Gedling Plan 2023-27 which were due for completion in 2024/25. 56 actions were completed in 2024/25, 38 were overdue and 2 are still in progress.

**Performance Indicators:**

Whilst Actions refer to the Council's broad aims, Performance Indicators are more specific and represent measurable targets that are monitored and reported to Members on a quarterly or annual basis as appropriate. In 2024/25, 11 out of the 30 indicators were on target, 8 were below the target and 4 indicators were used for tracking purposes only. Data was available for all of the indicators.



**What we did well** - 13 indicators were on target or slightly behind target. Examples of particularly positive results, either in terms of the performance against the target or when compared with 2024/25, are shown below :

- ❖ Average number of Swim School Members (12 month rolling period) was 4,070 against a target of 3,800.
- ❖ Number of visits to leisure centres was 1,298,058 against a target of 1,165,000.
- ❖ Current number of DNA members was 5,005 against a target of 4,500.
- ❖ Number of affordable homes delivered (gross) was 105 against a target of 75.
- ❖ Percentage of calls to the contact centre answered (or call back made) was 98.3% against a target of 94.0%
- ❖ Percentage of invoices paid within 30 days was 98.22% against a target of 99.00%
- ❖ Percentage of Business Rates collected was 98.4% against a target of 98.9%
- ❖ Percentage of food premises scoring 4 or 5 in the national food hygiene rating scheme was 95% against a target of 95%
- ❖ Number of rented households with health and safety hazards that fall below the minimum legal standard that have been remediated following the council's intervention was 51 against a target of 50
- ❖ Percentage of Major planning applications processed within 13 weeks was 100% against a target of 92%
- ❖ Percentage of Minor planning applications processed within 8 weeks was 86.41% against a target of 86.00%
- ❖ Number of long term (over 6 months) empty homes in the Borough returned to use as a result of Gedling Borough Council intervention was 98 against a target of 70
- ❖ Number of attendances at the Bonington Theatre was 47,328 against a target of 48,000.

**Where we need to improve** - whilst overall performance is positive, 7 indicators were behind target. The two major areas of concern were:

- ❖ Number of attendances - Bonington Theatre was 47,328 against a target of 48,000
- ❖ Working Days Lost Due to Sickness Absence (rolling 12-month total) was 10.10 days against a target of 9.0 days.
- ❖ Average time to process new Housing Benefit claims (in calendar days) was 20.3 days against a target of 15 days
- ❖ Net additional homes provided was 462 against a target of 465
- ❖ Average time to process Housing Benefit change in circumstances (in calendar days) was 7.7 days against a target of 5 days
- ❖ Percentage of Council Tax collected was 97.49% against a target of 98.50%
- ❖ Average number of Swim School Members was 4,132 against a target of 4,200

#### **4. The Council's Future Plans – The Way Forward**

The financial position remains extremely challenging with Central Government support to the Council continuing to fall.

The final settlement figures announced on 5 February 2024 related only to 2024/25 and is a one-year settlement and once again there was no multi-year settlement which many local authorities, including Gedling Borough Council lobbied for. However, the Government has attempted to provide some clarity for 2024/25 by ensuring the funding guarantee introduced last year is maintained, to ensure every Council sees at least a 4% increase in Core Spending Power next year before any local decisions on council tax. Core settlement funding was also uplifted with Revenue Support Grant increasing by CPI, and an increase in baseline funding levels. They also announced that they will continue with the previous year's approach to the Service Delivery Grant and New Homes Bonus in recognition that these grants are important to Councils. This means there will be no implementation of the Fair Funding Review or reset of the Business Rates system in 2024/25 and confirmed no further changes will be made to Council Tax referendum principles.

The total cumulative settlement reductions equate to 30% or £1.49m in cash terms over the periods from 2016/17 to 2024/25 compared to the base position of 2015/16. Excluding the grants now consolidated into RSG i.e. not additional funding, the equivalent cumulative settlement reductions equate to 33% or £1.62m over the same period.

The Council has always taken, and will continue to take, a proactive approach to funding cuts, actively seeking out ways to identify pressures, possible efficiencies and new sources of income. The Gedling Plan 2023-27 was presented to Members on 2 March 2023 and reaffirmed the Council's priorities as:

- ❖ Economy
- ❖ Community
- ❖ Place
- ❖ The Council

Since 2014/15 Council have approved six separate efficiency programmes totalling £7.5m net of risk provision. The total programme remaining for delivery over 2024/25 to 2025/26 is £0.298m (net of risk provision).

The progress of the current programme delivery has been positive and budget reductions achieved remain broadly in line with the profiled estimate.

A new efficiency programme totalling £108,600 for delivery in 2025/26 is now proposed for approval. A risk provision of £79,600 is included in the budget to manage the inherent risks of efficiency programme delivery

It is recognised that there continues to be significant risks in delivering the full amount of savings in the remaining projects.

Even in the face of the financial challenges, the Council remains ambitious for its residents, businesses and taxpayers and the 3 year capital investment plan, detailed below, includes schemes to provide affordable housing, replace vehicles and refurbish play areas.

Capital Estimate	Three Year Plan		
	2024/25 £000	2025/26 £000	2026/27 £000
Lifestyles, Health & Well-being	219	0	0
Environment	1,516	1,184	1,310
Sustainability Growth and Economy	3,734	2,300	1,200
Corporate Resources and Performance	3,919	1,219	663
<b>Total Expenditure</b>	<b>9,388</b>	<b>4,703</b>	<b>3,173</b>
<b>Financing</b>			
Capital Receipts	(1,015)	(839)	(283)
Capital Grants and Contributions	(3,544)	(1,200)	(1,814)
General Fund Revenue Contribution	(148)	0	0
Borrowing	(4,681)	(2,664)	(1,076)
<b>Total Financing</b>	<b>(9,388)</b>	<b>(4,703)</b>	<b>(3,173)</b>

In addition to reductions in Government grant funding, the key strategic financial risks facing the Council over the forthcoming years are:

- ❖ Major Budget Pressure - Since the approval of the original 2022/23 budget there has been a significant increase in inflationary pressures being faced by the Council, resulting in a substantial increase in costs across the medium term. The inflationary pressures arising have been caused by a range of factors: the aftermath of the Covid-19 pandemic; post-Brexit supply and labour shortages; the war in Ukraine and subsequent western sanctions; and more recently the previous Chancellor's fiscal statement and growth plan set out in September of last year; which all together created a 'perfect storm' culminating in an adverse impact on the economy, dampening growth with inflation rising significantly above the Bank of England target levels and resulting in an increasing Bank of England base rate.
- ❖ Fair Funding Review – Funding baselines for local authorities, as determined by the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. This consists of a large number of economic and social indicators that underlie the distribution of Revenue Support Grant and the setting of tariffs and top-ups within business rate retention. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.

Since that time, demographic pressures have affected local areas in different ways, as has the cost of providing particular services. In recognition of these pressures, the Fair Funding Review will address concerns about the fairness of current funding distributions which have diverged from the needs basis. The outcome of this review will enable the Government to reconsider how the relative needs and resources of local authorities should be assessed in a world in which they will continue to have greater control over the money that they raise.

Transitioning to the new funding distribution. The Government recognises that introducing a new needs and resources formula could result in significant changes to the funding baselines of some local authorities. It is therefore intended to introduce transitional arrangements that are fair, transparent and easily understood so that budgetary impacts can be accommodated.

The latest consultation proposed that the starting baseline for the purposes of transition will be a measure of the current funding available to each local authority i.e. the Core Spending Power measure excluding one-off grants. This should mean that no authority will see its funding reduce as a result of the new system in the first instance. It proposed that transition be time-limited, establishing a fixed period of time to enable target allocations to be reached as soon as practicable.

Whilst the need for a transition period is usual in these circumstances there is a risk that the funding reductions that Gedling have suffered since 2015/16, as detailed in the CSP measure, will be locked in for a period if:

- a) the outcome of the review is that Gedling's funding is currently too low based on relative needs, which may be the case given that the disproportionate £1.5m CSP reductions (excluding one-off grants which may not be protected) we have faced are mainly due to the NHB scheme which takes no account of relative needs; and
- b) the current CSP is used as the comparative measure to apply protection similar to its use in the 2022/23 Lower Tier Services Grant.

Gedling will take an active part in any further Fair Funding Review consultation processes to ensure its position is understood and views are represented.

- ❖ Business Rates Retention Scheme – The Business Rates Retention Scheme will be retained at 50% for next year and there will also be no reset of the business rates baseline for 2024/25 which provides some funding certainty for next two years. If the reset is implemented in 2025/26 it is expected that some existing business rates growth could be removed upon reset, reducing income levels.

The Council has an excellent record for budget management and financial planning. It has always aimed to be a year ahead of the budget reductions required, to ease the transition. It has also already developed strategies to manage efficiencies and for the digitalisation of services. However, given the scale of the challenges faced, especially in the light of the recovery from Covid-19 and the budget reductions required, there will inevitably be some contraction of services or reduction in performance in some areas over the coming years if existing efficiency plans do not proceed in line with expectations or there are further funding reductions following the implementation of the Fair Funding Review. Working with partners will be essential to successfully respond to the challenges faced.

## **5. Corporate Risk**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. In discharging this responsibility, the Council is responsible for putting in place proper governance arrangements, facilitating the effective exercise of its functions including arrangements for the management of risk. For this purpose, the 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" and also meets the requirements of the Accounts and Audit Regulations 2015.

For the year ended 31 March 2025 the Head of Internal Audit (BDO) Annual Report and Annual Statement for 2024/25, concluded an overall opinion of Moderate assurance, which is a positive level of assurance and demonstrates the work undertaken by the Council to strengthen its internal control environment.

The AGS assesses governance up to 31 March 2025. A number of proposed actions for 2024/25 have been identified in the AGS to address control and risk issues following a review of the governance framework which, whilst not all significant, are included to provide a proactive and holistic approach to governance, including assessing and monitoring the risks and assumptions underpinning the Council's Medium Term Financial Plan (MTFP), monitoring the emerging risk of workforce capacity to the delivery of the Gedling Plan and to governance compliance, reviewing the emergency planning arrangements to incorporate lessons learnt from the Covid-19 pandemic response and updating all business continuity plans to ensure they are fit for purpose for all business continuity risks, reviewing and adopting the principles of CIPFA's Position Statement: Audit Committees in Local Authorities to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities, ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions as well as implementing system improvements to support the monitoring and timely implementation of internal audit actions by management.

## **6. Explanation of the Financial Statements**

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements.

### **Statements to the Accounts**

- ❖ The Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Authority and of the Chief Financial Officer.
- ❖ The Auditors Report gives the auditor's opinion of the financial statements and of the authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

### **Financial Statements**

- ❖ The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- ❖ The Movement in Reserves Statement (MiRS) shows the movement from the start of the year to the end, on different reserves held by the authority, analysed into "usable" reserves (those that can be applied to fund expenditure or reduce local taxation) and other "unusable" reserves. The statement shows how the in-year movements of the authorities' reserves are broken down between gains and losses incurred in accordance with Generally Accepted Accounting Practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year, following those adjustments.
- ❖ The Balance Sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the authority. The net assets are matched by the reserves held by the authority, reported as usable reserves (those that may be used to provide services subject to the need to keep a prudent level of reserves) and unusable reserves (those holding unrealised gains and losses and therefore not available to use in the provision of services).
- ❖ The Cashflow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cashflows as operating, investing and financing activities. The amount of cashflows arising from operating activities is a key indicator of the extent to which operations are funded by way of taxation and grant income, or from the recipients of services provided by the authority. Investing activities represent the extent to which the cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cashflows from financing activities are useful when predicting claims on future cashflows to the Council by providers of capital, ie. Borrowing.

### **Supplementary Statements**

- ❖ The Collection Fund Statement is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from the taxpayer and distribution to local authorities and the Government, of council tax and non-domestic rates.

## **7. Summary**

The Council's financial and non-financial position in 2024/25 remains robust, given the extent of the financial challenges it faces. The revenue outturn represents an underspend that is broadly in line with expectations and the capital programme has been actively managed. The Council continues to maintain a level of reserves and balances that will provide financial resilience for 2024/25 and although the recovery from the Covid-19 pandemic and the impacts of the 'Cost of Living' crisis are likely to present a significant challenge in the medium term, the Council will not lose sight of achieving the Gedling Plan and delivering its aim of 'Serving People, Improving Lives'.

No material events took place between the reporting date of 31 March 2025 and the date the Statement of Accounts was authorised for issue by the Chief Financial Officer.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

### FOR GEDLING BOROUGH COUNCIL

#### 1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with the proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code), supported by International Financial Reporting Standards (IFRS).

The Accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared on a going concern basis. As required by IAS1, it has been assumed that the Council will continue in operation for the foreseeable future.

#### 2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to electricity and similar quarterly payments, which are charged at the date of meter readings rather than being apportioned between financial years. This policy is consistently applied each year and is unlikely to have a material effect on the year's accounts.

#### 3. Cash and Cash Equivalents

Cash is represented by cash in hand at the bank, cash in transit and imprest amounts. Cash equivalents are represented by deposits held in Business Reserve accounts and Money Market

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

Funds that are repayable at call without penalty. They are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

All deposits held for fixed periods, however short, are classed as short-term investments, since they are not readily convertible to cash as they cannot be broken without the payment of penalties.

### 4. **Exceptional items**

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the Council's financial performance.

### 5. **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in Accounting Policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in Accounting Policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### 6. **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 require local authorities to approve an MRP policy at the beginning of each financial year, determining how the amount to be set aside for the repayment of principal on outstanding debt is to be calculated. This policy is included in the Treasury Management Strategy Statement for 2024/25, which was approved by Council on 5 March 2025.

### 7. Employee Benefits

#### Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year which employees render service to the authority. An accrual is made for the estimated cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment for non-distributed costs in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserve Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

#### Post-Employment Benefits

Employees of the Authority are members of The Local Government Pensions Scheme, administered by Nottinghamshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Authority.

#### The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Nottinghamshire County Council Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate that reflects the time value of money and the characteristics of the liability.
- The assets of Nottinghamshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price;
  - property – market value.

The change in net pension liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - past service cost – the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
  - Net interest on the net defined benefit liability (asset), ie. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
- Re-measurements comprising:
  - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Nottinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the

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## STATEMENT OF ACCOUNTING POLICIES

Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## 8. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## 9. Financial Instruments

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For all the Authority's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has not undertaken any repurchase or early settlement of borrowing during 2023/24.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measure at:

- Amortised cost;
- Fair value through profit and loss (FVPL); and
- Fair Value through other comprehensive income (FVOCI).

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority has provided car loans to employees at less than market rates (soft loans). In normal circumstances soft loans would be recognised and measured in the accounts at fair value, in accordance with the Code. However, car loans to employees have been considered at length and it has been concluded that the sum outstanding is not material. Accordingly, no additional calculations for fair value have been undertaken and car loans are recognised at the value of the sums loaned less repayments made.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade debtors held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since the instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

Changes in loss allowances (including balances outstanding at the date of de-recognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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## STATEMENT OF ACCOUNTING POLICIES

### Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised in the Balance Sheet when the authority becomes a party to contractual provisions of a financial instrument and are initially measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as they occur.

The Authority holds an investment in the CCLA property fund (a pooled investment fund) which is classified as FVPL. Gains and losses on the fund must now be charged to the Comprehensive Income and Expenditure Statement, however a statutory override effective until 31 March 2025 requires that gains and losses on pooled investment funds must be reversed out through the Movement in Reserves Statement to the Pooled Investment Funds Adjustment Account.

### Fair Value through Other Comprehensive Income (FVOCI)

These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the Comprehensive Income and Expenditure Statement when the asset is disposed of. The Authority did not hold any FVOCI instruments during 2023/24.

## 10. Foreign Currency Conversion

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are converted at the European Central Bank Reference Rate applicable at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## 11. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments and;
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of a grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital

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Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges are largely used to fund capital expenditure. However, a small proportion of the charges for this authority may be used to fund revenue expenditure and to meet administrative expenses.

## 12. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (eg. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resource being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible assets held by the Authority meets the criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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## STATEMENT OF ACCOUNTING POLICIES

### 13. Inventories

Inventories included in the Balance Sheet are valued at last price paid.

Stocks and stores held in the Authority's depot and leisure centres at the year-end are valued at the latest price paid. This is a departure from the requirements of the Code which require stocks to be shown at actual cost or net realisable value, if lower. The effect of the different treatment is not considered to be material. Work in progress on uncompleted jobs is valued at the lower of cost or net realisable value.

### 14. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but values are revalued annually and are reviewed at year-end according to the market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Investment property that meets the classification criteria for assets held for sale with a realistic expectation of disposal within the next financial year will be re-classified as Held-for-Sale Investment Property in Current Assets.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### 15. Leases

Leases are now accounted for under IFRS 16 which came into effect for Local Authorities from 1<sup>st</sup> April 2024. The Council has conducted an exercise to determine if there are any leases that would fall into the new standard.

#### The Authority as Lessee:

Recognition exemptions for IFRS 16;

If the following criteria aren't met an election can be made to account for lease payments as an expense to I&E on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

i) leases with a lease term of **12 months or less** and containing no purchase options – this election is made by class of underlying asset; and

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## STATEMENT OF ACCOUNTING POLICIES

ii) leases where the underlying asset has a **low value** when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

Under IFRS 16, a lease is defined as a contract granting an entity the right to utilise a specific asset for a prescribed period of time in exchange for agreed-upon consideration. To determine whether a contract grants control of the asset to the lessee, the agreement must provide the following to the lessee:

- The right to substantially all economic benefits from the use of the asset
- The right to dictate how the asset is used by the entity

An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Upon lease commencement a lessee recognises a right-of-use asset and a corresponding lease liability on the Balance sheet.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless:

- i) the right-of-use asset is an investment property and the lessee fair values its investment property under [IAS 40](#); or
- ii) the right-of-use asset relates to a class of PPE to which the lessee applies [IAS 16](#)'s revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

The lease liability is subsequently remeasured to reflect changes in:

- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustments to the right-of-use asset.

Property, plant and equipment recognised under right-of-use assets are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

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The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of any adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Authority does not currently have any qualifying right-of-use assets.

### **The Authority as Lessor:**

#### Finance Leases

These are classified as Finance leases if;

- the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal) matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received) and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts

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Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Authority does not currently have any finance leases as lessor.

### Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the appropriate service revenue account in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

## 16. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

## 17. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The Authority operates a de minimis level of £5,000 in recognising and valuing assets.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie. repairs and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The authority does not capitalise borrowing costs incurred whilst assets are under construction.

The costs of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the

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Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end but as a minimum every two years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains);

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- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment – straight-line allocation over useful life of the asset as advised by a suitably qualified officer;
- Infrastructure – straight line allocation over estimated useful life.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non-Current Assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have to be recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant, and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited

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to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in Movement in Reserve Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### 18. Provisions, Contingent Liabilities and Contingent Assets and Reserves

#### Provisions

Provisions are made where an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg. from an insurance claim) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

#### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

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### Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

### 19. **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### 20. **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### 21. **Fair Value Measurement**

The Authority measures some of its non-financial assets i.e. investment assets and some of its financial instruments at fair value at each reporting date. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability; or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

When measuring the fair value of a non-financial asset, the authority takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of a fair value measurement are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices in active market for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

### 22. Collection Fund

As a billing authority, Gedling Borough Council is required to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR). The Council acts as an agent, collecting and distributing council tax and NDR income on behalf of the major preceptors (including central government for NDR) and, as principals, collecting council tax and NDR for themselves. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risk and rewards that the amount of council tax and NDR collected could be less or more than predicted.

#### Accounting for Council Tax and NDR

The transactions of the Collection Fund are wholly prescribed by legislation. Billing authorities have no discretion to determine which receipts and payments are accounted for within the fund and which are outside it.

Gedling's share of non-domestic rating income and its own council tax demand are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statement (CIES). The transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, however each authority will recognise income on a full accruals basis, ie. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to, or recovered from, the relevant authorities in a subsequent financial year. The difference between the accrued income included in the CIES and the estimated income share or demand is reversed out via the Movement in Reserves Statement, and transferred to the Collection Fund Adjustment Account.

There is no requirement for a separate Collection Fund Balance Sheet. Instead Collection Fund balances are distributed across the balance sheets of the billing authority, central government, and precepting authorities. In Gedling's accounts this is represented by the establishment of a debtor or creditor position with each organisation for the difference between the preceptors' and central government's share of business rates income or council tax demand and the cash collected, and settlement of the surplus/deficit on the Collection Fund.

Gedling's Balance Sheet includes the authority's share of the year end balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts,

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

### **STATEMENT OF ACCOUNTING POLICIES**

overpayments and prepayments and appeals. Where debtor balances are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

As the billing authority, Gedling Borough Council's Cash Flow Statement includes in 'operating activities' only its own share of the council tax and non-domestic rating income collected with movements in the debtor/creditor position with preceptors and central government being included in the Cash Flow Statement as 'financing activities'.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS FOR GEDLING BOROUGH COUNCIL

### THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources, and to safeguard its assets; and
- Approve the Statement of Accounts.

### THE RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code").

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies, and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records, which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### CERTIFICATION

I certify that this Statement of Accounts presents a True and Fair view of the financial position of the Authority as at 31 March 2025 and its income and expenditure for the year then ended.

Signed:



**T Adams ACMA CGMA**  
Chief Financial Officer

Date: 30/06/2025

# Financial Statements

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis (EFA), see note 5 on page 46 and the Movement in Reserves Statement on page 39.

2023/24			2024/25			
Gross Exp £000s	Gross Inc £000s	Net Exp £000s		Gross Exp £000s	Gross Inc £000s	Net Exp £000s
			<b><u>Net Cost of Services:</u></b>			
427	(107)	320	Communities and Place	552	(192)	360
5,874	(9,193)	(3,319)	Lifestyles, Health and Wellbeing	6,120	(4,590)	1,530
4,069	(2,239)	1,830	Public Protection	4,290	(2,671)	1,619
20,192	(19,110)	1,082	Life Chances and Vulnerability	21,102	(19,473)	1,629
6,913	(2,060)	4,853	Environmental Services	7,072	(2,565)	4,507
2,607	(651)	1,956	Climate Change and Natural Habitat	2,656	(493)	2,163
2,379	(1,555)	824	Sustainable Growth and Economy	3,541	(1,904)	1,637
9,989	(1,170)	8,819	Corporate Resources and Performance	6,304	(1,788)	4,516
52,450	(36,085)	16,365	<b>Cost of Services</b>	<b>51,637</b>	<b>(33,676)</b>	<b>17,961</b>
			<b><u>Other Operating Expenditure:</u></b>			
853	0	853	Payment of Precepts to Parishes	921	0	921
39	0	39	Drainage Board Levy	39	0	39
44	0	44	Pensions Administration Cost	49	0	49
41	0	41	(Gain)/Loss on disposal of PPE	(58)	0	(58)
977	0	977		<b>951</b>	<b>0</b>	<b>951</b>
			<b><u>Financing and Investment I&amp;E:</u></b>			
380	0	380	Interest Payable on Debt	359	0	359
423	0	423	Net Pensions Interest Cost	(17)	0	(17)
0	(1,371)	(1,371)	Interest Receivable and similar income	0	(1,055)	(1,055)
200	(542)	(342)	Income & Exp re. Investment Properties & changes in their fair value	508	(712)	(204)
0	0	0	(Gain)/Loss on disposal of Inv't Assets	0	0	0
0	36	36	(Gain)/Loss on Pooled Investm't Funds	0	(17)	(17)
0	(158)	(158)	Mvt on Impairment Loss Allowances	0	(206)	(206)
1,003	(2,035)	(1,032)		<b>850</b>	<b>(1,990)</b>	<b>(1,140)</b>
			<b><u>Taxation and Non Specific Grants:</u></b>			
0	(8,114)	(8,114)	Council Tax Income	0	(8,330)	(8,330)
0	(6,044)	(6,044)	Non Domestic Rates	0	(7,149)	(7,149)
0	(925)	(925)	Non Ring-fenced Government Grants	0	(1,082)	(1,082)
0	(2,022)	(2,022)	Capital grants and contribs (note 11)	0	(4,323)	(4,323)
0	(17,105)	(17,105)		<b>0</b>	<b>(20,884)</b>	<b>(20,884)</b>
<b>54,430</b>	<b>(55,225)</b>	<b>(795)</b>	<b>(Surpl)/Def on Provision of Services</b>	<b>53,438</b>	<b>(56,550)</b>	<b>(3,112)</b>
	(510)	(510)	(Surplus)/Deficit on reval'n of non current assets (PPE)			(655)
	(5,670)	(5,670)	Actuarial re-measurements on Pension assets and liabilities			(2,435)
	(6,180)	(6,180)	<b>Other Comprehensive Income and Expenditure</b>			<b>(3,090)</b>
	<b>(6,975)</b>	<b>(6,975)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(6,202)</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement (MIRS) shows the movement, from the start of the year to the end, on the different reserves held by the authority, analysed into "usable reserves" (ie. those that can be applied to fund expenditure or reduce local taxation), and other "unusable reserves". The Statement shows how the in-year movements of the authority's reserves are broken down between gains and losses incurred in accordance with Generally Accepted Accounting Practices, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movement in the year, following those adjustments. The General Fund balance at 31 March 2025 is £5.292m.

#### 2024/25 Statement

##### **Balance at 1 April 2024 per Balance Sheet**

Total Comprehensive Income and Expenditure  
Adj between Acc'g and Funding basis under regs. (note 9)  
**Net Increase/(Decrease) before transfers to Earmarked Reserves**  
Transfers (to)/from Earmarked Reserves (note 10)  
**Increase or (Decrease) in the year 2024/25**  
**Balance at 31 March 2025 per Balance Sheet**

Unallocated Reserves	Earmarked Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	TOTAL RESERVES
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
4,913	8,604	13,517	562	2,174	16,253	17,082	33,335
3,112	0	3,112	0	0	3,112	3,090	6,202
(2,743)	0	(2,743)	(312)	2,064	(991)	991	0
369	0	369	(312)	2,064	2,121	4,081	6,202
10	(10)	0	0	0	0	0	0
379	(10)	369	(312)	2,064	2,121	4,081	6,202
<b>5,292</b>	<b>8,594</b>	<b>13,886</b>	<b>250</b>	<b>4,238</b>	<b>18,374</b>	<b>21,163</b>	<b>39,537</b>

#### 2022/23 Comparatives

##### **Balance at 1 April 2023 per Balance Sheet**

Total Comprehensive Income and Expenditure  
Adj between Acc'g and Funding basis under regs. (note 9)  
**Net Increase/(Decrease) before transfers to Earmarked Reserves**  
Transfers (to)/from Earmarked Reserves (note 10)  
**Increase or (Decrease) in the year 2023/24**  
**Balance at 31 March 2024 per Balance Sheet**

Unallocated Reserves	Earmarked Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	TOTAL RESERVES
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
766	6,200	6,966	0	6,936	13,902	12,458	26,360
795	0	795	0	0	795	6,180	6,975
5,756	0	5,756	562	(4,762)	1,556	(1,556)	0
6,551	0	6,551	562	(4,762)	2,351	4,624	6,975
(2,404)	2,404	0	0	0	0	0	0
4,147	2,404	6,551	562	(4,762)	2,351	4,624	6,975
<b>4,913</b>	<b>8,604</b>	<b>13,517</b>	<b>562</b>	<b>2,174</b>	<b>16,253</b>	<b>17,082</b>	<b>33,335</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### BALANCE SHEET

The Balance Sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the authority. The net assets (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves includes Usable Reserves, ie. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or to repay debt). The second category of reserves includes those reserves that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, for example the Revaluation Reserve, where amounts would only become available to provide services if assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations".

31 March 2024			31 March 2025	
£000s	£000s		£000s	£000s
		<b>Property, Plant &amp; Equipment (note 13)</b>		
24,393		Land and Buildings	<b>25,848</b>	
3,663		Vehicles, Plant and Equipment	<b>3,609</b>	
640		Infrastructure	<b>585</b>	
2,012		Community Assets	<b>1,878</b>	
496		Assets Under Construction	<b>1,232</b>	
1,800		Assets Held for Sale	<b>1,800</b>	
	33,004			<b>34,952</b>
	3,967	<b>Investment Property (note 14)</b>		<b>4,513</b>
	102	<b>Intangible Assets (note 15)</b>		<b>118</b>
	877	<b>Long Term Investments</b>		<b>894</b>
	17	<b>Long Term Debtors (note 18)</b>		<b>11</b>
	<b>37,967</b>	<b>LONG TERM ASSETS</b>		<b>40,488</b>
10,709		Short Term Investments	<b>3,090</b>	
189		Inventories	<b>165</b>	
9,545		Short Term Debtors (note 19)	<b>13,972</b>	
3,943		Cash and Cash Equivalents (note 20)	<b>8,115</b>	
	<b>24,386</b>	<b>CURRENT ASSETS</b>		<b>25,342</b>
(181)		Short Term Borrowing (under 1year)	<b>(2)</b>	
(9,087)		Short Term Creditors (note 21)	<b>(8,959)</b>	
	<b>(9,268)</b>	<b>CURRENT LIABILITIES</b>		<b>(8,961)</b>
(816)		Provisions over 1 year (note 22)	<b>(708)</b>	
(10,812)		Long term Borrowing (PWLb)	<b>(10,812)</b>	
(4,458)		Net Pensions Liability (note 32)	<b>(1,536)</b>	
(3,316)		Capital Grants & Contributions Received in Advance (note 11)	<b>(3,891)</b>	
(348)		Revenue Grants & Contributions Received in Advance (note 11)	<b>(385)</b>	
	<b>(19,750)</b>	<b>LONG TERM LIABILITIES</b>		<b>(17,332)</b>
	<b>33,335</b>	<b>NET ASSETS / (LIABILITIES)</b>		<b>39,537</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### BALANCE SHEET

31 March 2024		31 March 2025	
	£000s		£000s
	<b>33,335</b>	<b>NET ASSETS / (LIABILITIES) AS ABOVE</b>	<b>39,537</b>
		<b>Usable Reserves (MiRS p39)</b>	
		General Fund	<b>5,292</b>
4,913		Earmarked Reserves (note 10)	<b>8,594</b>
8,604		Capital Receipts Reserve	<b>250</b>
562		Capital Grants and Contributions Unapplied	<b>4,238</b>
2,174			
	<b>16,253</b>		<b>18,374</b>
		<b>Unusable Reserves (note 24)</b>	
		Deferred Capital Receipts	<b>0</b>
0		Revaluation Reserve	<b>7,205</b>
6,795		Pooled Investment Funds Adjustment Account	<b>(106)</b>
(123)		Pensions Reserve	<b>(1,536)</b>
(4,458)		Capital Adjustment Account	<b>16,089</b>
14,552		Collection Fund Adjustment Account - CTax	<b>79</b>
2		Collection Fund Adjustment Account - NDR	<b>(178)</b>
652		Short-term Accumulating Compensated Absences Account	<b>(390)</b>
(338)			
	<b>17,082</b>		<b>21,163</b>
	<b>33,335</b>	<b>TOTAL RESERVES</b>	<b>39,537</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income, or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie. borrowing) to the authority.

2023/24		2024/25
	<b>£000s</b>	<b>£000s</b>
795	<b>Net Surplus / (Deficit) on the Provision of Services per the Comprehensive Income and Expenditure Statement</b>	3,112
1,753	Total of adjustments to net Surplus/(Deficit) on Provision of Services for non-cash movements	(482)
(873)	Total of adjustments to the net Surplus/(Deficit) on Provision of Services for items that are investing and financing activities	(5,269)
<b>1,675</b>	<b>Net cash flow from operating activities</b> (see note 25)	<b>(2,639)</b>
(1,495)	Investing activities (see note 26)	9,290
(5,437)	Financing activities (see note 27)	2,479
<b>(5,257)</b>	<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>9,130</b>
9,200	Cash and Cash Equivalents at the beginning of the reporting period	3,943
<b>3,943</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>8,115</b>

#### Analysis of Cash and Cash Equivalents at Balance Sheet dates:

Bank Account balances and cash in transit  
 Imprest accounts  
 Cash equivalents

#### Total Cash and Cash Equivalents per Balance Sheet

	31 March 2024	31 March 2025
	<b>£000s</b>	<b>£000s</b>
	(552)	420
	5	5
	4,490	7,690
	<b>3,943</b>	<b>8,115</b>

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

Please refer to the full Statement of Accounting Polices which can be found on pages 19 to 35.

### 2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

At the balance sheet date, the following new accounting standards and amendments to existing standards have been published but not yet adopted by the Code.

IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

### 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the Accounting Policies set out on pages 19 to 35, the authority may have to make certain judgements about complex transactions or those involving uncertainty about future events.

There is ongoing uncertainty about future levels of funding for local government, however the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service.

### 4.

#### ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The estimates are reviewed on an ongoing basis. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The estimated items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of causing a material adjustment in the forthcoming financial year are set out below. This list does not include assets and liabilities carried at fair value based on a recently observed market price.

Most valuations in 2024/25 were carried out by the Council's in-house valuer E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as necessary. The Council's valuer is responsible for reporting on all values. In line with the RICS Material Valuation Uncertainty Leaders' Forum (UK), material valuation uncertainty (MVU) declarations are no longer required unless an individual valuer believes there is a reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2024/25 Accounts are subject to MVU.

An impairment review of property values at the balance sheet date was completed at 31 March 2025. Any material differences have been reflected in value compared to the carrying amount.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements in relation to the discount rate used, the rate at which salaries are projected to increase, changes in the retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For example, a one year increase in the mortality assumption (life expectancy) would result in an increase of £3.404m in the pension liability and a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.280m. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 32 on pages 81 to 88 for further details.
Pensions Assets	The Council participates in the Nottinghamshire Local Government Pension Fund. In line with the RICS Material Valuation Uncertainty Leaders' Forum (UK), material valuation uncertainty declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. The Actuary has confirmed that no MVU declaration has been made in respect of Pension Fund property assets in 2024/25.	As the Actuary has confirmed that no MVU declarations have been made in 2024/25, there is no impact on Gedling's share of the property assets held within the Pension Fund.
Property Plant and Equipment	Depreciation and amortisation is provided to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and useful lives requires the exercise of management judgements considering anticipated usage levels in service provision and levels of repairs and maintenance. A review of balance sheet values is undertaken each year end to assess if any of the assets have not been used at the estimated rates and if any impairment charges are required.	If the useful lives of assets are reduced, depreciation increases and the carrying amount of the asset falls. If assets lives were 10% lower than estimated the annual depreciation charge would be increased by approximately £209,752. However, as the asset values are reviewed on an annual basis this level of incorrect estimation is unlikely. See note 13 on pages 59 to 61 for further details.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provisions	<p>The Authority has made provisions of £50,000 each for Transferred Housing Stock Repairs and Transferred Housing Stock Environmental Warranty Excesses. These provide amounts to cover for an estimated number of future claims. It is possible the actual number may exceed the estimate. The Business Rate Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £1,522,011 of which the Council's share as billing authority is £608,804.</p>	<p>A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £76,100. Of this, the Council's share as billing authority would be £30,440. See note 22 on page 70 for further details on Provisions.</p>
Arrears	<p>An estimate of the impairment allowance for doubtful debts is based upon the age and type of each debt. A collective assessment matrix is used, including the value of items with shared characteristics, eg. the type of debtor and the period overdue, together with a weighting factor for the probability of default. The loss allowance for impairment at 31 March 2025 is £1,906,621. When assessing the expected credit loss provisions and the use of a collective provision matrix ensures that where arrears rise there is a corresponding increase in the expected credit loss provision.</p>	<p>If collection rates were to deteriorate, a 10% increase on the impairment amount would require an additional £190,662 to be set aside as an allowance.</p>

# ANNUAL STATEMENT OF ACCOUNTS 2023/24

## NOTES TO THE FINANCIAL STATEMENTS

### 5. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with Generally Accepted Accounting Practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under Generally Accepted Accounting Practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES) on page 38.

2023/24			2024/25			
Net Exp chg'ble to General Fund Balance £000s	Adjs between Funding & Acc'g Basis £000s	Net Exp in CIES (page 36) £000s		Net Exp chg'ble to General Fund Balance £000s	Adjs between Funding & Acc'g Basis £000s	Net Exp in CIES (page 36) £000s
			<b>Net Cost of Services:</b>			
324	(4)	320	Communities and Place	362	(2)	360
(3,275)	(44)	(3,319)	Lifestyles, Health and Wellbeing	1,591	(61)	1,530
1,859	(29)	1,830	Public Protection	1,649	(30)	1,619
1,099	(17)	1,082	Life Chances and Vulnerability	1,650	(21)	1,629
4,898	(45)	4,853	Environmental Services	4,586	(79)	4,507
1,970	(14)	1,956	Climate Change and Natural Habitat	2,184	(21)	2,163
863	(39)	824	Sustainable Growth and Economy	1,681	(44)	1,637
2,295	6,524	8,819	Performance	3,408	1,108	4,516
10,033	6,332	16,365	<b>Cost of Services</b>	<b>17,111</b>	<b>850</b>	<b>17,961</b>
			<b>Other Operating Expenditure:</b>			
853	0	853	Payment of Precepts to Parishes	921	0	921
39	0	39	Drainage Board Levy	39	0	39
0	44	44	Pensions Administration Cost	0	49	49
2	39	41	(Gain)/Loss on disposal of PPE	4	(62)	(58)
894	83	977		<b>964</b>	<b>(13)</b>	<b>951</b>
			<b>Financing and Investment I&amp;E:</b>			
380	0	380	Interest Payable on Debt	359	0	359
0	423	423	Net Pensions Interest Cost	0	(17)	(17)
(1,359)	(12)	(1,371)	Interest Receivable & similar income	(1,055)	0	(1,055)
(222)	(120)	(342)	Inc & Exp re. Investment properties & changes in their fair value	(229)	25	(204)
0	0	0	(Gain)/Loss on disposal of Inv't Assets	0	0	0
0	36	36	(Gain)/Loss on Pooled Investm't Funds	0	(17)	(17)
(158)	0	(158)	Mvt on Impairment Loss Allowances	(206)	0	(206)
(1,359)	327	(1,032)		<b>(1,131)</b>	<b>(9)</b>	<b>(1,140)</b>
			<b>Taxation and Non Specific Grants:</b>			
(8,003)	(111)	(8,114)	Council Tax Income	(8,253)	(77)	(8,330)
(7,190)	1,146	(6,044)	Non Domestic Rates	(7,979)	830	(7,149)
(925)	0	(925)	Non Ring-fenced Government Grants	(1,082)	0	(1,082)
0	(2,022)	(2,022)	Capital grants and contribs (note 11)	0	(4,323)	(4,323)
(16,118)	(987)	(17,105)		<b>(17,314)</b>	<b>(3,570)</b>	<b>(20,884)</b>
(6,550)	5,755	(795)	<b>(Surpl)/Def on Prov'n of Services</b>	(370)	(2,742)	(3,112)

£000s
(6,966)
(6,550)
(13,516)

**Opening General Fund Balance**  
(Surplus)/Deficit on General Fund

**Closing General Fund Balance**

£000s
(13,516)
(370)
(13,886)

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

The Code requires a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts shown in the Comprehensive Income and Expenditure Statement (CIES) on page 38. The relevant transfers between reserves are shown in the Movement in Reserves Statement (MiRS) on page 39.

##### 2024/25

	Adjs. between Funding and Accounting Basis			
	Adjustments for capital purposes	Net change for Pension adjustments	Other Differences	Total Adjustments
	£000s	£000s	£000s	£000s
Communities and Place	0	(3)	1	(2)
Lifestyles, Health and Wellbeing	0	(67)	6	(61)
Public Protection	0	(32)	2	(30)
Life Chances and Vulnerability	0	(22)	1	(21)
Environmental Services	0	(94)	15	(79)
Climate Change and Natural Habitat	0	(24)	3	(21)
Sustainable Growth and Economy	0	(38)	(6)	(44)
Corporate Resources and Performance	1,323	(225)	10	1,108
<b>Cost of Services</b>	<b>1,323</b>	<b>(505)</b>	<b>32</b>	<b>850</b>
Other income and expenditure from the Expenditure and Funding Analysis	(4,376)	32	752	(3,592)
<b>Difference between the General Fund (surplus)/deficit and the CIES (surplus)/deficit on the Provision of Services</b>	<b>(3,053)</b>	<b>(473)</b>	<b>784</b>	<b>(2,742)</b>

##### 2023/24

	Adjs. between Funding and Accounting Basis			
	Adjustments for capital purposes	Net change for Pension adjustments	Other Differences	Total Adjustments
	£000s	£000s	£000s	£000s
Communities and Place	0	(4)	0	(4)
Lifestyles, Health and Wellbeing	0	(42)	(2)	(44)
Public Protection	0	(23)	(6)	(29)
Life Chances and Vulnerability	0	(15)	(2)	(17)
Environmental Services	0	(52)	7	(45)
Climate Change and Natural Habitat	0	(20)	6	(14)
Sustainable Growth and Economy	0	(27)	(12)	(39)
Corporate Resources and Performance	5,733	(211)	1,002	6,524
<b>Cost of Services</b>	<b>5,733</b>	<b>(394)</b>	<b>993</b>	<b>6,332</b>
Other income and expenditure from the Expenditure and Funding Analysis	(2,080)	467	1,036	(577)
<b>Difference between the General Fund (surplus)/deficit and the CIES (surplus)/deficit on the Provision of Services</b>	<b>3,653</b>	<b>73</b>	<b>2,029</b>	<b>5,755</b>

##### Adjustments for Capital purposes

Services lines are adjusted for depreciation and amortisation charges. Statutory charges for capital financing (the minimum revenue provision) and other revenue contributions are deducted as these are not chargeable under Generally Accepted Accounting Practices.

Other operating expenditure is adjusted for disposals of Property, Plant and Equipment.

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (Continued)**

Financing and investment income and expenditure is adjusted for changes in the fair value of investment property and for disposals of investment assets.

Taxation and non-specific grant income and expenditure is credited with capital grants receivable in the year without condition or for which conditions were satisfied in the year.

**Net Change for Pensions adjustments**

Service lines are adjusted for the removal of employer's contributions made by the Council as allowed by statute and their replacement with current service costs and past service costs.

Other operating expenditure is adjusted for pensions administration.

Financing and investment income and expenditure is adjusted for the net interest on the defined benefit liability which is charged to the CIES.

**Other Differences**

Service lines include adjustments relating to the accumulated absences account. Accruals are made for compensated absences earned but not taken in the year, eg. annual and flexi-leave carried forward at 31 March. Statutory arrangements require that the impact of these accruals on the General Fund balance is neutralised by transfers to and from the accumulated absences account.

The charge under taxation and non-specific grant income mainly represents the difference between what is chargeable under statutory regulations for council tax and NDR, ie that was projected to be received at the start of the year, and the income to be recognised under Generally Accepted Accounting Practices. This is a timing issue as any difference will be brought forward in future surpluses and deficits on the Collection Fund.

**7. SEGMENTAL ANALYSIS**

The introduction of the Expenditure and Funding Analysis fulfils the majority of the segmental reporting requirements. However the Code requires that if certain specified items are reported segmentally to management and are material, these should be disclosed more fully. The Council's depreciation, amortisation charges and revaluation losses are reported segmentally, as is external income from customers, and details of these charges are given below.

**Depreciation, Amortisation & Revaluation Losses**

	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
Communities and Place	0	0
Lifestyles, Health and Wellbeing	300	260
Public Protection	10	13
Life Chances and Vulnerability	42	72
Environmental Services	661	653
Climate Change and Natural Habitat	429	437
Sustainable Growth and Economy	1	1
Corporate Resources and Performance	74	(131)
	<b>1,517</b>	<b>1,305</b>
<b><u>External Income from Customers</u></b>		
Communities and Place	0	0
Lifestyles, Health and Wellbeing	(7,386)	(4,338)
Public Protection	(748)	(908)
Life Chances and Vulnerability	(430)	(273)
Environmental Services	(1,875)	(2,151)
Climate Change and Natural Habitat	(423)	(300)
Sustainable Growth and Economy	(860)	(703)
Corporate Resources and Performance	(1,363)	(1,283)
	<b>(13,085)</b>	<b>(9,956)</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 8. EXPENDITURE AND INCOME ANALYSED BY NATURE

	2023/24	2024/25
	£000s	£000s
Employee benefits expenses	16,663	17,180
Other service expenses	34,239	32,508
Depreciation, amortisation & revaluation losses	2,016	1,981
Interest payments	379	359
Precepts and levies	891	959
Costs associated with the disposal of fixed assets	41	(58)
Expenditure on investment properties and reductions in fair value	201	509
<b>Total Expenditure per CIES</b>	<b>54,430</b>	<b>53,438</b>
Fees, charges and other service income	(13,085)	(9,956)
Interest and investment income	(1,547)	(1,055)
Income from council tax and NDR	(14,157)	(15,480)
Government grants and other contributions	(25,772)	(29,124)
Income from the disposal of assets	0	0
Income from investment properties and increases in fair value	(542)	(712)
Income from gains on pooled investment funds	36	(17)
Decreases on Impairment Loss Allowances	(158)	(206)
<b>Total Income per CIES</b>	<b>(55,225)</b>	<b>(56,550)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(795)</b>	<b>(3,112)</b>

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice, to the resources that are specified by statutory provision as being available to the authority to meet future capital and revenue expenditure.

<u>2024/25</u>	Usable Reserves				Total Mov't on Usable Reserves	Mov't on Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Receipts Reserve	Capital Grants Unapplied		
	£000s	£000s	£000s	£000s	£000s	£000s
<b><u>Adjustments primarily involving the Capital Adjustment Account (note 24)</u></b>						
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement (CIES):</b>						
Charges for depreciation & impairment of non-current assets	1,786	0		0	1,786	(1,786)
Revaluation losses/(reversals) on Property Plant and Equipment	93	0		0	93	(93)
Movement in fair value of investment properties	26	0		0	26	(26)
Amortisation of intangible assets	102	0		0	102	(102)
Capital grants & contributions applied	(440)	0		0	(440)	440
Revenue Expenditure Funded from Capital Under Statute	544	0		0	544	(544)
Carrying Amounts debited as part of the gain or loss on disposals of non-current assets	0	0		0	0	0
<b>Insertion of items NOT debited or credited to the CIES:</b>						
Statutory provision for the financing of capital investment (Minimum Revenue Provision)	(1,016)	0		0	(1,016)	1,016
Capital expenditure charged against General Fund Balance	33	0		0	33	(33)
<b><u>Adjustments primarily involving the Capital Grants Unapplied Account</u></b>						
Capital grants and contributions unapplied, credited to the CIES	(4,110)	0		4,110	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account		0	(373)	(2,046)	(2,419)	2,419
<b><u>Adjustments primarily involving the Pooled Investment Funds Adjustment Account</u></b>						
Transfer of the gain/loss on pooled investments	(17)	0		0	(17)	17
<b>Sub-total of items adjusted</b>	<b>(2,999)</b>	<b>0</b>	<b>(373)</b>	<b>2,064</b>	<b>(1,308)</b>	<b>1,308</b>

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

<u>2024/25 (Continued)</u>	Usable Reserves				Total Mov't on Usable Reserves	Mov't on Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Receipts Reserve	Capital Grants Unapplied		
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Sub-total of adjustments from prev. page</b>	<b>(2,999)</b>	<b>0</b>	<b>(373)</b>	<b>2,064</b>	<b>(1,308)</b>	<b>1,308</b>
<b><u>Adjustments primarily involving the Capital Receipts Reserve</u></b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (PPE)	(61)	0	61	0	0	0
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (Investment Assets)	0	0	0	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0	0
<b><u>Adjustments primarily involving the Deferred Capital Receipts Reserve</u></b>						
Transfer of interest on deferred capital receipt	0	0	0	0	0	0
<b><u>Adjustments primarily involving the Pensions Reserve</u></b>						
Reversal of items relating to retirement benefits debited or credited to the CIES	2,073	0	0	0	2,073	(2,073)
Employers pension contributions and direct payments to pensioners payable in the year	(2,560)	0	0	0	(2,560)	2,560
<b><u>Adjustments primarily involving the Collection Fund Adjustment A/C</u></b>						
Amount by which Council Tax & NDR income credited to the CIES differs to that income calculated for the year in accordance with statutory requirements	752	0	0	0	752	(752)
<b><u>Adjustments primarily involving the Accumulated Absences Account</u></b>						
Amount by which officer remuneration credited to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	52	0	0	0	52	(52)
<b>Total Net adjs between Accounting basis and Funding basis under regulation (per Movement in Reserves Statement on p39)</b>	<b>(2,743)</b>	<b>0</b>	<b>(312)</b>	<b>2,064</b>	<b>(991)</b>	<b>991</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice, to the resources that are specified by statutory provision as being available to the authority to meet future capital and revenue expenditure.

<u>2023/24 Comparatives</u>	Usable Reserves				Total Mov't on Usable Reserves	Mov't on Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Receipts Reserve	Capital Grants Unapplied		
	£000s	£000s	£000s	£000s	£000s	£000s
<b><u>Adjustments primarily involving the Capital Adjustment Account (note 24)</u></b>						
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement (CIES):</b>						
Charges for depreciation & impairment of non-current assets	1,742	0	0	0	1,742	(1,742)
Revaluation losses/(reversals) on Property Plant and Equipment	187	0	0	0	187	(187)
Movement in fair value of investment properties	(120)	0	0	0	(120)	120
Amortisation of intangible assets	87	0	0	0	87	(87)
Capital grants & contributions applied	(486)	0	0	0	(486)	486
Revenue Expenditure Funded from Capital Under Statute	4,831	0	0	0	4,831	(4,831)
Carrying Amounts debited as part of the gain or loss on disposals of non-current assets	0	0	0	0	0	0
<b>Insertion of items NOT debited or credited to the CIES:</b>						
Statutory provision for the financing of capital investment (Minimum Revenue Provision)	(724)	0	0	0	(724)	724
Capital expenditure charged against General Fund Balance	(60)	0	0	0	(60)	60
<b><u>Adjustments primarily involving the Capital Grants Unapplied Account</u></b>						
Capital grants and contributions unapplied, credited to the CIES	(1,535)	0	0	1,535	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(6,297)	(6,297)	6,297
<b><u>Adjustments primarily involving the Pooled Investment Funds Adjustment Account</u></b>						
Transfer of the gain/loss on pooled investments	36	0	0	0	36	(36)
<b>Sub-total of items adjusted</b>	<b>3,958</b>	<b>0</b>	<b>0</b>	<b>(4,762)</b>	<b>(804)</b>	<b>804</b>

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

<u>2023/24 Comparatives (Continued)</u>	Usable Reserves			Total Mov't on Usable Reserves	Mov't on Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Receipts Reserve		
	£000s	£000s		£000s	£000s
<b>Sub-total of adjustments from prev. page</b>	3,958	0	0	(4,762)	804
<b><u>Adjustments primarily involving the Capital Receipts Reserve</u></b>					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (PPE)	(10)	0	0	(10)	10
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (Investment Assets)	0	0	562	562	(562)
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0
<b><u>Adjustments primarily involving the Deferred Capital Receipts Reserve</u></b>					
Transfer of interest on deferred capital receipt	(12)	0	0	(12)	12
<b><u>Adjustments primarily involving the Pensions Reserve</u></b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	2,585	0	0	2,585	(2,585)
Employers pension contributions and direct payments to pensioners payable in the year	(2,513)	0	0	(2,513)	2,513
<b><u>Adjustments primarily involving the Collection Fund Adjustment A/C</u></b>					
Amount by which council tax & NDR income credited to the CIES differs to the council tax income calculated for the year in accordance with statutory requirements	1,191	0	0	1,191	(1,191)
<b><u>Adjustments primarily involving the Accumulated Absences Account</u></b>					
Amount by which officer remuneration credited to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(5)	0	0	(5)	5
<b>Total Net adjs between Accounting basis and Funding basis under regulation (per Movement in Reserves Statement on p39)</b>	<b>5,194</b>	<b>0</b>	<b>562</b>	<b>(4,762)</b>	<b>(994)</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. TRANSFERS TO/FROM EARMARKED RESERVES

Contributions to Earmarked Reserves provide financing for future expenditure plans, and contributions posted back from such reserves helped to meet General Fund expenditure during 2023/24 and 2024/25.

	Balance 31 Mar 2023	Transfers out during 2023/24	Transfers in during 2023/24	Balance 31 Mar 2024	Transfers out during 2024/25	Transfers in during 2024/25	Balance 31 Mar 2025
<b>Reserve:</b>	<b>£000s</b>			<b>£000s</b>			<b>£000s</b>
Financial Transparency	0			0			24
IT Equip't Replacement & Investment	667			794	(88)	117	823
Community and Crime	180			261	0	0	261
Risk Mgt & Budget Red'n	37			16	(13)	15	18
Housing and Housing Benefits	197			132	(102)	54	84
Insurance	274			255	(135)	35	155
Efficiency & Innovation	347			441	(26)		415
Asset Management	489			500	(53)	107	554
Local Plan Reserve	242			214	(168)	(16)	30
S106 Revenue	171			232	(53)	132	311
Earmarked Grants	1,364			1,417	(563)	384	1,238
Joint Use Maintenance	160			133	(17)	11	127
CCTV	95			102	0	33	135
Apprentices	43			36	0	0	36
NDR Pool	1,081			1,681	(448)	967	2,200
Transformation	179			1,652	(420)	91	1,323
Economic Development	83			81	0	0	81
Leisure Strategy	182			248	0	0	248
Property Management	64			64	0	0	64
Selective Licencing	331			331	0	136	467
Additional Restrictions Grant (ARG)	14			14	(14)	0	0
<b>Total Earmarked Reserves per Balance Sheet p40-41</b>	<b>6,200</b>	<b>(1,119)</b>	<b>3,523</b>	<b>8,604</b>	<b>(2,100)</b>	<b>2,090</b>	<b>8,594</b>
<b>Net Movement in Year per MiRS p39</b>		<b>2,404</b>			<b>(10)</b>		

**Financial Transparency Reserve** - to provide adequate resourc to enable the provision of information required under the Local Government Transparency Code

**IT Replacement & Investment** - to provide for the cost of replacing personal computing facilities based on a rolling programme, and investment in new equipment.

**Community and Crime Reserve** - to fund future community and crime initiatives, including mobile radios.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. TRANSFERS TO/FROM EARMARKED RESERVES (Continued)

**Risk Management Fund** - monies set aside from savings in insurance premiums, to be used to reduce the risk of loss or injury in the provision of Council services, with the objective of reducing future insurance costs, and to provide for potential underachievement against the approved budget reduction programme.

**Housing and Housing Benefit Reserve** - to provide for future risk of rising caseload for homelessness, and to cover unpredictable increases in the volume or category of housing benefit claimants. The reserve is also to provide for costs which may arise from the planned transfer of Housing Benefit to DWP, to form part of Universal Credit.

**Insurance Fund** - provides cover for excess payments following changes in the insurance market, and the level of cover provided by the Council's insurers.

**Efficiency and Innovation Reserve** - to provide funding for future initiatives.

**Asset Management Reserve** - to provide for asset maintenance and replacement.

**Local Plan Reserve** - to cover the costs of any future inspection by the Planning Inspectorate and fluctuations in workload arising from the planning application process.

**Section 106 Reserve** - holds contributions from Developers, where conditions have been satisfied, but where appropriate projects have yet to be undertaken.

**Earmarked Grants Reserve** - holds various grants and contributions received, which may only be used for the specific purposes for which they were received.

**Joint Use Maintenance Reserve** - to fund maintenance falling within the Joint Use Agreement for leisure centres within the borough.

**Closed Circuit Television (CCTV) Reserve** - to provide for the cost of replacing CCTV equipment, based on a rolling replacement programme.

**Apprentice Reserve** - to provide for the employment of future apprentices in line with the Council's priorities.

**NDR Pool Reserve** - represents the Council's share of surpluses arising from its membership of the Nottinghamshire Business Rates Pool for Economic Development projects.

**Transformation Reserve** - to provide for the change management costs of implementing the budget reduction programme.

**Economic Development Reserve** - to provide for committed and future economic development projects.

**Leisure Strategy Reserve** - to provide for future investment in the Council's leisure facilities.

**Property Management Reserve** - to provide for entry fees for property funds and similar investments.

**Selective Licencing Reserve** - to provide for future costs associated with the Selective Licencing Scheme.

**ARG Reserve** - Additional Restrictions Grant was paid to the Council to fund Covid-19 related discretionary grants to local businesses in 2020/21, based on the authority's specific local knowledge.

**Inflationary Pressures Contingency Reserve** - to provide for pressures in coming years for cost of living increases, including but not restricted to utilities, pay etc.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 11. ANALYSIS OF GRANTS AND CONTRIBUTIONS INCLUDED IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement (CIES). The sums included within both Taxation and Non-Specific Grant Income and Cost of Services are analysed further below.

	2023/24 £000s	2024/25 £000s
<b><u>Credited to Taxation and Non-Specific Grant Income:</u></b>		
Revenue Support Grant	(117)	(125)
New Homes Bonus	(334)	(710)
Local CTRS Support Grant	0	0
Lower Tier Services Grant	(124)	(21)
Funding Guarantee	(350)	(226)
Covid-19 related non-ringfenced grants (see below)	0	0
<b>Non Ring-fenced Grants</b>	<b>(925)</b>	<b>(1,082)</b>
Community Infrastructure Levy (CIL)	(1,455)	(1,114)
DEFRA - Domestic Food Waste	0	(1,104)
UKSPF - Various	(29)	(732)
D2N2 - Hillside Industrial Units	0	(643)
DFG - DCLG Funding	(200)	(329)
Section 106 Developer Contributions	(60)	(213)
Football Foundation - Lambley Lane Pavillion	0	(87)
Lawn Tennis Association - Conway Road	0	(81)
Greenwood Community Forest Initiative	0	(20)
Lambley Lane Changing Rooms	(21)	0
King George V Toilets	(40)	0
FCC Lambley Lane	(100)	0
EM Domestic Retro Fit Grant	(117)	0
<b>Capital Grants and Contributions</b>	<b>(2,022)</b>	<b>(4,323)</b>
<b>S31 Grants included in Non Domestic Rates income</b>	<b>(2,512)</b>	<b>(4,504)</b>
<b>Local Tax Income Guarantee included in Non Domestic Rates Income</b>	<b>0</b>	<b>0</b>
<b>Local Tax Income Guarantee included in Council Tax Income</b>	<b>0</b>	<b>0</b>
<b>Total Non Ring-fenced Grants included in CIES on page 38</b>	<b>(5,459)</b>	<b>(9,909)</b>
<b><u>Credited to Services:</u></b>		
Housing Benefits	(18,103)	(18,575)
Grants for Revenue Expenditure funded from Capital	(1,318)	(1,658)
Other Grants & Contributions	(1,549)	(1,985)
<b>Total grants &amp; contributions credited to Services</b>	<b>(20,970)</b>	<b>(22,218)</b>
<b>Total Grants, Contributions and Donated Assets</b>	<b>(26,429)</b>	<b>(32,127)</b>

The Community Infrastructure Levy (CIL) is a planning charge available to local authorities in England and Wales. It came into force in April 2010 and an authority may choose to levy the charge on most types of new development in its area. The proceeds of the levy must be spent on infrastructure in the local area, including transport, flood defence, schools, hospitals and other health and social care facilities. Gedling's CIL Charging Schedule came into effect in October 2015.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 11. ANALYSIS OF GRANTS AND CONTRIBUTIONS INCLUDED IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (Continued)

#### Grants and Contributions Received in Advance

The authority has also received a number of grants and contributions that have yet to be recognised as income, since they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year-end for capital and revenue are as follows:

#### Capital

Developers' Section 106 Contributions

#### Revenue

Developers' Section 106 Contributions

	2023/24	2024/25
	£000s	£000s
	(3,316)	(3,891)
	(3,316)	(3,891)
	(348)	(385)
	(348)	(385)

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 12. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2023/24	2024/25
	£000s	£000s
<b>Opening Capital Financing Requirement (CFR)</b>	12,621	15,729
<b><u>Additions:</u></b>		
Property, Plant & Equipment (note 13)	4,323	3,171
Investment Properties	0	572
Intangible Assets	102	118
Revenue expenditure funded from capital under statute (REFCUS)	6,209	2,202
<b>Total Capital Investment</b>	10,634	6,063
<b><u>Financing:</u></b>		
Capital receipts	0	0
Government Grants	(893)	(1,095)
Other Grants and Contributions	(5,909)	(3,388)
Minimum Revenue Provision (MRP)	(724)	(1,016)
<b>Total Sources of Finance</b>	(7,526)	(5,499)
<b>Closing Capital Financing Requirement (CFR)</b>	15,729	16,293
<b><u>Explanation of movements in the year:</u></b>		
Increase/(Decrease) in underlying need to borrow - supported by Government financial assistance	0	0
Increase/(Decrease) in underlying need to borrow - not supported by Government financial assistance	3,973	564
<b>Increase/(Decrease) in Capital Financing Requirement (CFR)</b>	3,973	564

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**

**NOTES TO THE FINANCIAL STATEMENTS**

**13. PROPERTY, PLANT & EQUIPMENT**

**Movements in 2024/25**

	<b>Land &amp; Bldgs.</b>	<b>Vehicles Plant &amp; Equipm't</b>	<b>Infra-Struct. Assets</b>	<b>Comm'y Assets</b>	<b>Assets Under Constrn.</b>	<b>Assets Held for Sale</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Cost or Valuation:</b>							
As at 1 April 2024	25,160	10,835	1,508	8,689	496	1,800	48,488
Additions	1,108	713	0	118	1,232	0	3,171
Revaln incr/(decr) recognised in the Revaluation Reserve	(371)	0	0	0	0	0	(371)
Revaln incr/(decr) recognised in the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition-Disposals	0	(783)	0	0	0	0	(783)
Derecognition-Decommissioned	0	0	0	0	0	0	0
Other movements in cost or valuation	497	0	(4)	3	(496)	0	0
<b>As at 31 March 2025</b>	<b>26,394</b>	<b>10,765</b>	<b>1,504</b>	<b>8,810</b>	<b>1,232</b>	<b>1,800</b>	<b>50,505</b>
<b>Accumulated Depreciation and Impairment:</b>							
As at 1 April 2024	(767)	(7,172)	(864)	(6,681)	0	0	(15,484)
Depreciation Charge	(713)	(767)	(55)	(251)	0	0	(1,786)
Depreciation written out to the Revaluation Reserve	934	0	0	0	0	0	934
Depreciation written out to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition-Disposals	0	783	0	0	0	0	783
Derecognition-Decommissioned	0	0	0	0	0	0	0
<b>As at 31 March 2025</b>	<b>(546)</b>	<b>(7,156)</b>	<b>(919)</b>	<b>(6,932)</b>	<b>0</b>	<b>0</b>	<b>(15,553)</b>
<b>Net Book Value 31/3/24</b>	<b>24,393</b>	<b>3,663</b>	<b>644</b>	<b>2,008</b>	<b>496</b>	<b>1,800</b>	<b>33,004</b>
<b>Net Book Value 31/3/25</b>	<b>25,848</b>	<b>3,609</b>	<b>585</b>	<b>1,878</b>	<b>1,232</b>	<b>1,800</b>	<b>34,952</b>

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**

**NOTES TO THE FINANCIAL STATEMENTS**

**13. PROPERTY, PLANT & EQUIPMENT (Continued)**

**Comparative Movements in 2023/24**

**Cost or Valuation:**

	Other Land & Bldgs. £000s	Vehicles Plant & Equipm't £000s	Infra-Struct. Assets £000s	Comm'y Assets £000s	Assets Under Constrn. £000s	Assets Held for Sale £000s	Total £000s
As at 1 April 2023	21,570	9,930	1,504	8,522	0	0	41,526
Additions	3,739	1,032	0	170	248	0	5,189
Revaln incr/(decr) recognised in the Revaluation Reserve	222	0	0	0	0	0	222
Revaln incr/(decr) recognised in the Surplus/Deficit on Provision of Services	(129)	0	0	0	0	0	(129)
Derecognition-Disposals	7	(127)	4	(4)	0	0	(120)
Derecognition-Decommissioned	0	0	0	0	0	0	0
Other movements in cost or valuation	(249)	0	0	1	248	1,800	1,800

**As at 31 March 2024**

**Accumulated Depreciation and Impairment:**

As at 1 April 2023	(378)	(6,496)	(812)	(6,406)	0	0	(14,092)
Depreciation Charge	(612)	(803)	(52)	(275)	0	0	(1,742)
Depreciation written out to the Revaluation Reserve	230	0	0	0	0	0	230
Depreciation written out to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition-Disposals	(7)	127	0	0	0	0	120
Derecognition-Decommissioned	0	0	0	0	0	0	0

**As at 31 March 2024**

<b>Net Book Value 31/3/23</b>	21,192	3,434	692	2,116	0	0	27,434
<b>Net Book Value 31/3/24</b>	24,393	3,663	644	2,008	496	1,800	33,004

**Depreciation**

The following useful lives have been used in the calculation of depreciation on a straight line basis:

Land and Buildings	Generally 25 to 95 years however Arnot Hill House, a listed building, has a life of 170 years.
Vehicles, Plant and Equipment	5 to 25 years
Infrastructure	10 to 25 years

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT & EQUIPMENT (Continued)

#### Revaluation

The authority carries out a rolling programme which ensures that all Property, Plant and Equipment required to be measured at Current Value is revalued at least every two years. Items within a class of Property, Plant and Equipment are revalued simultaneously within that rolling programme. Most valuations in 2024/25 were completed by the Council's in-house valuer, E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as deemed necessary. Lambert Smith carried out the valuations of Gedling Brough Council Civic Centre and the Arnold Market Place (AMP).

Valuations of land and buildings are carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. An impairment review is carried out annually on the Land and Buildings Portfolio. Due to Covid-19 there was previously a risk of material valuation uncertainty (MVU). However, as per the RICS Material Valuation Uncertainty Leaders' Forum (UK), MVU declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2024/25 Accounts are subject to MVU. Vehicles, Plant and Equipment are valued on a depreciated historic cost basis as a proxy for Current Value.

#### Capital Commitments

At 31 March 2025 there were two significant capital contracts that had been entered into but not fully completed. The construction costs relating to the Hillcrest Business Park extension project totalling £500,000. Also five Refuses Collecting Vehicles totalling £1,086,000. This represents the sums remaining to be paid in 2025/26 and not the value of the contracts.

### 14. INVESTMENT PROPERTY

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2023/24	2023/24
	£000s	£000s
Rental from Investment Property	239	(235)
Direct operating expenses arising from Investment Property	18	6
<b>Net (Gain)/Loss</b>	<b>257</b>	<b>(229)</b>

There are no restrictions on the authority's ability to realise the value inherent in its investment property, or on the authority's contractual obligations to purchase, construct or develop investment property, or repairs, maintenance or enhancement.

Investment property is valued on an annual basis, and an impairment review is also completed at the balance sheet date. Most valuations in 2024/25 were completed by the Council's in-house valuer, E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as deemed necessary. The Council's valuer is however responsible for reporting on all values. Due to Covid-19 there was previously some risk of material valuation uncertainty (MVU). However as per the RICS Material Valuation Uncertainty Leaders' Forum (UK), MVU declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2024/25 Accounts are subject to MVU.

The following table summarises the movements in the fair value of investment properties over the year. The valuation basis adopted uses Level 2 inputs, ie. those other than quoted prices that are observable for the financial asset.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 14. INVESTMENT PROPERTY (Continued)

##### Long Term Investment Property:

##### Balance at the start of the year

Additions (purchase, construction & subsequent expenditure)

Transfers

Net gain/(loss) from fair value adjustments

##### Balance at the end of the year per Balance Sheet

	2023/24	2024/25
	£000s	£000s
Balance at the start of the year	5,646	3,967
Additions (purchase, construction & subsequent expenditure)	0	572
Transfers	(1,800)	0
Net gain/(loss) from fair value adjustments	121	(26)
<b>Balance at the end of the year per Balance Sheet</b>	<b>3,967</b>	<b>4,513</b>

#### 15. INTANGIBLE ASSETS

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the authority.

The carrying amount of intangible assets is amortised on a straight line basis. The full amortisation of **£101,549** charged to revenue in 2024/25 was charged to IT and then absorbed as an overhead across all relevant service headings in Cost of Services.

In view of the above, it is not possible to quantify exactly how much of the amortisation of intangible assets has been attributed to each service heading.

Gross carrying amount

Accumulated amortisation

##### Net carrying amount at start of year

##### Additions

##### Derecognition of decommissioned assets:

Gross carrying amount

Accumulated amortisation

Amortisation for the year

##### Net carrying amount at end of year per Balance Sheet

##### Represented by:

Gross carrying amount

Accumulated amortisation

**Total**

	2023/24	2024/25
	£000s	£000s
Gross carrying amount	1,081	1,183
Accumulated amortisation	(994)	(1,081)
<b>Net carrying amount at start of year</b>	<b>87</b>	<b>102</b>
<b>Additions</b>	<b>102</b>	<b>118</b>
<b>Derecognition of decommissioned assets:</b>		
Gross carrying amount	0	0
Accumulated amortisation	0	0
Amortisation for the year	(87)	(102)
<b>Net carrying amount at end of year per Balance Sheet</b>	<b>102</b>	<b>118</b>
<b>Represented by:</b>		
Gross carrying amount	1,183	1,301
Accumulated amortisation	(1,081)	(1,183)
<b>Total</b>	<b>102</b>	<b>118</b>

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 16. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity, and a financial liability on another. Most straightforward financial assets (debtors, bank deposits, investments etc.) and liabilities (creditors, borrowings etc.) are covered, together with more complex ones not used by this authority (eg. debt instruments with embedded swaps, and options).

The Code requires extensive disclosures in relation to financial instruments, the purpose being to enable users to evaluate the significance of financial instruments for the authority's financial position and performance, and to assess the nature and extent of the risks arising from financial instruments to which the authority was exposed and how the authority manages those risks.

The Code accepts however that the level of detail included in the disclosures will depend on the extent of the authority's involvement in financial instruments, both in terms of the amounts involved and the complexity of the instruments. Gedling Borough Council is party only to straightforward instruments and accordingly the majority of the disclosure is given as a narrative, as permitted by the Code.

The Code requires authorities to measure their assets and liabilities and provide disclosures in accordance with IFRS13 - Fair Value Measurement. Therefore, wherever financial instruments are measured or disclosed at fair value, this is to be done in accordance with IFRS13. The Code defines fair value as "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date". This emphasises that fair value is a market based measurement and not an authority specific measurement.

A key element of IFRS13 is the fair value hierarchy. Level 1 inputs use quoted prices in an active market for identical assets and liabilities, which an authority can access at the measurement date. Level 2 uses inputs other than quoted prices that are observable for the asset or liability. Level 3 uses unobservable inputs for the asset or liability.

#### **Initial Recognition**

A financial asset or liability is recognised on the balance sheet when the holder becomes committed to the purchase, ie. the contract date. Trade receivables (debtors) are an exception, being recognised not when a contract to supply is made, but when the goods have been supplied or the service rendered by the Council. Similarly, trade payables (creditors) are recognised only when the goods or services have been received by the Council. In the case of a contract to borrow money, recognition is at the point at which the cash lent is received, not when the authority becomes committed to the loan agreement. In most cases relevant to Gedling Borough Council, the recognition point is obvious.

#### **Initial Measurement**

Financial assets and liabilities are initially measured at fair value, less the transaction costs that are directly attributable to them. As above, fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. In general, the fair value on initial recognition will be the transaction price. Transaction costs include fees paid to brokers, dealers and advisers, but do not include internal administrative costs.

#### **Soft Loans**

Local Authorities often make "soft loans", ie. loans for policy reasons, rather than as financial instruments, and these loans may sometimes be interest free or at rates below those prevailing in the market, for example to voluntary bodies or to employees for the purchase of motor vehicles. The "fair value" of such loans may be held to be less than the amount of cash lent, and would accordingly be estimated as the present value of all the future cash receipts, discounted using the prevailing market rate of interest for a similar loan. Any sum by which the amount lent exceeds the fair value of the loan should be charged to the Comprehensive Income and Expenditure Statement.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 16. FINANCIAL INSTRUMENTS (Continued)

Subsequent accounting would require the loan's "effective rate of interest" to be used, which will be higher than the contractual rate since the initial carrying amount of the loan is less than the principal sum required to repay the loan. This rate will be the same as the rate used to discount the loan to its initial fair value. Interest in excess of the contractual rate is then credited to the Comprehensive Income and Expenditure Statement over the term of the loan.

The only "soft loans" identified by the Council in 2024/25 were car loans to employees. It is the Council's view that the outstanding sum of £11k is not material and accordingly, no calculation for fair value has been undertaken. Car loans are therefore recognised in the balance sheet at the value of the sums loaned, less repayments made.

#### **Subsequent Measurement**

Although all financial instruments are initially measured on the basis of fair value, subsequent measurement depends on the "classification" of an instrument. IFRS9 defines two classes of financial liabilities, and three classes of financial assets. Classification is now based on the characteristics of the financial asset, including consideration of the business model within which the asset is held. This requires an assessment of the objectives for holding the asset, and whether the contractual terms give rise to cashflows that are solely payments of principal and interest (the SPPI test).

#### **Financial liabilities:**

\* Amortised cost

\* Fair value through profit and loss (FVPL) - none held by the Council

#### **Financial assets:**

\* Amortised cost

\* Fair value through comprehensive income (FVOCI) - none held by the Council

\* Fair value through profit and loss (FVPL)

In practice the majority of financial liabilities held by the Council will be in the "amortised cost" category, and most financial assets will be either at amortised cost, or held at fair value through profit and loss. It will often not be necessary to undertake a formal effective interest rate (EIR) calculation, either because the instrument is a short duration receivable (debtor) or payable (creditor) which is required to be measured at the original invoice amount, or because it is clear that the nominal interest rate equals the EIR, as is the case with most fixed rate instruments.

Most loan debts and investments will feature transaction costs which should be applied to the initial carrying amount, however where these are judged not to be material, for example the 0.035% charge made by PWLB, the transaction costs may be charged immediately to the Comprehensive Income and Expenditure Statement (CIES). This is the treatment adopted by Gedling Borough Council.

#### **Premiums and Discounts**

The accounting treatment for premiums and discounts arising on the early repayment of debt is largely dictated by the principle that financial instruments are derecognised when the contracts that establish them come to an end. Premiums and discounts may arise from the extinguishment of a financial liability. The amounts of such premiums payable or discounts receivable are thus required to be cleared to the Comprehensive Income and Expenditure Statement upon the extinguishment of the liability.

However, it has been recognised by the Government that this accounting treatment does not necessarily result in a charge which is equitable on Council Taxpayers in terms of gains and losses. Provisions have therefore been introduced to allow authorities to spread the impact of premiums and discounts on Council Tax over future financial years, and in England such spreading is a requirement for discounts.

No premiums or discounts were paid or received by the Council during 2024/25

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 16. FINANCIAL INSTRUMENTS (Continued)

#### The Council's Financial Instruments at 31 March 2024

##### (a) Financial Liabilities at Amortised Cost:

- (i) **Long and Short Term Borrowing** - Total long term debt outstanding on the balance sheet on 31 March 2025 is £10.812m, all held with the Public Works Loan Board (PWLB). The short term borrowing balance of £2k shown on the Balance Sheet is represented by accrued interest only. PWLB loans have special characteristics in that the interest rates are based on the Government's cost of borrowing rather than on market rates, and a penalty charge is payable on early redemption that is over and above the cost to the lender.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, and these are termed the PWLB certainty interest rates. As a result of its PWLB commitments for fixed rate loans, a comparison of the terms of these loans with the new borrowing rates available from PWLB has been used to calculate the fair value. If a value is calculated on this basis the carrying amount of the Council's outstanding loans of £10.812m would be valued at £6.620m (excluding accrued interest). If the Council was to seek to repay the loans to PWLB, the PWLB would discount the charge based on the premature redemption interest rates, totalling £2.951m. The exit price for the outstanding PWLB loans including the penalty discount would therefore be £7.861m (excluding accrued interest).

This redemption charge is a supplementary measure of the fair value of the outstanding PWLB loans of £10.812m. It measures the economic effect of the terms agreed by the Council with the PWLB, compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date, which have been assumed to be the PWLB premature redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB against what would be paid if the loans were at prevailing market rates.

If the discount rate applied to each outstanding loan was to increase by 1%, the discount would increase from £2,951m to £4.063m and the exit price from £7,861m to £6,748m (excluding accrued interest). These amounts would be reversed if the discount rate was to fall, ie. the penalty and the exit price would rise.

The valuation basis adopted uses level 2 inputs, ie. inputs other than quoted prices that are observable for the financial liability.

- (ii) **Long and Short Term Creditors** - Operational creditors are financial instruments of short duration, with no formal effective interest rate, and are required to be valued at their original amounts, ie. the carrying amount is a reasonable approximation of fair value. Long term creditors are represented by grants received in advance of £4.276m. Short-term creditors outstanding at 31 March 2025, which are classed as financial instruments, totalled £4.741m.

##### (b) Financial Assets at Amortised Cost

- (i) **Short Term Investment** - Investments held at 31 March 2025 amounted to £3.090m, including accrued interest, and consisted of fixed term deposits with approved counterparties. Term deposit rates were fixed at inception, with interest paid on maturity. No formal calculation of EIR is deemed necessary, and the carrying amount is a reasonable approximation of the fair value.
- (ii) **Long Term Debtors** - As discussed above, the only soft loans identified by Gedling Borough Council are car loans to employees. The sum outstanding at 31 March 2025 is £12k, which is not deemed material.
- (iii) **Short Term Debtors** - Operational debtors are financial instruments of short duration, with no formal effective interest rate, and are required to be valued at their original amount, ie. the carrying amount is a reasonable approximation of fair value. Short term debtors outstanding at 31 March 2025, which are classed as financial instruments, totalled £6,182m net of impairment provisions for doubtful debts (see note 19).

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 16. FINANCIAL INSTRUMENTS (Continued)

(iv) **Cash and Cash Equivalents** - The fair value of cash balances in hand (or overdrawn) is deemed to be the carrying value. The Council's in hand cash balances at 31 March 2025 totalled £0.420m as a result of daily cashflow management. This balance is combined on the Balance Sheet as part of the overall Cash and Cash Equivalents balance of £8.115m in hand, including a total of £7.690m held in Money Market Funds. Whilst the value of these funds can technically fluctuate, suggesting treatment as fair value through profit and loss, the Council invests with Low Volatility Net Asset Value (LVNAV) products, which have an exceptionally low level of fluctuation. The Money Market Funds are AAA rated, and this would not be the case if the Funds were not deemed stable.

#### (c) Financial Assets at Fair Value through Profit and Loss

The Council has a long term investment of £1m with the CCLA Local Authority Property Fund (LAPF). Under IFRS9 this investment is classified as a financial asset at fair value through profit and loss, whereby fluctuations in the certificated value of the fund would generally be charged to the CIES. However, a statutory override in place until 31 March 2025 requires these fluctuations to be reversed out via the MiRS to a Pooled Investment Funds Adjustment Account and held on the balance sheet.

The certificated value of the property fund investment increased from £877,118 at 31 March 2024 to £893,994 at 31 March 2025. The gain of £16,876 was debited to CIES and reversed out in accordance with the statutory override. The current balance on the Pooled Investment Funds Adjustment Account is a loss of £106,006.

Dividends received in respect of the property fund investment totalled £44,171 in 2024/25. These have been credited to the CIES and are included in the surplus on the provision of services.

**A summary of the Council's exposure to financial instruments at 31 March 2025 is shown below:**

#### Summary of Financial Instruments

##### Financial liabilities at amortised cost

Long Term Borrowing  
Short Term Borrowing  
Long Term Creditors  
Short Term Creditors

##### **Total Financial Liabilities**

##### Financial assets at amortised cost

Short Term Investments  
Long Term Debtors  
Short Term Debtors  
Cash & Cash Equivalents

##### Financial assets at fair value through profit and loss

Pooled Investment Funds

##### **Total Financial Assets**

	31/3/24	31/3/25
	£000s	£000s
Long Term Borrowing	(10,812)	<b>(10,812)</b>
Short Term Borrowing	(181)	<b>(2)</b>
Long Term Creditors	(3,664)	<b>(3,664)</b>
Short Term Creditors	(3,763)	<b>(3,763)</b>
<b>Total Financial Liabilities</b>	<b>(18,420)</b>	<b>(18,241)</b>
Short Term Investments	10,709	<b>3,090</b>
Long Term Debtors	17	<b>12</b>
Short Term Debtors	3,155	<b>3,155</b>
Cash & Cash Equivalents	3,943	<b>8,115</b>
Pooled Investment Funds	877	<b>894</b>
<b>Total Financial Assets</b>	<b>18,701</b>	<b>15,266</b>

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 17. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council is required to disclose information regarding the risk arising from financial instruments to which the authority is exposed.

Credit risk is the possibility that other parties might fail to pay amounts due to the authority. Liquidity risk is the possibility that the authority may not have funds available to meet its commitments to make payments. Refinancing risk is the possibility that the Council might be required to renew a financial instrument on maturity at unfavourable interest rates or terms. Market risk is the possibility that financial loss may arise as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

#### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions. The Council's Treasury Management Policy is to select counterparties by the use of a creditworthiness methodology provided by its treasury advisers. This is based on a sophisticated model that incorporates credit ratings from all three main rating agencies, supplemented by information relating to positive and negative outlooks and other technical market information. The result is a banding for the suggested duration of investments with any given counterparty, from "do not use" to 60 months. Any deviation from these suggested durations must be specifically approved by the Chief Financial Officer and reported to Full Council at the earliest opportunity. Full credit rating information is received from the treasury advisers on a weekly basis, with any changes in between being notified by ratings alerts. Accordingly, changes to the approved counterparty list can be made promptly in order to minimise the Council's exposure to risk.

The Council also operates maximum investment limits with individual counterparties and Money Market Funds. Any investment in excess of these limits is subject to the specific approval of the Chief Financial Officer. The Council did not experience any non-performance from any of its counterparties in respect of its temporary investments or cash equivalents during 2023/24

#### **Impairment of Financial Assets - the Expected Credit Loss Model**

IFRS9 introduced the concept of "expected credit losses" as opposed to "incurred losses". This is largely in response to the financial crisis, when impairment provisions were often found to be too little, and to have been made too late.

Impairment losses must be calculated to reflect the expectation that future cashflows might not take place because the borrower could default on their obligations. Provision for trade receivables (debtors) is made on a lifetime expected loss basis using a collective provision matrix, and credit risk plays a crucial role in assessments. The Council has historically used such a matrix, and this has been reviewed to ensure that it is sufficiently "forward looking" and not simply based on past experience. The overall decrease of £205k in the Council's impairment loss allowances for financial instruments during 2024/25 has been credited to the financing and investment section of the CIES, in accordance with the requirement of IFRS9.

Whilst the full impact of the coronavirus pandemic is not yet known, it has been addressed when assessing the expected credit loss provisions. The use of a collective provision matrix ensures that where arrears rise there is also a corresponding increase in the expected credit loss provision, and furthermore, whilst recovery may be currently suspended, it will ultimately recommence. On the basis of a "lifetime expected credit loss" the overall position remains unchanged.

No provision for impairment has been made for short term investments on the basis that these are fixed term deposits with high quality counterparties and the risk is assessed as negligible. The Council's treasury advisers have calculated that the historic risk of default on the entire short term investment portfolio at 31 March 2025 is 0.006%, and would amount to an expected credit loss provision of less than £200. This is not deemed to be material.

Similarly, no provision has been made for cash and cash equivalents, which includes the Council's investments in money market funds. As previously discussed, these are AAA rated funds and are deemed to represent negligible risk.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 17. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### Liquidity and Refinancing Risk

As the authority has access to borrowings from PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority may have to replace significant proportions of its borrowings at unfavourable interest rates. The Prudential Code requires an indicator specifying the maximum proportions of debt maturing at different times, and performance in this respect is reported to the Chief Financial Officer on a daily basis. The PWLB maturity profile as at 31 March is shown below:

#### PWLB Maturity Analysis

##### Short Term Borrowing (repayable within 1 year)

Principal  
Interest accruals

##### **Short Term Borrowing per Balance Sheet**

##### Long Term Borrowing

Repayable in 1 to 2 years  
Repayable in 2 to 5 years  
Repayable in 5 to 10 years  
Repayable in over 10 years

##### **Long Term Borrowing per Balance Sheet**

It is a requirement of the Code that the long-term and short-term parts of individual instruments be separated. Even when separated, the assets and liabilities remain financial instrument balances and should be carried in the Balance Sheet as investments or borrowings, rather than as debtors or creditors.

#### Market Risk:

The authority is exposed to some degree of risk on its exposure to interest rate movements on its borrowings and investments, and movements in interest rates can have a complex impact. The Treasury Management Strategy set each year specifies the maximum proportions of variable rate borrowings and investments that may be outstanding at any one time, and performance in this respect is reported to the Chief Financial Officer daily. In addition, regular advice is taken from the Council's treasury advisers with regard to the timing of significant borrowings and investments.

#### Price Risk:

The authority's property fund investment is subject to fluctuations in value and the capital sum is not guaranteed. However the intention is to hold the investment for at least five years to minimise the risk. The authority has no equity shareholdings and thus no exposure to risk from movements in share prices.

#### Foreign Exchange Risk:

The authority has no material financial assets denominated in foreign currencies and thus has no significant exposure to loss arising from movements in exchange rates.

	31/3/24	31/3/24
	£000s	£000s
Principal	0	0
Interest accruals	(181)	(2)
<b>Short Term Borrowing per Balance Sheet</b>	<b>(181)</b>	<b>(2)</b>
Repayable in 1 to 2 years	0	0
Repayable in 2 to 5 years	0	0
Repayable in 5 to 10 years	(681)	(681)
Repayable in over 10 years	(10,131)	(10,131)
<b>Long Term Borrowing per Balance Sheet</b>	<b>(10,812)</b>	<b>(10,812)</b>

### 18. LONG TERM DEBTORS

Car Loans  
Other - Cycle Scheme

##### **Total Long Term Debtors per Balance Sheet**

	2023/24	2023/24
	£000s	£000s
Car Loans	16	11
Other - Cycle Scheme	1	0
<b>Total Long Term Debtors per Balance Sheet</b>	<b>17</b>	<b>11</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 19. SHORT TERM DEBTORS

	2023/24			2024/25		
	Financial Instrum'ts	Statutory Debts	Total	Financial Instrum'ts	Statutory Debts	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Central Government Departments	1,210	1,573	2,783	1,580	2,234	3,814
Other Local Authorities	66	3,075	3,141	255	3,530	3,785
Other Entities and Individuals	3,991	2,284	6,275	6,254	2,534	8,788
<b>Total Short Term Debtors</b>	<b>5,267</b>	<b>6,932</b>	<b>12,199</b>	<b>8,089</b>	<b>8,298</b>	<b>16,387</b>
Less Impairment Loss Allowance	(2,112)	(542)	(2,654)	(1,907)	(508)	(2,415)
<b>Net Short Term Debtors per Balance Sheet</b>	<b>3,155</b>	<b>6,390</b>	<b>9,545</b>	<b>6,182</b>	<b>7,790</b>	<b>13,972</b>

Amounts in respect of council tax and business rates are outside the scope of financial instruments, being "statutory debtors". The balance has reduced at 31 March 2025.

In accordance with IFRS9, the reduction on the impairment loss allowance for financial instruments between 2023/24 and 2024/25 has been credited to the Financing and Investment section in the Comprehensive Income and Expenditure Statement.

#### 20. CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. There are no strict criteria relating to the nature and maturity of cash equivalents, but at Gedling all bank call accounts, including money market funds, are deemed to be such instruments, given that they are repayable at call without penalty. All the Council's fixed term deposits (however short) and notice accounts are classed as short-term investments, since penalties will be incurred if they are broken.

The balance of cash and cash equivalents is made up as follows:

	31/03/24	31/03/25
	£000s	£000s
Cash balance at bank and cash in transit	(552)	420
Imprest Accounts	5	5
	(547)	425
Call Accounts	4,490	7,690
<b>Total Cash and Cash Equivalents per Balance Sheet</b>	<b>3,943</b>	<b>8,115</b>

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 21. SHORT TERM CREDITORS AND RECEIPTS IN ADVANCE

Creditors are defined as liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied, and have been invoiced or formally agreed with the supplier.

If the Council receives consideration that does not yet meet the required conditions for revenue recognition, ie. goods have not been received, or a service has not been undertaken, a receipt in advance must be recognised.

	2023/24			2024/25		
	Financial Instrum'ts	Statutory Creditors	Total	Financial Instrum'ts	Statutory Creditors	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Central Government Departments	(4)	(3,323)	(3,327)	0	(2,202)	(2,202)
Other Local Authorities	(1,498)	(1,341)	(2,839)	(1,800)	(1,400)	(3,200)
Other Entities and Individuals	(2,261)	(660)	(2,921)	(2,941)	(616)	(3,557)
<b>Total Short Term Creditors per Balance Sheet</b>	<b>(3,763)</b>	<b>(5,324)</b>	<b>(9,087)</b>	<b>(4,741)</b>	<b>(4,218)</b>	<b>(8,959)</b>

Amounts due in respect of council tax, business rates and HMRC taxes are outside the scope of financial instruments, being "statutory creditors". The balance of statutory creditors at 31 March 2025 remains significant due Transitional Protection balances repayable to MHCLG and Pool Levy payable to the Pool Lead of Newark and Sherwood Council.

### 22. PROVISIONS

#### Over one year:

#### Balance at 1 April 2024

Additional Provisions made in 2024/25

Used in 2024/25

Reversed in 2024/25

#### Balance at 31 March 2025

	Transf'd Stock Env. Warranties	Transf'd Stock Repairs	NDR Appeals	Total Provisions
	£000s	£000s	£000s	£000s
Balance at 1 April 2024	(50)	(50)	(716)	(816)
Additional Provisions made in 2024/25	0	0	(360)	(360)
Used in 2024/25	0	0	628	628
Reversed in 2024/25	0	0	(160)	(160)
<b>Balance at 31 March 2025</b>	<b>(50)</b>	<b>(50)</b>	<b>(608)</b>	<b>(708)</b>

**Transferred Stock Environmental Warranties** - to provide for the payment of excesses under the Environmental Warranty provided to Gedling Homes under the Large Scale Voluntary Transfer (LSVT) arrangement. An excess of £25,000 makes it likely that the Council will be required to meet certain expenses over the life of the policy.

**Transferred Stock Repairs** - to provide for work required under warranties on the transferred properties referred to above.

**NDR Appeals** - The Business Rate Retention regime places a liability on the Council to refund ratepayers who successfully appeal against the rateable value of their properties on the rating list. A provision of £608,000 has been made, representing the Council's estimated share of such liabilities at 31 March 2025.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 23. USABLE RESERVES

Movements in the authority's Usable Reserves are detailed in the Movement in Reserves Statement on page 39, and in note 9 on pages 50 to 53.

#### 24. UNUSABLE RESERVES

Deferred Capital Receipts	0	0
Revaluation Reserve	6,795	7,205
Pooled Investment Funds Adjustment Account	(123)	(106)
Capital Adjustment Account	14,552	16,089
Pensions Reserve	(4,458)	(1,536)
Collection Fund Adjustment Account - Council Tax	2	79
Collection Fund Adjustment Account - Non Domestic Rates	652	(178)
Accumulated Absences Account	(338)	(390)

	31/03/24	31/03/25
	£000s	£000s
Deferred Capital Receipts	0	0
Revaluation Reserve	6,795	7,205
Pooled Investment Funds Adjustment Account	(123)	(106)
Capital Adjustment Account	14,552	16,089
Pensions Reserve	(4,458)	(1,536)
Collection Fund Adjustment Account - Council Tax	2	79
Collection Fund Adjustment Account - Non Domestic Rates	652	(178)
Accumulated Absences Account	(338)	(390)
<b>Total Unusable Reserves</b>	<b>17,082</b>	<b>21,163</b>

#### **Total Unusable Reserves**

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date at which the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

#### **Balance at 1 April**

Upward revaluation of assets	655	780
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(145)	(125)
Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services	510	655
Difference between fair value depreciation and historic cost depr'n	(219)	(246)
Accumulated gains on assets sold or scrapped	0	0
Amount written off to the Capital Adjustment Account	(219)	(246)

	2023/24	2024/25
	£000s	£000s
<b>Balance at 1 April</b>	<b>6,504</b>	<b>6,795</b>
Upward revaluation of assets	655	780
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(145)	(125)
Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services	510	655
Difference between fair value depreciation and historic cost depr'n	(219)	(246)
Accumulated gains on assets sold or scrapped	0	0
Amount written off to the Capital Adjustment Account	(219)	(246)
<b>Balance at 31 March</b>	<b>6,795</b>	<b>7,204</b>

#### **Balance at 31 March**

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 24. UNUSABLE RESERVES (Continued)

##### Pooled Investment Funds Adjustment Account

The introduction of IFRS9 requires pooled investment funds to be classified at Fair Value through Profit and Loss (FVPL), whereby all gains and losses are immediately charged to the Surplus and Deficit on the Provision of Services. However, in the case of certain property funds, including the CCLA LAPF in which the Council has an investment of £1m, a statutory override initially in place until 31 March 2025 requires these gains and losses to be neutralised via the Movement on Reserves Statement to the Pooled Investment Funds Adjustment Account (PIFAA). The increase in value of the Council's property fund investment in 2024/25 represents a loss, which has been reversed out to the PIFAA in accordance with the regulations.

##### **Balance at 1 April**

Gain/(Loss) on CCLA Property Fund in year

##### **Balance at 31 March**

2023/24	2024/25
£000s	£000s
(87)	(123)
(36)	17
(123)	(106)

##### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets, and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement, as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction or enhancement.

The Capital Adjustment Account contains accumulated gains and losses on Investment Properties, and if relevant, gains recognised on donated assets that have yet to be consumed by the authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 on pages 50 to 53 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 24. UNUSABLE RESERVES (Continued)

##### Capital Adjustment Account (continued)

**Balance at 1 April**

##### Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:

Charges for depreciation and impairment of non-current assets  
 Revaluation (losses)/reversals on Property, Plant and Equipment  
 Amortisation of Intangible Assets  
 Revenue Expenditure funded from Capital under Statute (REFCUS)  
 Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement

Adjusting amount written out of the Revaluation Reserve

Net written out amount of non-current assets consumed in the year

##### Capital financing applied in the year:

Use of Capital Receipts Reserve to finance new capital expenditure  
 Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing

Applications of grants to capital financing from the Capital Grants Unapplied Account

Statutory provision for the financing of capital investment charged against the General Fund

Capital expenditure charged against the General Fund

Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement

**Balance at 31 March**

	2023/24	2024/25
	£000s	£000s
Balance at 1 April	14,046	14,552
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	(1,742)	(1,786)
Revaluation (losses)/reversals on Property, Plant and Equipment	(187)	(93)
Amortisation of Intangible Assets	(87)	(102)
Revenue Expenditure funded from Capital under Statute (REFCUS)	(4,831)	(544)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9	0
	(6,838)	(2,525)
Adjusting amount written out of the Revaluation Reserve	219	246
	(6,619)	(2,279)
<b>Capital financing applied in the year:</b>		
Use of Capital Receipts Reserve to finance new capital expenditure	0	0
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	486	440
Applications of grants to capital financing from the Capital Grants Unapplied Account	5,735	2,419
Statutory provision for the financing of capital investment charged against the General Fund	724	1,016
Capital expenditure charged against the General Fund	60	(33)
	7,005	3,842
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	120	(26)
<b>Balance at 31 March</b>	<b>14,552</b>	<b>16,089</b>

##### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits, and for funding benefits, in accordance with statutory provisions. The authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to the pension fund, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 24. UNUSABLE RESERVES (Continued)

	2023/24	2024/25
	£000s	£000s
<b>Balance at 1 April</b>	(10,056)	<b>(4,458)</b>
Actuarial gains or (losses) on pensions assets and liabilities	5,670	<b>2,435</b>
Reversal of items relating to benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,585)	<b>(2,073)</b>
Employer's pension contributions and direct payments to pensioners payable in the year	2,513	<b>2,560</b>
<b>Balance at 31 March</b>	<b>(4,458)</b>	<b>(1,536)</b>

#### Collection Fund Adjustment Accounts

The Collection Fund Adjustment Accounts manage the differences arising from the recognition of council tax and non domestic rate income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and ratepayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

#### Council Tax:

	2023/24	2024/25
	£000s	£000s
<b>Balance at 1 April</b>	87	<b>2</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory arrangements	(85)	<b>77</b>
<b>Balance at 31 March</b>	<b>2</b>	<b>79</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 24. UNUSABLE RESERVES (Continued)

##### Collection Fund Adjustment Accounts (continued)

##### Non Domestic Rates:

##### **Balance at 1 April**

Amount by which non domestic rate income credited to the Comprehensive Income and Expenditure Account is different from NDR income calculated for the year in accordance with statutory arrangements

##### **Balance at 31 March**

2023/24	2024/25
£000s	£000s
1,758	652
(1,106)	(830)
652	(178)

##### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned, but not taken in the year, for example annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

Overall balances of outstanding leave at each year-end are relatively consistent, however an annual review is carried out. Accruals are based on outstanding hours multiplied by pay rates for the following year, ie. the year in which the leave will be taken.

##### **Balance at 1 April**

Settlement or cancellation of accrual made at the end of the preceding year

Amounts accrued at the end of the current year

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements

##### **Balance at 31 March**

2023/24	2024/25
£000s	£000s
(343)	(338)
343	343
(343)	(343)
5	(52)
(338)	(390)

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 25. CASH FLOW STATEMENT - OPERATING ACTIVITIES

**Net Surplus / (Deficit) on the Provision of Services per CIES on p33**

**Adjustments to the net surplus / (deficit) on the Provision of Services for non-cash movements:**

Depreciation	1,742	1,786
Impairment and downward revaluations	187	93
Amortisation	87	102
Increase / (Decrease) in revenue creditors	(735)	1,137
(Increase) / Decrease in revenue debtors	1,130	(3,037)
(Increase) / Decrease in stocks and works in progress	20	23
Pension liability	72	(487)
Carrying amount of non current assets sold	0	0
Other non-cash items charged to net surplus/(deficit) on provision of services	(750)	(99)

**Adjustments to the net surplus / (deficit) on the Provision of Services for items that are investing and financing activities:**

Proceeds from sales of property, plant and equipment, and other investment property receipts and payments

(873)	(5,269)
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**Net cash flow from Operating Activities per Cash Flow Statement on p42**

<b>1,675</b>	<b>(2,639)</b>
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**Cash flows for operating activities include the following items:**

Interest Received  
Interest Paid

2023/24	2024/25
£000s	£000s
(1,392)	(1,157)
202	534

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 26. CASH FLOW STATEMENT - INVESTING ACTIVITIES

Purchase of property, plant and equipment, investment property and intangible assets	(6,279)	(2,782)
Purchase of short term and long term investments	0	0
Other payments for investing activities	(18)	(6)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	0	0
Proceeds from short-term and long term investments	2,780	7,520
Capital grants & contributions	(1,152)	235
Other receipts from investing activities	3,174	4,323

	2023/24	2024/25
	£000s	£000s
Purchase of property, plant and equipment, investment property and intangible assets	(6,279)	(2,782)
Purchase of short term and long term investments	0	0
Other payments for investing activities	(18)	(6)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	0	0
Proceeds from short-term and long term investments	2,780	7,520
Capital grants & contributions	(1,152)	235
Other receipts from investing activities	3,174	4,323
<b>Net cash flows from Investing Activities per Cash Flow Statement on p42</b>	<b>(1,495)</b>	<b>9,290</b>

#### 27. CASH FLOW STATEMENT - FINANCING ACTIVITIES

Receipt of short-term and long-term borrowing	0	0
Other receipts from financing activities	9	(5)
Movement on NDR debtor with preceptors and CLG	(2,645)	1,302
Movement on Council Tax debtors with Preceptors	(1,397)	384
Community Infrastructure Levy held for Parishes	(940)	797
Grants & contributions held for other principal parties	(460)	1
Other payments for financing activities	(4)	0

	2023/24	2024/25
	£000s	£000s
Receipt of short-term and long-term borrowing	0	0
Other receipts from financing activities	9	(5)
Movement on NDR debtor with preceptors and CLG	(2,645)	1,302
Movement on Council Tax debtors with Preceptors	(1,397)	384
Community Infrastructure Levy held for Parishes	(940)	797
Grants & contributions held for other principal parties	(460)	1
Other payments for financing activities	(4)	0
<b>Net cash flows from Financing Activities per Cash Flow Statement on p42</b>	<b>(5,437)</b>	<b>2,479</b>

#### 28. MEMBERS' ALLOWANCES

Payments to Members are made under the Local Authorities (Members Allowances) (England) Regulations 2003, which provide for the circumstances in which allowances are payable to Members, and to the maximum amounts payable in respect of certain allowances. The regulations include a requirement for authorities to make public their scheme for Members' allowances, and to disclose annually the amounts paid under such a scheme. The Council fulfils this requirement by the placement of a notice on its website. Under the Council's scheme, a Basic Allowance is paid to each Member, together with relevant Special Responsibility Allowances. There is also provision for the payment of car allowances, plus public transport, conference and subsistence expenses.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 28. MEMBERS' ALLOWANCES (Continued)

The authority paid the following amounts to Members of the Council during the year:

	2023/24	2024/25
	£000s	£000s
<b>Allowances:</b>		
Basic	190	191
Special Responsibility	130	131
<b>Expenses:</b>		
Conferences and subsistence	0	2
	<b>320</b>	<b>324</b>

The figures above include payments made to independent members.

#### 29. EXTERNAL AUDIT COSTS

The authority is required to disclose amounts paid to its appointed auditors for work carried out in performing statutory functions. For 2023/24, Mazars are the appointed auditors for accounts and inspection work, however KPMG are the appointed auditors for grant certification work. Amounts paid to the appointed auditor for work carried out in providing additional services such as tax advice must also be disclosed, the purpose being to demonstrate that the objectivity of the auditor is not compromised by fees for other work being significant in relation to audit costs.

	2023/24	2024/25
	£	£
Audit services carried out by the appointed auditor (Mazars)	53,600	<b>142,149</b>
Additional fees to be paid to the appointed auditors in respect of previous years	0	<b>112,789</b>
<b>Total fees for statutory audit services in the year</b>	53,600	<b>254,938</b>
<b>Fees for tax advisory services</b>	0	<b>0</b>
<b>Total fees paid to the appointed auditor</b>	<b>53,600</b>	<b>254,938</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 30. OFFICERS' REMUNERATION

The Accounts and Audit Regulations 2015 require certain disclosures in respect of the remuneration of senior employees in Local Authorities, in order to provide greater transparency and accountability to local taxpayers in respect of the total remuneration package for the senior team charged with the stewardship of the Council. For the purpose of this disclosure note, senior officers are defined as those collectively representing the Council's Senior Leadership Team.

There is a requirement to disclose by job title the individual remuneration for senior employees whose annualised basic salary is £50,000 or more, but less than £150,000. Any employee in receipt of an annualised salary of £150,000 or more is required to be identified by name, however this does not apply at Gedling Borough Council as no employee is paid a salary at this level.

Remuneration is defined as amounts payable to or receivable by a person, and includes salary (the amount received under a contract of employment for services rendered), bonuses, expenses, the estimated monetary value of non-cash benefits, ie. "benefits in kind", and compensation for loss of employment. Remuneration generally excludes an employer's pension contributions, however for "senior officers" such contributions must also be included.

The remuneration paid to the Authority's senior employees in 2024/25, and in 2023/24 for comparison, is detailed in the table below.

#### Senior Employees in receipt of a basic salary exceeding £50,000:

##### 2024/25

	Salary, Fees & All'wces	Exps All'wces	Benefits in Kind	Comp'n for loss of Office	Total exc Pension Contribs	Employer Pension Contribs	Total
	£	£	£	£	£	£	£
Chief Executive	139,204	255	0	0	139,458	25,669	165,128
Director of Transformation (Started May 2025)	45,074	0	0	0	45,074	0	45,074
Director of Operations (Started January 2025)	16,849	0	0	0	16,849	3,665	20,514
Director of Place	77,500	65	0	0	77,565	16,464	94,029
Deputy Chief Executive & Monitoring Officer	86,594	0	0	0	86,594	18,260	104,854
Chief Finance Officer & S151 Officer	77,413	0	0	0	77,413	16,446	93,859

##### 2023/24

Chief Executive	127,690	255	0	0	127,945	25,043	152,988
Director of Corporate Resources & S151 Officer	93,448	0	0	0	93,448	9,358	102,807
Executive & Monitoring Officer	78,242	0	0	0	78,242	16,557	94,799
Acting Chief Finance Officer & S151 Officer	64,998	0	0	0	64,998	13,923	78,922

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 30. OFFICERS' REMUNERATION (Continued)

There is also a requirement to disclose the authority's other employees receiving remuneration totalling more than £50,000 in the year (excluding employer's pension contributions) and these are analysed in bands of £5,000 starting at £50,000 in the table below.

##### Number of Employees in each Remuneration Band:

(excluding employer pension contributions)

£50,000 to £54,999

£55,000 to £59,999

£60,000 to £64,999

£65,000 to £69,999

£70,000 to £74,999

£75,000 to £79,999

2023/24	2024/25
Number	Number
7	10
2	5
0	3
1	4
0	0
4	2
14	24

**Total number of other employees whose remuneration exceeds £50,000**

#### 31. EXIT PACKAGES (TERMINATION BENEFITS)

The Council is required to disclose the number and cost of exit packages made in the financial year in rising bands of £20,000 up to £100,000, and bands of £50,000 thereafter. Exit packages to be included are those that have been agreed by the Council, ie. for which it is "demonstrably committed".

Termination benefits are defined as amounts payable as a result of either the Council's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. Voluntary early retirement does not represent a termination benefit, being instead a "post employment benefit". Termination benefits differ from post-employment benefits in that the latter are earned throughout an employee's working life, whereas termination benefits arise as a result of a specific event, such as a reduction in service capacity or as a result of budget cuts.

Three compulsory redundancies were made during 2024/25. There was five terminations agreed for reasons other than redundancy. Incurring total liabilities of £95,643. These amounts have been charged to the Comprehensive Income and Expenditure Statement in the year.

##### Exit Packages per Cost-Band £

	Number of Compulsory Redundancies		Number of other departures agreed in year		Total number of exit packages by cost-band		Total cost of exit packages in each band £	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
0 to 20,000	0	2	6	5	6	7	13,380	68,164
20,001 to 40,000	0	1	1	0	1	1	67,234	27,479
40,001 to 60,000	0	0	0	0	0	0	0	0
60,001 to 80,000	0	0	0	0	0	0	0	0
100,001 to 150,000	0	0	0	0	0	0	0	0
	0	3	7	5	7	8	80,614	95,643

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 32. POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME

##### (i) Participation in the Pension Scheme:

As part of the terms and conditions of employment for its officers, the Council makes contributions towards the cost of post employment (retirement) benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments for those benefits, and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) administered locally by Nottinghamshire County Council. This is a funded defined benefit statutory scheme with index linked benefits, meaning that the authority and employees both pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Until 31 March 2014, benefits were based on final salary and length of service, however following changes to the LGPS, all benefits accrued from 1 April 2014 are based on career average revalued earnings and the length of service on retirement.

In addition, the Council has made arrangements for the payment of added years benefits to certain retired employees, outside the provisions of the scheme. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made, however there are no investment assets built up to meet these pension liabilities. Cash therefore has to be generated to meet actual pensions payments as they eventually fall due.

The actuary, Barnett Waddingham, is instructed by Nottinghamshire County Council to undertake pension expense calculations, and has prepared its figures in accordance with its understanding of IAS19. The principal risks to Gedling Borough Council are the longevity assumptions, statutory changes to the scheme, changes to inflation and bond yields, and the performance of the equity investments held by the scheme. In addition, as there are many unrelated employers in the LGPS there is an "orphan liability risk", where an employer leaves the fund but with insufficient assets to cover their pension obligations, in which case the shortfall may fall on the remaining employers. These risks are mitigated to a certain extent by the statutory requirement to charge to the General Fund the amount required by statute, as described in the accounting policies note, and by the assumption that an employer may leave the fund with excess assets, and these may be inherited by the remaining employers. Changes in the funding level of the LGPS fund's orphaned liabilities could result in asset experience passed on to the Employer following a full valuation update.

Further information can be found in the annual report of the Nottinghamshire County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP.

##### (ii) Explanation of terms:

**Liabilities (obligations)** - the post employment benefits that have been promised under the formal terms of the pension scheme, plus any constructive obligation for further benefits where the authority has given employees valid expectations that such benefits will be granted. Liabilities are measured on an actuarial basis, estimating the future cashflows that will arise from them based on such things as mortality rates, employee turnover, salary growth and expected early retirements under the scheme rules, discounted to present values.

**Assets** - the Council's attributable share of the investments held in the pension scheme to cover the liabilities, measured at fair value at the balance sheet date.

##### Movements on pensions assets and liabilities are analysed into the following constituents:

##### **Service cost - comprising:**

**Current service cost** - the increase in the present value of a defined benefit scheme's liabilities (defined benefit obligation) resulting from employee service in the current period.

**Past service cost** - the change in the present value of a scheme's liabilities for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of a change to a defined benefit scheme) or a curtailment (a significant reduction in the number of employees covered by a scheme).

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Gains or losses on settlements - arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit scheme.

An amendment to IAS19 requires that when determining any past service cost, or gain or loss on settlement, the net defined benefit liability is to be remeasured using current assumptions, and the fair value of plan assets at the time of the event. The amendment does however note that this extra remeasurement does not need to be applied where the application of that remeasurement is not material. The Actuary has treated no events as "material special events" in 2024/25.

**Net interest cost** - the change during the period in the net defined benefit liability/asset that arises from the passage of time. It comprises interest costs on the liabilities and the interest income on plan assets.

**Re-measurement of the net defined liability/(asset) comprising:**

Actuarial gains and losses - changes in the present value of the defined benefit obligation resulting from (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and (b) the effects of changes in the actuarial assumptions.

Return on plan assets - excluding amounts included in net interest on the net defined benefit liability/(asset).

**Contributions by scheme participants** - the increase in scheme liabilities and assets due to payments into the scheme by employees.

**Contributions by employer** - the increase in scheme assets due to payments into the scheme by the employer.

**Benefits paid** - payments to discharge liabilities directly to pensioners.

#### (iii) Transactions relating to post-employment benefits:

Pensions are accounted for in accordance with IAS19. The cost of retirement benefits are recognised in the Cost of Services in the Comprehensive Income and Expenditure Statement (page 34) when they are earned by employees, rather than when they are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, therefore the real cost of post employment (retirement) benefits is reversed out of the General Fund via the Movement in Reserves Statement (page 35). Transactions affecting the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement are shown below.

In 2018 the Court of Appeal ruled that changes made to the pension schemes for judges and firefighters were unlawful on the grounds of age discrimination, a decision known as the "McCloud and Sargeant" judgement, and this was upheld by the Supreme Court. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. The Council previously included an allowance to reflect the potential impact of the McCloud case, and this has been rolled by the Actuary in obtaining the accounting results for 2024/25.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

As a result of a High Court ruling on the equalisation of guaranteed minimum pensions (GMPs) between genders, a number of pension schemes have made an adjustment to accounting disclosures to reflect the effect of this ruling on the value of pension liabilities. The Government published the outcome of its consultation on GMP Indexation on 23 March 2021. Barnett Waddingham have indicated that their assumptions are consistent with the consultation outcome and does not therefore believe that any adjustment to the value placed on liabilities is required.

Following a case involving the Teachers Pension scheme (the Goodwin Case) the Government has confirmed that a remedy is required in all public sector schemes, including the LGPS. A review is ongoing but Barnett Waddingham expect the impact on the LGPS to be minimal.

	2023/24	2024/25
	£000s	£000s
<b><u>Comprehensive Income and Expenditure Statement (CIES):</u></b>		
<b><u>Cost of Services:</u></b>		
<b>a) Service cost comprising:</b>		
Current service cost	2,128	2,028
Past service cost	0	13
Reconciliation Adjustments	(10)	0
<b>b) Other Operating Expenditure:</b>		
Administration Cost	44	49
<b><u>c) Financing &amp; Investment Income &amp; Expenditure:</u></b>		
Net Interest Cost	423	(17)
<b>Total Post Employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,585</b>	<b>2,073</b>
<b><u>Re-measurement of the net defined liability comprising:</u></b>		
Return on plan assets less interest (gain) / loss	(3,302)	1,313
Other actuarial (gains) / losses	0	0
Actuarial (gains) and losses on changes in financial assumptions	(1,674)	(14,612)
Actuarial (gains) and losses on changes in demographic assumptions	(1,428)	(269)
Experience (gains) and losses on the defined benefit obligation	734	(276)
Changes in Impact of asset ceiling	0	11,409
<b>Total Re-measurements (See Comprehensive Income and Expenditure Statement on page 38)</b>	<b>(5,670)</b>	<b>(2,435)</b>
<b>Total Post Employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(3,085)</b>	<b>(362)</b>
<b><u>Movement in Reserves Statement:</u></b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code (see note 9)	(2,585)	(2,073)

### **Actual amount charged against the General Fund Balance for pensions in the year**

	2023/24	2024/25
	£000s	£000s
Employer's contributions payable to the scheme	2,394	2,442
Discretionary payments (added years, pension strain etc)	120	118
<b>Total</b>	<b>2,514</b>	<b>2,560</b>

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

(iv) **Pensions Liabilities and Assets recognised in the Balance Sheet:**

The amounts included in the balance sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000s	£000s	£000s	£000s	£000s
Present value of the funded defined benefit obligation	156,086	143,998	99,657	100,906	89,443
Fair value of assets	(88,191)	(94,617)	(90,731)	(97,489)	(100,209)
<b>Net liability arising from the funded defined benefit obligation (LGPS)</b>	67,895	49,381	8,926	3,417	(10,766)
Impact of asset ceiling	0	0	0	0	11,409
Present value of the unfunded obligation (Discretionary Benefits)	1,561	1,436	1,130	1,041	893
<b>Net Pension Liability on the Balance Sheet</b>	<b>69,456</b>	<b>50,817</b>	<b>10,056</b>	<b>4,458</b>	<b>1,536</b>

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. These total £90.336m, including funded and unfunded obligations.

The net pension liability of £1.536m has a substantial impact on the net worth of the authority, as recorded in the Balance Sheet, reducing it by 10.5%. However, statutory arrangements for funding the deficit means that the financial position of the authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie. before payments fall due), as assessed by the actuary, therefore finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

**Reconciliation of the movements in the fair value of scheme liabilities:**

**Opening defined benefit obligation**

Current service cost	2,128	2,028
Interest Cost	4,758	4,964
Change in financial assumptions	(1,674)	(14,612)
Change in demographic assumptions	(1,428)	(269)
Experience loss/(gain) on defined benefit obligation	734	(276)
Estimated Benefits Paid (net of transfers in)	(3,933)	(4,095)
Past Service Cost including curtailments	0	13
Contributions by Scheme Participants	695	745
Unfunded Pension Payments	(120)	(108)
Adjustment for rounding (see offsetting adjustment on assets)	0	0

**Closing defined benefit obligation**

	2023/24	2024/25
	£000s	£000s
Opening defined benefit obligation	100,786	101,946
Current service cost	2,128	2,028
Interest Cost	4,758	4,964
Change in financial assumptions	(1,674)	(14,612)
Change in demographic assumptions	(1,428)	(269)
Experience loss/(gain) on defined benefit obligation	734	(276)
Estimated Benefits Paid (net of transfers in)	(3,933)	(4,095)
Past Service Cost including curtailments	0	13
Contributions by Scheme Participants	695	745
Unfunded Pension Payments	(120)	(108)
Adjustment for rounding (see offsetting adjustment on assets)	0	0
<b>Closing defined benefit obligation</b>	<b>101,946</b>	<b>90,336</b>

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

**Reconciliation of the movements in the fair value of scheme assets:**

	2023/24	2024/25
	£000s	£000s
<b>Opening fair value of scheme assets</b>	90,731	97,489
Interest on assets	4,335	4,981
Return on plan assets in excess of interest	3,302	(1,313)
Other actuarial gains/(losses)	0	0
Administration expenses	(44)	(49)
Contributions by Employer including Unfunded Benefits	2,513	2,560
Contributions by Scheme Participants	695	745
Estimated Benefits paid including Unfunded Benefits	(4,053)	(4,203)
Adjustment for rounding (see offsetting adjustment on liabilities)	10	(1)
<b>Closing fair value of scheme assets</b>	<b>97,489</b>	<b>100,209</b>

The table below provides a reconciliation to the asset Ceiling

	0	0
	£000s	£000s
<b>Opening Impact of asset ceiling</b>	0	0
Interest on impact of asset ceiling	0	0
Actuarial Gains/ (Losses)	0	(11,409)
<b>Closing Impact of asset ceiling</b>	<b>0</b>	<b>(11,409)</b>

**LGPS assets allocated to Gedling Borough Council by asset class:**

	2022/23	2023/24	2024/25	
	£000s	£000s	£000s	%
Public Equities	52,880	58,956	51,947	52
Gilts	1,876	2,334	8,321	8
Other Bonds	5,374	4,836	6,447	6
Property	10,769	10,364	10,273	10
Cash and Temporary Investments	4,748	5,869	5,457	6
Inflation-linked Pooled Fund	4,580	4,959	6,932	7
Infrastructure	7,132	7,048	7,343	7
Private Equities	3,372	3,122	3,489	4
<b>Total assets allocated to Gedling Borough Council</b>	<b>90,731</b>	<b>97,488</b>	<b>100,209</b>	<b>100</b>

It is estimated that Gedling Borough Council's share of the total assets in the Fund is approximately 1.38%. Information regarding the detail of the total assets held in the Fund at 31 March 2025 is summarised in the table below. This represents the percentages of the total Fund held in each asset class, split by those that have a quoted market price in an active market, and those that do not. Further information regarding the Fund's precise asset allocations is available from Nottinghamshire County Council Pension Fund as administering authority.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Asset Class		Quoted	Unquoted	Total
		%	%	%
Fixed Interest Gov't Securities	UK	3.0	0.0	3.0
Index Linked Government Securities	UK	5.0	0.0	5.0
Corporate Bonds	UK	2.0	0.0	2.0
	Overseas	5.0	0.0	5.0
Equities	UK	15.0	0.0	15.0
	Overseas	37.0	0.0	37.0
Property	All	0.0	10.0	10.0
Others:	Private equities	0.0	3.0	3.0
	Infrastructure	0.0	7.0	7.0
	Inflation-linked Unit Trust	0.0	7.0	7.0
	Credit	0.0	3.0	3.0
	Cash/temporary investments	0.0	3.0	3.0
<b>Total</b>		<b>67.0</b>	<b>33.0</b>	<b>100.0</b>

(v) **Basis for estimating Liabilities and Assets:**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the LGPS and the Discretionary Benefit liabilities have been assessed by Barnett Waddingham Ltd. Actuaries, an independent firm of actuaries. No differentiation has been made between the two schemes in terms of assumptions. Estimates for the Nottinghamshire County Council Pension Fund are based on the latest full valuation of the scheme at 31 March 2022 (the next triennial valuation of the Fund will be carried out as at 31 March 2025, and will set contributions for the period from 1 April 2026 to 31 March 2029). The actuary's estimate for the duration of Gedling Borough Council's liabilities is 15 years.

Significant assumptions used by the actuary as at 31 March 2025 are as follows:

**Expected return on assets:**

The discount rate is the annualised yield at the 15-year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with the consideration of the Council's liabilities. This is consistent with the approach used at the last accounting date.

**Mortality assumptions:**

Assumed life expectations from the age of 65 are as follows:

		31 Mar 23	31 Mar 24	31 Mar 25
		Years	Years	Years
Retiring today-	Male	20.7	20.4	20.4
	Female	23.5	23.3	23.3
Retiring in 20 years-	Male	22.0	21.7	21.7
	Female	25.0	24.7	24.7

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

#### Financial Assumptions

The financial assumptions used for IAS19 purposes are as follows, and were set with reference to market conditions at 31 March 2025

	31 Mar 23	31 Mar 24	31 Mar 25
	%	%	%
Consumer Price Index increase	4.80	4.90	<b>5.80</b>
Salary Increase	2.95	2.95	<b>2.90</b>
Pension Increase	3.30	3.25	<b>3.20</b>
Discount rate for liabilities	3.95	3.95	<b>3.90</b>

IAS19 suggests that in assessing the future levels of long-term inflation, assumptions should be used that result in a best estimate of the ultimate cost of providing pension benefits whilst also giving consideration to the gilt market (in line with general price levels), to give an indication of market expectations. Pension increases in the LGPS are expected to be based on the Consumer Prices Index (CPI). To derive assumptions on CPI, the actuary first makes an assumption on the Retail Price Index (RPI), and then makes an adjustment. A Single Equivalent Inflation Rate (SEIR) approach is used to derive an appropriate RPI assumption, rounded to the nearest 0.05%, for the duration of the Council's pension liabilities, ie 15 years. An adjustment is then made by the actuary to reflect the expectation that CPI will be lower than RPI. This is consistent with the approach used at the previous accounting date. The actuary's estimate of CPI for Gedling Borough Council is 2.90%.

Salaries are assumed to increase at 1% above CPI, ie. 3.90%. This is consistent with the approach at the previous accounting date.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions, occurring at the end of the reporting period, and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes to some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

#### Sensitivity analysis:

	£000s	£000s	£000s
<u>Adjustment to discount rate:</u>	+0.1%	0%	-0.1%
Present value of total obligation	89,056	<b>90,223</b>	91,648
Projected service cost	1,594	<b>1,647</b>	1,702
<u>Adjustment to long term salary increase:</u>	+0.1%	0%	-0.1%
Present value of total obligation	90,461	<b>90,223</b>	90,213
Projected service cost	1,647	<b>1,647</b>	1,647
<u>Adjustment to pension increase and deferred revaluation</u>	+0.1%	0%	-0.1%
Present value of total obligation	91,559	<b>90,223</b>	89,142
Projected service cost	1,704	<b>1,647</b>	1,591
<u>Adjustment to mortality age rating assumption</u>	+ 1 Year	None	- 1 Year
Present value of total obligation	93,627	<b>90,223</b>	87,179
Projected service cost	1,704	<b>1,647</b>	1,591

#### Asset and liability matching strategy

The LGPS administered by Nottinghamshire County Council does not operate an asset and liability matching strategy. The Pension Fund accounts include a section on the nature and extent of risks arising from financial instruments, and directs readers to the Fund's Risk Management Strategy and Risk Register. This information is available in the Pension Fund Annual Report via the Fund's website, [www.nottspf.org.uk](http://www.nottspf.org.uk).

#### Asset Ceiling

Accounting Standards state that if an employer has an accounting surplus, it should be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling". The Actuary has therefore incorporated an asset ceiling into the Gedling's balance sheet, however the relevant calculations have shown that the impact of the asset ceiling on the Council is £11.9m.

#### Impact on the Council's cash flows

The objectives of the pension scheme are to keep employers' contributions at as constant a rate as possible. Contributions are set every three years as a result of the actuarial valuation of the fund, as required by the regulations. The next triennial valuation will be carried out as at 31 March 2025 and will set contribution rates for the period from 1 April 2026 to 31 March 2029 (financial years 2026/27, 2027/28 and 2028/29). There are no minimum funding levels in the LGPS, however contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

#### Estimated costs for 2024/25

The actuary's estimate of the total pension expense for the year to 31 March 2025 is £1,713,000. Service cost is estimated to be £1,647,000, net interest on the defined liability £17,000, and administration expenses £49,000. Expected employer contributions are £2,435,000, and contributions for discretionary benefits are £117,600, as per the Council's own budget for 2025/25.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 33. RELATED PARTIES

In accordance with IAS24, the Council is required to disclose material transactions with related parties, ie. bodies or individuals that have the potential to control or influence the Council, or be influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the means to limit another party's ability to bargain freely with the Council.

#### **Central Government**

The UK Central Government has significant influence over the Council's general operations, being responsible for providing the statutory framework within which the Council operates, providing the majority of its funding in the form of grants, and prescribing the terms of many of the transactions that the Council has with other parties (eg. council tax bills, housing benefits etc). Grants received from government departments are included in note 11 on pages 56 to 57.

#### **Members**

Elected Members of the Council, and potentially close members of their families, exert direct control over the Council's financial and operating policies and as such must be identified as related parties. The statutory disclosure requirements in respect of Members' Allowances are satisfied by note 28 on pages 77-78. The aggregation option for individual transactions has been taken on the basis that the Council is satisfied that all the transactions entered into have been concluded in accordance with its procedures for preventing undue influence.

#### **Officers**

Officers on the Council's Senior Leadership Team (SLT), Service Managers, and the closest members of their families, have the potential to significantly influence the policies of the Council, however this is limited by the Scheme of Delegation. During 2024/25 no interests were declared by members of SLT and the statutory disclosure requirements in respect of officer remuneration are satisfied by note 30 on pages 79 to 80.

#### **Other Public Bodies**

The Council has pooled budget arrangements with Rushcliffe and Broxtowe Borough Councils as part of the South Nottinghamshire Community Safety Partnership, but these are not material. All transactions are recorded in Broxtowe Borough Council's accounts.

#### **The Council's procedure for obtaining information in respect of related parties**

Requests for information were sent to all Elected Members, members of the Senior Leadership Team, Heads of Service/Service Managers, and the Procurement Officers, explaining the requirements of IAS24, and seeking declarations to assist the demonstration of compliance with the standard. The information provided has been used in the preparation of the disclosures below. Details of outstanding debtors and creditors in respect of related parties are included within notes 19 and 21 on pages 69 and 70 respectively. The Council also maintains a register of Members' interests, together with a record of interests declared at Cabinet and Council meetings.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts, as indicated above, however material transactions not otherwise disclosed are set out in the table below. Material transactions are generally defined as those over £10,000, however, consideration is also given to "the surrounding circumstances", ie. a transaction that is not material to the Council may well be material to the related party.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 33. RELATED PARTIES (Continued)

<u>Organisation/Body</u>	<u>Nature of relationship</u>	<u>Receipts £000s</u>	<u>Payments £000s</u>
Change Network Ltd	GBC Officer but not directly employed by GBC and is a shareholder/board member	0	131
Citizens' Advice Bureau	Elected Member has a management interest	0	41
East Midlands Council	Elected Member is a representative	0	10
Futures advice, skills and employment Ltd	Elected Members are board members and/or representatives	0	150
Gedling Indoor Bowls Centre Ltd (Community Amateur Sports Club)	Elected Member has a connection to the organisation	(97)	0
Gedling Play Forum	Elected Members have a management interest and connection to the organisation	(1)	11
Inspire	Elected Member has a connection to the organisation	(5)	43
Jigsaw Homes	Elected Members are board members and/or representatives	(112)	2
Positively Empowered Kids CIC	Elected Members are a representative	0	17
Redhill Academy Trust	Elected Member is a board member	(56)	0
Robert Mellors School	Elected Member is governor	(10)	0
Unison	Elected Member is a branch administrator / organiser	0	10
Other Local Authorities	Material employee relationships	(592)	1,279
Parish Councils	GBC Elected Members on parish councils	(93)	241

#### 34. CONTINGENT LIABILITIES

##### **Thurrock Council (APSE)**

The Council faces a potential financial liability due to Thurrock Council issuing legal proceedings against 23 council members of the Association for Public Service Excellence (APSE). Thurrock Council allege that APSE provided "negligent" valuations of solar farm assets that Thurrock Invested in. The claim is currently paused following an agreement between the parties to stay the proceedings with the intention of to allow Thurrock to reach a final determination against a separate claim against the businessman who led the venture.

#### 35. CONTINGENT ASSETS

##### **Truck Cartel Legal Claim**

The Council is party to a legal claim for damages and/or other relief in respect of loss and/or ~~damages~~ as a result of inflated pricing for medium and heavy trucks between 1997 and 2011. ~~As purchasers~~ of waste disposal vehicles, the Council is claiming for overcharging as a result of ~~prices~~ ~~prices~~ were inflated when compared to what they would otherwise have been.

##### **Fraudulent Activity**

The financial impact of fraudulent activity identified in July 2022 has been quantified as £934k. Whilst £328k has been recovered, £606k has been lost to revenue, and subsequently to the General Fund. This element is the subject of an insurance claim.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 36. EVENTS AFTER THE BALANCE SHEET DATE

The final Audited Statement of Accounts will be authorised for issue by the Chief Financial Officer, following approval by the Audit Committee. Events taking place after Audit Committee approval will not be reflected in the financial statements or notes. Where events taking place before Audit Committee approval provide information about conditions existing at 31 March 2025, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

#### 37. LEASES

##### COUNCIL AS A LESSEE

In 2024/25 the Council has adopted IFRS 16 Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom operating leases, both where it is the Lessor and where it is the Lessee, to ensure that these are documented and classified as required by IFRS16 . Following this work it has been concluded that the operating leases, where Gedling Borough Council is the lessee, fall below the de-minimus limits and therefore do not constitute a Right of Use Asset.

##### COUNCIL AS A LESSOR

The most significant items for Gedling are operating leases where the Council is the Lessor, and include business units. It is estimated that at 31 March 2025 the total "non-cancellable" lease rental income due in future years in respect of these leases is approximately £3.3m (23/24 £3.8m) as shown below .

The Council leases out property under operating leases

The maturity analysis of these lease receivables is

	31/03/24	31/03/25
	£000s	£000s
Less than one year	505	441
One to five years	1,318	1,156
More than five years	1,983	1,738
	3,806	3,335



## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### COLLECTION FUND STATEMENT (Continued)

2023/24			2024/25		
Council Tax £000s	NDR £000s	Total £000s	Council Tax £000s	NDR £000s	Total £000s
			<b><u>Other Charges to Collection Fund</u></b>		
438	196	634	652	239	891
457	185	642	(67)	(61)	(128)
0	(1,661)	(1,661)	0	(269)	(269)
0	0	0	0	0	0
0	379	379	0	502	502
0	0	0	0	0	0
0	99	99	0	100	100
895	(802)	93	585	511	1,096
929	2,866	3,795	(858)	1,786	928
(964)	(4,254)	(5,218)	(35)	(1,388)	(1,423)
(35)	(1,388)	(1,423)	(893)	398	(495)

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**  
**NOTES TO THE COLLECTION FUND ACCOUNTS**

**1. COUNCIL TAX BASE**

Chargeable Dwellings in each Band at Band D equivalent and after allowing for discounts, disregards, exemptions etc.

Note: Disability Reduction reduces the Council Tax charge to a lower Band. In the case of Band A, this results in the creation of a Band A\*.

Band A\*  
 Band A  
 Band B  
 Band C  
 Band D  
 Band E  
 Band F  
 Band G  
 Band H

	2023/24	2024/25
	Number	Number
	11	10
	6,519	6,530
	9,565	9,711
	7,953	8,067
	6,223	6,305
	4,735	4,805
	1,966	1,980
	1,388	1,405
	144	150
<b>Council Tax Base</b>	<b>38,504</b>	<b>38,963</b>

**2. ACCOUNTING FOR THE COLLECTION FUND BALANCE - COUNCIL TAX**

A billing authority acts as an agent, collecting Council Tax on behalf of the major preceptors, as well as itself. Council Tax transactions and balances therefore need to be allocated between the billing authority and the major preceptors.

In accordance with the Code, only the share of the Council Tax Collection Fund deficit attributable to Gedling Borough Council is shown in its own Balance Sheet. The shares attributable to the major preceptors are included in Other Local Authority debtors in respect of Nottinghamshire County Council, and in General Debtors in respect of the Police and Crime Commissioner and the Combined Fire Authority.

The opening balance on the Council Tax Collection Fund was a surplus of £0.035m. By 31 March 2025, this had moved to a surplus of £0.893m.

**Balance Sheet Deficit/(Surplus) Allocation:**

Nottinghamshire County Council (Local Authority Debtors)  
 Nottinghamshire Police & Crime Commissioner (General Debtors)  
 Combined Fire Authority (General Debtors)

**Council Tax Deficit attributable to Gedling BC**

**TOTAL**

	2023/24	2024/25
	£000s	£000s
	(27 )	(675 )
	(5 )	(105 )
	(1 )	(34 )
	(33 )	(814 )
<b>Council Tax Deficit attributable to Gedling BC</b>	<b>(2 )</b>	<b>(79 )</b>
<b>TOTAL</b>	<b>(35 )</b>	<b>(893 )</b>

**3. NON DOMESTIC RATES (NDR)**

(a) Non Domestic Rateable Value at 31 March  
 (b) Multiplier for General Businesses  
 (c) Multiplier for Small Businesses

	2023/24	2024/25
	66,163,421	67,586,625
	51.2p	54.6p
	49.9p	49.9p

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE COLLECTION FUND ACCOUNTS (Continued)

#### 4. ACCOUNTING FOR THE COLLECTION FUND BALANCE - NDR

Following the introduction of the Business Rates Retention Scheme on 1 April 2013, billing authorities act as agents, collecting non domestic rates on behalf of the major preceptors and central government and, as principals, collecting rates for themselves. NDR transactions and balances therefore need to be allocated between the billing authority, the major preceptors and central government. The applicable proportions are 50% for central government, 40% for Gedling Borough Council as the billing authority, 9% for Nottinghamshire County Council and 1% for the Combined Fire Authority.

In accordance with the Code, only the share of the NDR Collection Fund deficit attributable to Gedling Borough Council is shown in its own Balance Sheet. The shares attributable to the major preceptors are included in Other Local Authority debtors in respect of Nottinghamshire County Council, and in General Debtors in respect of the Combined Fire Authority. The share attributable to central government is included in government debtors.

The opening balance on the NDR Collection Fund was a surplus of £1.388m. By 31 March 2025, this had moved to a deficit of £0.398m.

	2023/24	2024/25
	£000s	£000s
<b>Balance Sheet Deficit/(Surplus) Allocation:</b>		
Central Government	(694 )	199
Nottinghamshire County Council	(125 )	36
Combined Fire Authority	(14 )	4
	(833 )	239
<b>NDR (Surplus) / Deficit attributable to Gedling BC</b>	(555 )	159
<b>TOTAL</b>	(1,388 )	398

#### 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY WITH REGARD TO THE COLLECTION FUND

##### (i) Arrears:

##### Uncertainties

An estimate of the impairment allowance for doubtful NDR and Council Tax debts is based upon the age and type of each debt. A collective assessment matrix is used, incorporating the value of items with shared characteristics, eg. the type of debtor and the period overdue, together with a weighting factor for the probability of default. The total Collection Fund impairment allowance at 31 March 2025 is £3,561,445, of which £251,204 and £256,382 represent Gedling's shares of NDR and Council Tax respectively.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE COLLECTION FUND ACCOUNTS (Continued)

#### 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY WITH REGARD TO THE COLLECTION FUND (Continued)

##### **Effect if actual results differ from assumptions**

If collection rates were to deteriorate, a 10% increase on the impairment amount would require an additional total of £558,345 to be set aside as an allowance, of which Gedling's share as billing authority would be approximately £25,120 for NDR and £25,638 for Council Tax. The collection rate for Council Tax in 2024/25 was 97.49%, and the rate has not varied by more than +/- 0.3% in any of the past five years. The collection rate for NDR in 2024/25 was 98.5% which represents an increase of 0.62% on that for 2023/24.

##### **(ii) Appeals:**

##### **Uncertainties**

The Business Rates Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £1,522,012 of which the Council's share as billing authority is 40%, ie £608,805.

##### **Effect if actual results differ from assumptions**

A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision required by £76,101. Of this, the Council's share as billing authority would be 40%, ie. £30,440.

# **Audit Statements**

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

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# **Accompanying Statements**

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

### 1. **Scope of Responsibility**

- 1.1 Gedling Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Gedling 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.
- 1.2 In discharging this overall responsibility, Gedling Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 Gedling Borough Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. A copy of the authority's local code is on our website at <https://www.gedling.gov.uk/council/aboutus/financeandaccounts/> or can be obtained from the Chief Finance Officer, Gedling Borough Council, Arnot Hill Park, Arnold, Nottingham. NG5 6LU. This statement explains how Gedling Borough Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

### 2. **The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate cost-effective services.
- 2.2 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 ongoing process designed to identify and prioritise the risks to the achievement of Gedling Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the statement of accounts.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

### 3. The Governance Framework

3.1 Gedling Borough Council's Local Code of Corporate Governance recognises that effective governance is achieved through the 7 core principles as identified in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. These are:

(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

(B) Ensuring openness and comprehensive stakeholder engagement.

*Principles A and B permeate the implementation of principles C-G.*

(C) Defining outcomes in terms of sustainable economic, social and environmental benefits.

(D) Determining the interventions necessary to optimise the achievement of the intended outcomes.

(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

(F) Managing risks and performance through robust internal control and strong public financial management.

(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.2 Good governance is a dynamic process and the Council is committed to improving governance on a continuing basis through a process of evaluation and review. The Audit Committee on 19 March 2024 received the report on Gedling's "*Local Code of Corporate Governance 2024-25*" which set out in detail how the Council demonstrates that its governance structures comply with these seven core principles. An end of year review considered by Audit Committee on the 18 March 2025 has confirmed that these were in place for the whole of the financial year.

### 4. Governance Arrangements

4.1 There is a governance assurance framework through which the Council satisfies itself as to the effectiveness of its system of internal control. This takes as its starting point the Council's principal statutory objectives, and our organisational objectives as set out in the Council's Corporate Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

- 4.2 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.
- 4.3 The following documents establish these policies, aims and objectives at a strategic level:
- The Corporate Plan (The Annual Plan);
  - The Local Plan;
  - The Annual Budget and Performance Management Framework;
  - The Financial Strategy;
  - The Treasury Management Strategy;
  - The Internal Audit Strategy;
  - The Risk Management Strategy;
  - The Equality and Diversity Policy;
  - The Counter Fraud and Corruption Strategy.
- 4.4 These high level plans are further supported by Service Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are within the Council's Publication Scheme and available on the Council's website at [www.gedling.gov.uk](http://www.gedling.gov.uk) or can be inspected at the Council's Civic Centre, Arnot Hill Park, Arnold, Nottinghamshire.
- 4.5 Gedling's corporate governance framework defines the roles and responsibilities of the full Council, Cabinet, Scrutiny and officer functions as detailed in the Constitution, and demonstrates how the Council meets defined standards of governance in relation to its policies, aims and objectives.
- 4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period.
- 4.7 The internal control system includes:
- Annual review of the effectiveness of the Council's Corporate Governance Framework, including signed Assurance Statements from Directors and Assistant Directors;

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

### **ANNUAL GOVERNANCE STATEMENT**

- An established Counter Fraud and Corruption Strategy, including whistleblowing procedures, communicated to Members, officers and the public, and are available on the Council's website;
- An established Audit Committee that undertakes the core functions as identified in CIPFA guidance;
- The Terms of Reference for the Audit Committee which include specific responsibility for reviewing risk management procedures, including the reporting arrangements on strategic risks via a corporate risk scorecard;
- A Risk Management Strategy that is led by Senior Management for the identification and evaluation of strategic and operational risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives;
- A comprehensive risk management process that includes the identification of both strategic and operational risks which are held and maintained on corporate and directorate Risk Registers, and subject to regular review;
- Internal audit reviews are carried out using a risk-based audit approach with the emphasis on key financial systems. This work is undertaken in co-operation with the Council's External Auditor ensuring maximum use of Audit resources, and ensures that professional standards are maintained;
- Performance Plan monitoring, review and reporting;
- Facilitation of policy and decision making through the Constitution, Codes of Conduct and the decision-making process, Forward Plan and role of the Scrutiny Committee;
- The statutory roles of the Council's Head of Paid Service, Monitoring Officer and Chief Financial Officer place a duty on these post-holders to provide robust assurance on governance and ensure compliance with established policies, procedures, laws and regulations;
- Compliance with established policies, procedures, laws and regulations are monitored through the work of the Finance and Legal staff that are adequately trained and experienced;
- Budgetary and performance management reporting to management, Cabinet and Council;
- Formal project management guidelines;

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

- Business continuity planning processes;
- Adherence to good employment practices;
- Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.

### 5. **Financial Management**

- 5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Chief Financial Officer.
- 5.2 Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract and Procurement Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.
- 5.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:
- Council objectives are being achieved;
  - The economic and efficient use of resources;
  - Compliance with policies, procedures, laws, rules and regulations;
  - The safeguarding of Council assets;
  - The integrity and reliability of information and data.
- 5.4 CIPFA issued in 2016 a Statement on “*The Role of the Chief Financial Officer in Local Government*”, and this covered five key areas. The Council can demonstrate how it conforms to these governance requirements as the Chief Financial Officer:
- is a member of the Senior Leadership Team and plays a key role in helping it to develop and implement strategy to resource and deliver the Council’s strategic objectives sustainably and in the public interest;
  - is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and there is alignment with the Council’s overall financial strategy;
  - leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively;
  - leads and directs the finance function, which is resourced to be fit for purpose;

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

- is professionally qualified and suitably experienced.
- 5.5 CIPFA issued in 2019 a Statement on the Role of the Head of Internal Audit, and this covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:
- Objectively assesses the adequacy and effectiveness of governance and management of risks, giving an evidence based opinion on all aspects of governance, risk management and internal control;
  - champions best practice in governance and comments on responses to emerging risks and proposed developments;
  - is Gurpreet Dulay, a Partner of BDO UK, and he (or his BDO representatives) have regular and open engagement across Gedling Borough Council, particularly with the Leadership Team and with the Audit Committee;
  - leads and directs an internal audit service that is resourced appropriately, sufficiently and effectively;
  - is professionally qualified and suitably experienced.

#### 6. Review of Effectiveness

- 6.1 Gedling 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 executive 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.
- 6.2 The Council is committed to the maintenance of a system of internal control which:
- Demonstrates openness, accountability and integrity;
  - Monitors and reviews compliance with established policies, procedures, laws and regulations and effectiveness against agreed standards and targets;
  - Monitors and reviews the effectiveness of the operation of controls that have been put in place;
  - Identifies, profiles, controls and monitors all significant strategic and operational risks;
  - Ensures that the risk management and control process is monitored for compliance.

#### 6.3 Assurance From Executive Managers

In preparing this statement each Assistant Director and Director has signed an assurance checklist. The checklist requires assurance that services are

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

operating in compliance with the Council's policies, procedures and practices and with the internal control and governance assurance framework. The checklist asked each Assistant Director to draw attention to any matters in respect of which internal controls were not working well and required a positive assurance that apart from those areas which were identified for improvement that the controls within the service had been, and are, working well. Each Assistant Director gave a positive assurance with no material risk issues raised.

#### 6.4 Assurance from Internal and External Audit

Two of the key assurance statements the Council receives, and the external auditor's review of Value for Money arrangements and the annual report and opinion of the Head of Internal Audit:

External Auditor (Mazars) Value for Money arrangements:

The Code of Audit Practice issued by the National Audit Office requires External Audit to consider if the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources, reporting by exception where they have identified significant weakness in those arrangements.

The external auditor is required to report under three specified criteria:

- Financial Sustainability – How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – How the Council ensures that it makes informed decisions and properly manages its risks;
- Improving economy efficiency and effectiveness – How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

*For the year ended 31 March 2025 The Head of Internal Audit (BDO) Annual Report and Annual Statement for 2024/25, concluded:*

- *Overall, we provide Moderate Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services.*
- *We completed a total of nine reviews (eight assurance audits and one advisory review). The advisory review for to EDI was an advisory review where a formal audit opinion was not provided.*
- *For the eight assurance audits, two were rated Substantial and six Moderate in the design of the controls. One assurance audit was rated as Substantial, five were Moderate and one was Limited in their operational effectiveness. These ratings are similar to those in the prior year.*

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

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- *There has been a continued engagement with internal audit by the Senior Leadership Team (SLT), demonstrating a commitment to enhancing internal controls, governance and risk management processes. There was appropriate levels scrutiny of our internal audit work, including robust discussions about our reports in Audit Committee meetings. This is despite a backdrop of increasing challenges on resources for local authorities, compounded by other demands that have impacted capacity of staff (such as managing the electoral pressures of a General Election). Staff have consistently provided our Internal Audit Team with availability to support the delivery of our reviews.*
- *The Council had a restructure of its SLT and governance model in 2024/25, widening the management team and creating roles to support its transformation programmes and operational management. We have met with the SLT, Assistant Directors and Senior Managers individually throughout the year and collectively to agree our Internal Audit Plan for 2025/26.*
- *As with many other local authorities, there has been a continued challenge to sign off the Council's financial accounts for prior years. The accounts for 2022/23 and 2023/24 have been published with a disclaimed audit opinion, where an audit certificate could not be issued. This partly relates to the historic challenges that the Council has had for the control gaps in its main financial system. Our internal audit work continues to assess key financial controls as part of our core assurance.*

The Head of Internal Audit's Annual Report also details evidence of BDO's own compliance with the Public Sector Internal Audit Standards against which they are externally assessed every five years. This provides assurance that the internal audit provision is effective.

#### **7. Significant Governance Issues 2024/25**

- 7.1 The control framework facilitates the identification of any areas of the Council's activities where there are significant weakness in the financial controls, governance arrangements of the management of risk.

##### **7.1.1 Management Arrangements and Workforce Capacity**

The Council implemented a senior management structure as part of its efficiency programme with a phased implementation timescale recognising the need to balance the requirements of delivering efficiencies with appropriate management capacity to ensure effective governance and the continued delivery of strategic objectives.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

It was recognised at the outset that new ways of working will be required to ensure successful delivery and there is potential for some capacity reductions to arise during this period of change which may impact on governance compliance and service planning which will require appropriate prioritisation to ensure the Annual Plan delivery is aligned to resources and to maintain staff morale.

### 7.1.2 Economic Growth / Cost of Living Crisis

The 2024/25 balance of risk to economic growth in the UK was still to the downside, with significant risks related to: labour supply shortages proving more to challenge to economic activity; inflationary pressures not being effectively controlled by monetary policy interventions; UK/EU trade agreements being effective.

Key potential risk issues will be monitored via the established Risk Management process and include:

- a direct impact on service delivery and workforce capacity arising from increased service demand pressures and new initiatives to support vulnerable households.
- Delayed supply chains directly affecting service delivery;
- Budget pressures due to inflation for example pay pressures, fuel and utilities, reduced fees and charges income.

### 7.1.3 The CIPFA Financial Management Code

CIPFA introduced the Financial Management Code (FM Code) 2019, which sets out for the first time, the standards of financial management for local authorities. Adoption of the Code was required from 1 April 2021 and was included the Annual Governance Statement (AGS) Action Plan for 2021/22. A self-assessment providing assurance that the standards of the FM Code are being met was considered by Audit Committee in September 2021 and some improvement actions were noted.

The implementation of the majority being implemented in 2022/23 and outstanding actions implemented in 2023/24 as detailed in the paragraphs below, including for example, implementation of the Officer Declarations of Interest process.

It should be noted that compliance with the FM Code is an ongoing requirement and new actions to both maintain and improve standards will be a normal feature of securing effective financial management and continuous improvement.

### 7.1.4 Fraudulent Activity

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## ANNUAL GOVERNANCE STATEMENT

A sophisticated fraud which took place over a number of decades, conducted by an individual with key inside knowledge of the council's financial systems using sophisticated techniques was discovered in July 2022.

Upon discovery of the fraud the individual was suspended and subsequently dismissed following a thorough investigation by the Council and its internal auditors (BDO), the Council co-operated with the relevant bodies and a prosecution commenced in 2024 with the individual being sentence to 5 years imprisonment in October 2024.

The financial impact of the fraudulent activity has been quantified as £934,343. During 2022/23 £327,750 was recovered from the Nottinghamshire Local Government Pension Scheme leaving a balance of £606,593 which is currently still being pursued via an insurance claim. Nottinghamshire Police Authority are also pursuing a claim under the Proceeds of Crime Act 2002. At the time of writing the AGS we have not had an update from the Police or the Insurance company.

Following discovery of the fraud the Council have conducted mandatory training for all staff to be undertaken every two years in fraud awareness and commissioned an extensive internal audit and implemented numerous changes in its processes. Recent changes in legislation have also put more measures in place to prevent this type of fraud from happening in the future.

### 7.2 Action Plans

#### 7.2.1 Review of Progress in 2024/25

The 2024/25 Annual Governance Statement (AGS) identified the following control or risk issues and some issues deferred from the previous year which whilst not significant were included, through its proactive and holistic approach to Governance. The progress is detailed below:

2024/25 AGS Actions:

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan was presented to Cabinet to consider the emerging risk on increased service delivery costs and inflation. To consider the impact of rising prices, including pay pressures, fuel and utilities, the potential adverse supply impacts on service delivery, and increasing service demand pressures from vulnerable households.. A new round of efficiency savings were identified and approved for delivery.*
- **Action: Chief Finance Officer/Senior Leadership Team – Completed March 2025 remains an Ongoing Action.**
- Workforce Capacity – *To monitor the emerging risk of restrictions on workforce capacity to the delivery of the Gedling Plan and to governance*

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

*compliance. Prioritise Gedling Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by increased service demand and a shortage of professionals in the job market, with reliance on high cost Interim staffing arrangements, implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the cost of living crisis is still increasing demands to support for vulnerable households.*

#### **Action: Senior Leadership Team - Ongoing**

- Emergency Planning Arrangements and Business Continuity Plans – *A review of emergency planning arrangements and an update of all Business Continuity Plans to ensure they are fit for purpose for all business continuity risks. To include emergency planning training, in particular related to cyber risk. Revise strategic policy, corporate business continuity plan and update response structures.*

**Action: Deputy Chief Executive – Business Continuity plans updated December 2024 approval and implementation in 2025/26. Emergency Planning July due 2025.**

- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA's Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*

**Action: Chief Finance Officer – Ongoing Independent Member on the Audit Committee - Completed.**

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*

#### **Action: Chief Finance Officer – Ongoing**

- Internal Audit Actions Implementation – *to ensure the continuous improvements to support the monitoring and timely implementation of internal audit actions by management.*

**Action: Chief Finance Officer - Ongoing**

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

- Risk Management Strategy – Building on audit recommendations and the new risk management strategy approved in 2023/24, implement risk management and reporting under the new process to ensure risks are considered, analysed, monitored and reported effectively.

**Action: Chief Finance Officer & Interim Director of Corporate Resources – Completed.**

- Procurement Strategy – *The new Procurement Act came into force in February 2025 and includes a number of new areas that need to be implemented. A revised procurement strategy will be required in order to ensure we are operating within the legislative framework.*

**Action: Deputy Chief Executive & Chief Finance Officer – Completed.**

- Governance – Introduce and implement a new governance structure including introducing governance boards to better and more effectively manage activity across the authority.

**Action – Director of Transformation and Deputy Chief Executive – Completed.**

- Fees & Charges – Review the fees and charges process and introduce a new charging policy.

**Action – Chief Finance Officer - Completed**

#### 7.2.2 Actions 2025/26

Based on our review of the Governance Framework, the following control and risk issues will be addressed in 2025/26. Whilst not all actions represent significant issues, all planned governance actions are included to provide a proactive and holistic approach to Governance:

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan will be presented to Cabinet to consider a new round of efficiency savings to ensure a balanced budget in the medium term.*

**Action: Chief Finance Officer/Senior Leadership Team – Ongoing**

- Workforce Capacity – *To monitor the emerging risk of restrictions on workforce capacity to the delivery of the Annual Plan and to governance*

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

*compliance. Prioritise Annual Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by increased service demand and a shortage of professionals in the job market, with reliance on high cost Interim staffing arrangements, implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the continuing cost of living crisis is still increasing demands to support for vulnerable households.*

#### **Action: Senior Leadership Team – Ongoing**

- Good Governance – Undertake a review on Governance arrangements to align the annual governance review and the Annual Governance Statement in 2025/26 with the new CIPFA framework “Delivering good governance in local government”

#### **Action: Senior Leadership Team – March 2026**

- Governance Arrangements – Complete the new LGA “Improvement and Assurance Framework Self-Assessment Tool” to evaluate the Councils governance arrangements.

#### **Action; Senior Leadership Team – March 2026**

- Emergency Planning Arrangements – *A review of emergency planning arrangements. To include emergency planning training, in particular related to cyber risk.*

#### **Action: Deputy Chief Executive – October 2025**

- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA’s Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*

#### **Action: Chief Finance Officer – Ongoing**

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### ANNUAL GOVERNANCE STATEMENT

#### Action: Chief Financial Officer – March 2026

- Anti- Fraud Strategy and Whistleblowing Policy – *Review, revise and refresh the anti- fraud strategy and whistle blowing policy in line with audit recommendations.*

#### Action: Chief Finance Officer – September 2025

- External Funding – Implement a review and update the Councils External funding policy and guidance, ensuring that any external funding applied for meets the priorities of the Council and is a deliverable within the Annual Plan.

#### Action: Deputy Chief Executive – December 2025

- 7.3 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.

Mike Hill  
Chief Executive

Date:

John Clarke  
Council Leader

Date:

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**

This is the Unaudited Version, published by the  
Financial Services Team.

Having trouble reading this?  
Please call the Council's Communications Team on 0115 901 3801 if you  
need it in large print, audio or another format.

**Financial Services**

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2 Chamberlain Square  
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B3 3AX

Our Ref:  
Your Ref:

Date: 25 February 2025

Dear Mark,

**Gedling Borough Council - Audit for Year Ended 31 March 2025**

This representation letter is provided in connection with your audit of the financial statements of Gedling Borough Council ('the Council') for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), and applicable law. I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

**My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by applicable law.

**My responsibility to provide and disclose relevant information** I have provided you with: access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material; additional information that you have requested from us for the purpose of the audit; and unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence. I confirm as s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware. I confirm that there is no information provided to you as part of the audit that I consider legally privileged.

**Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

**Accounting policies** I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

**Accounting estimates, including those measured at current or fair value**

I confirm that the methods, significant assumptions and the data used by the Council in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

**Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where: information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by applicable law.

**Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

**Fraud and error**

I acknowledge my responsibility as s151 officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;  
all knowledge of fraud or suspected fraud affecting the Council involving:  
management and those charged with governance;  
employees who have significant roles in internal control;  
and others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

I have considered the impact of the identified fraud on the financial statements and am satisfied that sufficient disclosure has been made in the Annual Governance Statement; that steps have been taken to address the identified control weaknesses; and the impact on the financial statements is not material.

### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### **Charges on assets**

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

### **Future commitments**

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by applicable law, require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **Impacts of Russian Forces entering Ukraine**

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

**Tariffs**

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment. 28 Appendix A: Draft management representation letter - continued

**Going concern**

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

**Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report** The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

**Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)** I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours sincerely,

Tina Adams Chief Finance and Section 151 Officer Date

Councillor Ron McCrossen  
**Chair of the Audit Committee**

Date:

Tina Adams  
**Chief Finance and Section 151 Officer**

Date:



## Report to Audit Committee

**Subject:** Internal Audit Annual Plan 2026/27

**Date:** 24 February 2026

**Author:** Gurpreet Dulay – Internal Audit Partner (BDO)

### Purpose

To detail the three-year Internal Audit Plan for 2026/27 – 2028/29 for Gedling Borough Council.

### Recommendation(s):

#### THAT:

- 1) **Members to approve the Internal Audit Plan for 2026/27 and the Internal Audit Charter.**
- 2) **Members to approve the Internal Audit Strategy and the Quality Assurance and Improvement Programme.**

## 1. Background

- 1.1 The draft Internal Audit Plan contains a detailed operational plan for 2026/27 and a three-year strategic plan covering 2026/27 to 2028/29. Each audit has been mapped against the Council's key strategic risks. This is to ensure the audits cover the key risks that may impact the Council in achieving its strategic objectives. The plan has been presented to the Senior Leadership Team and Assistant Directors for comments and was approved in draft, with final approval required by the Audit Committee.
- 1.2 The Internal Audit Charter is required by the Global Internal Audit Standards to set out the role and responsibilities of Internal Audit, the Audit Committee and the Senior Leadership Team in relation to delivering an effective internal audit function. This is supported by the Internal Audit Strategy and QAIP which outlines how the Internal Audit Plan aligns to the Council's strategic objectives and operational plans.

## 2. Proposal

- 2.1 Members to review and approve the draft Internal Audit Plan for 2026/27 and the Internal Audit Charter.

2.2 Members to approve the Internal Audit Strategy and the Quality Assurance and Improvement Programme.

### **3. Financial Implications**

3.1 The Internal Audit Plan will be delivered within the approved budgets.

### **4. Alternative Options**

4.1 Not to approve the Internal Audit Plan or to propose different internal audits for completion during the period of the plan. However, the proposed plan has been developed in consultation with the Council's Senior Leadership Team, in consideration of the Council's Corporate Risk Scorecard and in the context of audits completed in recent years to ensure appropriate coverage of key risk issues across the term of the plan. It also considers our broader understanding of the key challenges facing the Council and the local government sector more widely. Variations to the plan may be proposed during the implementation of the plan to address any new emerging risk issues should they arise.

### **5. Legal Implications**

5.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes.

### **6. Equalities Implications**

6.1 There are no equalities implications arising directly from this report.

### **7. Carbon Reduction/Environmental Sustainability Implications**

7.1 There are no carbon reduction/environmental sustainability implications arising directly from this report.

### **8. Appendices**

8.1 GBC – Internal Audit Plan for 2026/27 and the Internal Audit Charter

8.2 Appendix 1 - Internal Audit Strategy

8.3 Appendix 2 - QAIP

# INTERNAL AUDIT PLAN GEDLING BOROUGH COUNCIL

2026/27

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# INTERNAL AUDIT APPROACH

## BACKGROUND

Our risk-based approach to internal audit uses Gedling Borough Council's (the Council's) own risk management process and risk register as a starting point for audit planning as this represents the Council's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the Council's current risk profile.

## PLANNED APPROACH TO INTERNAL AUDIT 2026/27

The Internal Audit programme for 2026/27 is set out on pages 10 to 16. We met with the Senior Leadership Team and Assistant Directors to bring together a full plan which will be presented to the Audit Committee (AC) meeting for formal review and approval. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three-year audit cycle. We have suggested future areas of focus as part of the three-year strategic internal audit plan, set out on pages 7 to 9.

## HIGH RISK AREAS NOT INCLUDED

The following high-risk areas have not been included in our audit plan for 2026/27:

- **Cyber Security** - Cyber security is one of the highest risks facing public sector organisations due to the nature of threats and the increasing hostile actors targeting public sector organisations. We have considered this as part of our risk-based audit plan, however, as cyber security has been reviewed in 25/26, we do not feel that another review in 26/27 is necessary.
- **Capacity and Workforce Planning** - The Council's highest risk is capacity and service delivery. This risk is incorporated into the scope of individual audit assignments; therefore, we do not propose a separate review of this topic.
- **Planning and Infrastructure** - Planning is a key risk for all local planning authorities. There is legislative change to planning that comes into force in 2026, so we have scheduled a review of the Planning and Infrastructure Act in 2027/28.

Further detail is included on page 17.

## INDIVIDUAL AUDITS

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required, we will obtain approval from the Deputy Chief Executive and the Chief Finance Officer prior to commencing fieldwork.

In determining the timing of our individual audits, we will seek to agree a date which is convenient to the Council, and which ensures availability of key management and staff and takes account of any operational pressures being experienced.

## VARIATIONS TO THE PLAN

We review the three-year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we propose to undertake, demonstrating we are focusing on your most important issues.

As such, our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Senior Leadership Team and Assistant Directors. If these were to change, or emerging risks were to develop during this period, we would take stock and evaluate our coverage accordingly.

## RESOURCING

The plan has been drafted giving consideration to the Council's budget and how coverage can be best obtained. Resource will be adequate to ensure the delivery of agreed reports to time, except where this is outside of our control. BDO has a core group of professionally qualified staff, including Chartered Accountants and Institute of Internal Auditors qualified staff, as well as other specialists and experienced auditors. Our team is fully attuned with modern internal audit practice and recognised risk and governance standards.

Subject to approval of the budget, we can confirm that we have sufficient human, financial and technological resources to deliver the internal audit plan.

## CORE INTERNAL AUDIT TEAM

The core team that will be managing the internal audit programme is:

NAME	ROLE	QUALIFICATION	EMAIL
Gurpreet Dulay	Partner	CIPFA	<a href="mailto:Gurpreet.Dulay@bdo.co.uk">Gurpreet.Dulay@bdo.co.uk</a>
Max Armstrong	Manager	ACA	<a href="mailto:Max.Armstrong@bdo.co.uk">Max.Armstrong@bdo.co.uk</a>
Nathan Hall	Assistant Manager	ACA	<a href="mailto:Nathaniel.Hall@bdo.co.uk">Nathaniel.Hall@bdo.co.uk</a>

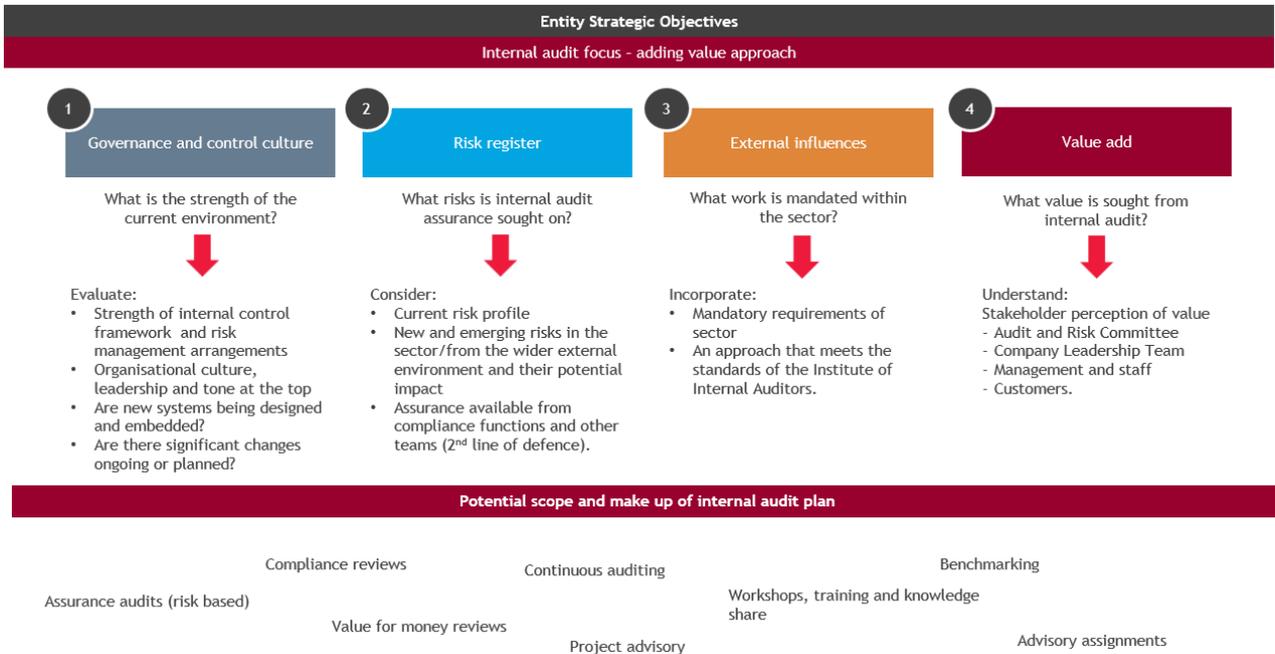
This team will be supported by our public sector internal auditors and members of our wider Risk Advisory Services (RAS) team, and wider firm, as and when required.

## CONFLICTING DEMANDS, LIMITATIONS AND RESTRICTIONS

At the time of drafting this internal audit plan we are not aware of any conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.

We are also not aware of any limitations on the scope of work or restrictions on our access to information.

# OUR APPROACH TO PLANNING



## GOVERNANCE AND CULTURE

The governance and control culture is a fundamental consideration when developing the internal audit approach. We believe that governance is not only affected by procedures, rules and regulations (hard controls); another equally important component is the established culture and behaviour of employees within the Council, as these determine the effectiveness of governance.

We have developed an understanding of these areas through a combination of our discussions with you about your business strategy and through review of documents such as your Annual Report and Accounts, your Annual Governance Statement, your corporate plan and previous internal audit reports, as well as the work we conducted between 2020/21 and 2025/26.

Assessment of culture and behaviour will be a key theme throughout the delivery of our work and we will look to provide insight into whether these cultural factors support ethical behaviour on an ongoing basis.

In deriving the plan for 2026/27 and onwards we will focus on any planned and ongoing changes to core systems and processes to respond to the changes in the wider environment, notably changes that will occur as a result of local government reorganisation. We will be mindful of this significant change and the impacts this can have on control culture during the delivery of the plan.

## EXTERNAL INFLUENCES

Our programme of work is designed to comply with the Global Internal Audit Standards in the UK Public Sector, which encompass:

- ▶ The global Institute of Internal Auditors (IIA) *Global Internal Audit Standards* (GIAS)
- ▶ The Internal Audit Standards Advisory Board (IASAB) *Application Note Global Internal Audit Standards in the UK Public Sector*.

We will also consider in our work any externally imposed regulation relating to governance, risk and control.

## CURRENT CORPORATE RISK REGISTER

On an ongoing basis, our audit plan will be based upon a detailed assessment of those risks that affect the achievement of the Council's strategic objectives. Our audit programme will be designed to ensure that controls are in place such that key risks are appropriately managed and controlled. To understand the Council's objectives and key risks, we considered the following:

- ▶ The Council's strategy and objectives
- ▶ The Council's Corporate Risk Register
- ▶ The Council's financial forecasts and performance
- ▶ Reports from other assurance providers
- ▶ The content of your most recent internal audit reports, the results of which are summarised in Appendix I.

The internal audit plan and Corporate Risk Register will be periodically reviewed during 2026/27. Should the plan need to change we will seek approval from the AC.

## VALUE ADD

We understand that 'value' is perceived differently by each client and therefore we do not seek to have a standard approach to this element of the audit programme.

Our methodology considers the additional value the AC and management are seeking from internal audit, beyond the assurance our work provides.

We therefore consider this alongside our understanding of the risks. Added value may take a range of forms, from benchmarking and other peer comparisons, to involvement with advising on new systems implementation, advisory assignments and providing training and seminars.

We will also work with the Senior Leadership Team to identify other forms of added value that we may be able to provide to the Council, such as training to staff or committee members on relevant topics. BDO also offer all staff volunteering or 'citizenship days' under our 5+5 Policy. We will work with the Senior Leadership Team to identify value adding projects that these days can be allocated to.

# OUR NEXT GEN FRAMEWORK

Our innovative Next Gen approach to internal audit ensures you maximise the potential added value from BDO as your internal audit provider and the expertise we bring from our dedicated public sector internal auditors and wider BDO specialist teams.

The Next Gen approach allows us to deliver a healthy mix of assurance that is forward looking, flexible and responsive and undertaken in partnership with yourselves. The key components to this approach are outlined below and underpin our proposed plan coverage:

## CORE ASSURANCE

Reviews of fundamental finance and operational systems to provide assurance that core controls and procedures are operating as intended.

## SOFT CONTROLS

Reviews seek to understand the true purpose behind control deficiencies and provide a route map to enhance their effectiveness.

## FUTURE FOCUSED ASSURANCE

Rather than wait for implementation and then comment on identified weaknesses, we will work with you in an upfront / real time way.

## FLEXIBLE AUDIT RESOURCE

Undertake proactive work across the Council, perhaps in preparation for regulatory reviews or change management programmes.



## MAPPING YOUR STRATEGIC RISKS

REF	STRATEGIC RISKS FROM YOUR CRR	LIKELIHOOD	CONSEQUENCE	NET SCORE	RATING
1	CR001 - Finance	3	3	9	
2	CR002 - Capacity Service Delivery	4	3	12	
3	CR003 - Health and Safety at Work	2	3	6	
4	CR004 - Environmental	3	3	9	
5	CR005 - Contractual Partnerships	2	3	6	
6	CR006 - Reputation	2	3	6	
7	CR007 - Infrastructure Assets	3	3	9	
8	CR008 - Legislative	3	2	6	
9	CR009 - ICT Technology	2	3	6	
10	CR010 - Projects	2	2	4	
11	CR011 - Fraud Bribery Misconduct	3	3	9	
12	CR012 - Service Standards Performance Management	2	3	6	
13	CR013 - Information Data	3	3	9	

## MAPPING YOUR CRR TO THE STRATEGIC PLAN

REF	STRATEGIC RISKS FROM YOUR CRR	2026/27	2027/28	2028/29	OTHER ASSURANCE
1	CR001 - Finance	<ul style="list-style-type: none"> <li>Main Financial Systems (Treasury Management and Payroll)</li> </ul>	<ul style="list-style-type: none"> <li>Main Financial Systems (Medium Term Financial Strategy)</li> </ul>	<ul style="list-style-type: none"> <li>Main Financial Systems</li> <li>Council Tax and NNDR</li> </ul>	<ul style="list-style-type: none"> <li>External Audit Review of Annual Accounts</li> <li>Treasury Management Performance Reporting</li> </ul>
2	CR002 - Capacity Service Delivery	<ul style="list-style-type: none"> <li>Housing and Homelessness</li> <li>Waste and Recycling (including compliance with the new Waste Regulations and Simpler Recycling)</li> <li>Local Government Reorganisation (LGR) Preparedness</li> <li>Digital Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity and Emergency Planning</li> <li>Fleet Management</li> <li>Local Government Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>Customer Experience and GDPR</li> <li>Local Government Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>Internal Corporate Performance Reports</li> </ul>
3	CR003 - Health and Safety at Work	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Fleet Management</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Annual Health and Safety Report</li> <li>Independent Reports by the Local Government Ombudsman</li> </ul>
4	CR004 - Environmental	<ul style="list-style-type: none"> <li>Waste and Recycling (including compliance with the new Waste Regulations and Simpler Recycling)</li> </ul>	<ul style="list-style-type: none"> <li>Fleet Management</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change and Carbon Management Strategy</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

REF	STRATEGIC RISKS FROM YOUR CRR	2026/27	2027/28	2028/29	OTHER ASSURANCE
				<ul style="list-style-type: none"> <li>Environmental Health and Food Inspections</li> </ul>	
5	CR005 - Contractual Partnerships	<ul style="list-style-type: none"> <li>Local Government Reorganisation (LGR) Preparedness</li> </ul>	<ul style="list-style-type: none"> <li>Local Government Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>Governance of Partnership Arrangements</li> <li>Local Government Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>Contract Performance Reports</li> </ul>
6	CR006 - Reputation	<ul style="list-style-type: none"> <li>Housing and Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity and Emergency Planning</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change and Carbon Management Strategy</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
7	CR007 - Infrastructure Assets	<ul style="list-style-type: none"> <li>Leisure Transformation</li> </ul>	<ul style="list-style-type: none"> <li>Planning and Infrastructure Act</li> <li>Community Safety (including CCTV)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
8	CR008 - Legislative	<ul style="list-style-type: none"> <li>Housing and Homelessness</li> <li>Waste and Recycling (including compliance with the new Waste Regulations and Simpler Recycling)</li> <li>Local Government Reorganisation (LGR) Preparedness</li> </ul>	<ul style="list-style-type: none"> <li>Renters' Rights Act</li> <li>Planning and Infrastructure Act</li> <li>Community Safety (including CCTV)</li> <li>Local Government Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change and Carbon Management Strategy</li> <li>Environmental Health and Food Inspections</li> <li>Local Government Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>Independent Reports by the Local Government Ombudsman</li> </ul>
9	CR009 - ICT Technology	<ul style="list-style-type: none"> <li>Digital Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity and Emergency Planning</li> <li>ICT Disaster Recovery</li> </ul>	<ul style="list-style-type: none"> <li>Cyber Security</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

REF	STRATEGIC RISKS FROM YOUR CRR	2026/27	2027/28	2028/29	OTHER ASSURANCE
10	CR010 - Projects	<ul style="list-style-type: none"> <li>Section 106 and Community Infrastructure Levy (CIL)</li> <li>Leisure Transformation</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Highlight Reports from External Contractors</li> </ul>
11	CR011 - Fraud Bribery Misconduct	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
12	CR012 - Service Standards Performance Management	<ul style="list-style-type: none"> <li>Housing and Homelessness</li> <li>Waste and Recycling (including compliance with the new Waste Regulations and Simpler Recycling)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Customer Experience and GDPR</li> <li>Council Tax and NNDR</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
13	CR013 - Information Data	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>ICT Disaster Recovery</li> <li>Community Safety (including CCTV)</li> </ul>	<ul style="list-style-type: none"> <li>Customer Experience and GDPR</li> <li>Cyber Security</li> </ul>	<ul style="list-style-type: none"> <li>Independent Reports by the Information Commissioners Office</li> <li>Regulation of Investigatory Powers Report</li> </ul>

## INTERNAL AUDIT OPERATIONAL PLAN 2026/27

AREA	CRR	DAYS	TIMING (QUARTER)	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION (INCLUDING ANY RELEVANT TOPICAL REQUIREMENTS)
<b>Core Assurance</b>					
Main Financial Systems	1	15	Q3	<p>This review will assess the Council's treasury management and payroll arrangements.</p> <p><u>Treasury Management</u></p> <p>We will assess the Council's compliance with the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities for its treasury management practices and reporting procedures.</p> <p>We will also review a sample of investments and borrowings with counterparties to ascertain whether these have been subject to appropriate authorisation and fall within counterparty limits.</p> <p><u>Payroll</u></p> <p>We will assess the Council's management of its payroll function, including procedures for adding new staff to the payroll, removing leavers and processing changes to the payroll. We will also assess the adequacy of the arrangements for reconciling the payroll to the general ledger.</p>	<p>This is a cyclical review to obtain core assurance for our Head of Internal Audit Opinion. Treasury Management and Payroll have not been subject to a review in recent years, so we have included it in the plan for 26/27 to provide broad coverage of assurance over financial controls. This review has deliberately been planned for later in the year because the Council are planning an upgrade to the payroll system. System changes can often heighten the risk of compliance with controls.</p>
Housing and Homelessness	2,6,8,12	15	Q2	<p>This review will be a follow up on high and medium risk findings from reviews conducted in</p>	<p>As part of our internal audit plans in prior years, BDO have raised several high-risk findings in relation to housing and homelessness. This</p>

AREA	CRR	DAYS	TIMING (QUARTER)	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION (INCLUDING ANY RELEVANT TOPICAL REQUIREMENTS)
				24/25 into Temporary Accommodation and 25/26 into asset management for residential properties.	review will be a detailed follow up on the implementation of the recommendations raised to provide assurance to the Audit Committee over the actions taken to manage and mitigate the risks identified.
Waste and Recycling (including compliance with the new Waste Regulations and Simpler Recycling)	2,4,8,12	20	Q3	<p>This review will assess the design and effectiveness of controls for waste management across the Council. It will consider operational management of the service (including missed bin collections and escalation) as well as preparedness for changes in legislation, ie Simpler Recycling.</p> <p>As this is a fast-changing area, the detailed scope of this review will be agreed with management based on the key risks facing the service area.</p>	<p>The new Simpler Recycling requirements form part of the waste regulations under the Environment Act 2021. These took effect from 31 March 2025. From 31 March 2026, local authorities will be required to collect core recyclable waste streams for all households in England, with transitional arrangements for weekly food waste collections which will commence later in 2026. Local authorities will be required to complete kerbside plastic film collections from 31 March 2027.</p> <p>These legislative requirements constitute a transformational change in household waste collection for local authorities.</p>
Section 106 and Community Infrastructure Levy (CIL)	10	15	Q2	<p>We will review the Council's management of S106 and CIL allocations to ensure that the funds are spent promptly on local infrastructure. We will also assess the oversight and monitoring of S106 and CIL funds and the progress of funded projects.</p> <p>We may also assess the Council's processes for collecting and monitoring S106 and CIL agreements to identify when triggers are met, to ensure prompt collection of income.</p>	<p>The Council hold over £1m in unspent S106 and CIL funds to be used on investing in local infrastructure across the borough to alleviate the impact of demand arising from local property developments.</p> <p>The Council's CIL allocations were approved by Cabinet in December 2025, setting out the local infrastructure that collected funds will be invested in. Due to the upcoming structural changes in local government, there is an</p>

AREA	CRR	DAYS	TIMING (QUARTER)	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION (INCLUDING ANY RELEVANT TOPICAL REQUIREMENTS)
					increased focus on unspent funds being reallocated across the new authority.
Total		65			

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION (INCLUDING ANY RELEVANT IIA TOPICAL REQUIREMENTS)
<b>Future Focused Assurance</b>					
Local Government Reorganisation (LGR) Preparedness	All	20	Q3 or Q4	LGR is the most significant structural change that has faced local authorities in recent decades. We have held a number of days to provide advisory support to the Council over its preparedness for LGR.	<p>This is a significant risk facing all local authorities, therefore, across our local government portfolio, we have held days in all plans for LGR.</p> <p>A decision is expected to be made over the future structure of local government in Nottinghamshire in July 2026. Therefore, we will apply a flexible scope with the Council to ensure that audit days can be best used once there is greater clarity about the nature of the new authority that the Council will be part of.</p>
Leisure Transformation	7,10	20	Q2	This review will assess the Council's management of its Leisure Transformation Programme, focusing on the project to transform the Carlton Leisure and Community Wellbeing Centre ("Carlton Active"). We will assess the management of this project by the Carlton Control Board, including project timescales and financial management.	Cabinet approved the Leisure Transformation Programme in November 2025 to be delivered as an internally managed project. This will be a large project and therefore, will be a higher risk project for the Council with a large budget.
Digital Strategy	2,9	20	Q1	<p>We will provide assurance over the Council's implementation of its Digital Strategy.</p> <p>This will include a review of the project management of the Delivery Plan to ascertain whether there are clear arrangements for overseeing the strategy and the roadmap. We will also consider whether projects have met the objectives of the original business plan. This review will specifically assess key strategic</p>	<p>The Council's Digital, Data and Technology Strategy 2024-2027 establishes the Delivery Plan for how it will use digital transformation to support smarter working and a digitally enabled customer experience.</p> <p>So far, the Council have upgraded the customer relationship management (CRM) system and the website, rolled out White Space (the waste management system) and have planned other</p>

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION (INCLUDING ANY RELEVANT IIA TOPICAL REQUIREMENTS)
				projects such as the Customer Experience Programme and the Depot Modernisation Programme.	digital projects. This is a key risk to the Council as it will impact its efficiency and how it engages with customers.  Our IT internal audit specialists will be deployed to complete this review.
<b>Total</b>		<b>60</b>			

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION (INCLUDING ANY RELEVANT IIA TOPICAL REQUIREMENTS)
<b>Flexible Audit Resource - To be allocated during the year as required but could include the examples shown below</b>					
Contingency	N/A	5	All	Contingency days left to allocate flexible or used to supplement the scope of audits in the plan to broaden the scope.	We have built in an allocation of flexible days into our plan to support the Council on emerging risks or projects during the year.
<b>Total</b>		<b>5</b>			

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
<b>Contract Management</b>					
Planning / liaison / management	N/A	8	Q1 - Q4	Creation of audit plan, meeting with Executive Directors	Effective contract management
Recommendations follow up	N/A	7	Q1 - Q4	Assessment and reporting of status of implementation of recommendations raised	Assurance for Senior Leadership Team and AC
Audit Committees	N/A	5	Q1 - Q4	Attendance at AC meetings, pre-meets and AC Chair liaison	Effective contract management
<b>Total</b>		<b>20</b>			

SUMMARY	DAYS
Core Assurance	65
Soft Controls	-
Future Focused Reviews	60
Flexible Audit Resource	5
Contract Management	20
<b>Total days</b>	<b>150</b>

## AREAS CONSIDERED BUT NOT INCLUDED IN 2026/27

The following areas have been considered for 2026/27 but have not been included. These will be considered in future years and should any areas of the Internal Audit Plan be removed during the year, we will consider whether any of these can be brought forward.

AREA	CRR	REASON FOR EXCLUSION
Cyber Security	9,13	Cyber security is one of the highest risks facing public sector organisations due to the nature of threats and the increasing hostile actors targeting public sector organisations. We have considered this as part of our risk-based audit plan, however, as cyber security has been reviewed in 25/26, we do not feel that another review in 26/27 is necessary.
Capacity and Workforce Planning	2	The Council's highest risk is capacity and service delivery. This risk is incorporated into the scope of individual audit assignments. Therefore, we do not propose a separate review on this topic.
Planning and Infrastructure	2,7,12	Planning is a key risk for all local planning authorities. There is legislative change to planning that comes into force in 2026, so we have scheduled a review of the Planning and Infrastructure Act in 2027/28.

# APPENDIX I

## PREVIOUSLY AUDITED AREAS

The table below sets out the audits and advisory reviews that we have carried out for the Council over the last three years:

AUDITED AREA	DESIGN RATING	EFFECTIVENESS RATING
<b>2025/26</b>		
Risk Management	Substantial	Moderate
Main Financial Systems (Fraud)		Advisory Review
People Services	Limited	Moderate
Asset Management - Commercial Assets	Moderate	Moderate
Asset Management - Residential Properties		Draft Report Phase
Freedom of Information Requests and Complaints		Fieldwork Phase
Corporate Governance		Fieldwork Phase
Cyber Security		Confidential
<b>2024/25</b>		
Cemeteries and Pet Cremation Service	Moderate	Moderate
Housing Benefits	Substantial	Substantial
Environment - Carbon Management Strategy	Substantial	Moderate
Equality, Diversity and Inclusion (EDI)		Advisory Review
Parks and Street Care	Moderate	Limited
Fleet Management	Limited	Moderate
Temporary Accommodation	Moderate	Limited
Procurement and Contract Management	Moderate	Moderate
Budget Management	Moderate	Moderate
<b>2023/24</b>		
Community Health and Wellbeing (with focus on Leisure Services)	Moderate	Substantial

AUDITED AREA	DESIGN RATING	EFFECTIVENESS RATING
Council Tax and NNDR	Substantial	Substantial
GDPR Information and Governance	Moderate	Moderate
Generating External Income	Moderate	Moderate
Budget Setting and Efficiency Savings	Moderate	Substantial
Health and Safety	Moderate	Moderate
Main Financial Systems	Moderate	Moderate
Project and Programme Management	Substantial	Moderate
Safeguarding	Limited	Limited

## APPENDIX II

### INTERNAL AUDIT CHARTER

This charter is a requirement of internal audit standards.

The charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Gedling Borough Council ('the Council') and defines the scope of internal audit activities.

Final approval of this charter resides with the Audit Committee (AC) on behalf of the Cabinet.

### STANDARDS OF INTERNAL AUDIT PRACTICE

To fulfil its purpose, internal audit will perform its work in accordance with the *Global Internal Audit Standards in the UK Public Sector*, which encompass:

- ▶ The global Institute of Internal Auditors (IIA) *Global Internal Audit Standards* (GIAS) effective from January 2025
- ▶ The Internal Audit Standards Advisory Board (IASAB) *Application Note Global Internal Audit Standards in the UK Public Sector* effective from 1 April 2025.

For local government internal audit, internal audit is also required to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) *Code of Practice for the Governance of Internal Audit in UK Local Government*, effective from 1 April 2025.

The GIAS refer to the 'board' as 'the highest-level body charged with governance, such as a board of directors, an Audit Committee, a board of governors or trustees, or a group of elected officials or political appointees.' For the Council, 'the board' is the (AC) acting on behalf of the Council.

The GIAS also refer to the 'chief audit executive' as the 'leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services in accordance with Global Internal Audit Standards.' For the Council's internal audit function, 'the chief audit executive' is the BDO-assigned partner acting as the Head of Internal Audit (HoIA).

### INTERNAL AUDIT'S PURPOSE AND MANDATE

#### Purpose

The purpose of the internal audit function is to strengthen the Council's ability to create, protect, and sustain value by providing the AC and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the Council's:

- ▶ Successful achievement of its objectives
- ▶ Governance, risk management, and control processes
- ▶ Decision-making and oversight
- ▶ Reputation and credibility with its stakeholders
- ▶ Ability to serve the public interest.

The Council's internal audit function is most effective when:

- ▶ Internal auditing is performed by competent professionals in conformance with the GIAS in the UK Public Sector
- ▶ The internal audit function is independently positioned with direct accountability to the AC
- ▶ Internal auditors are free from undue influence and committed to making objective assessments.

The role of the Council's internal audit therefore includes:

- ▶ Supporting the delivery of the Council's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls
- ▶ Championing good practice in governance through assurance, advice and contributing to the Council's annual governance review
- ▶ Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes
- ▶ Access to the Council's collaborative and arm's-length arrangements.

#### **Mandate - Authority**

The AC grants the internal audit function the mandate to provide the AC and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the AC. Such authority allows for unrestricted access to the AC.

The AC authorises the internal audit function to:

- ▶ Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities; internal auditors are accountable for confidentiality and safeguarding records and information
- ▶ Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives
- ▶ Obtain assistance from the necessary organisation's personnel in relevant engagements, as well as other specialised services from within or outside the organisation to complete internal audit services.

#### **Mandate - Independence, position, and reporting relationships**

- ▶ The HoIA will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.
- ▶ The HoIA will report functionally to the AC and administratively to the s151 Officer.
- ▶ This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the AC, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.
- ▶ The HoIA will confirm to the AC, at least annually, the organisational independence of the internal audit function.
- ▶ The HoIA will disclose to the AC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

#### **AUDIT COMMITTEE OVERSIGHT**

To establish, maintain, and ensure that the Council's internal audit function has sufficient authority to fulfil its duties, the AC will:

- ▶ Discuss with the HoIA and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function
- ▶ Ensure the HoIA has unrestricted access to and communicates and interacts directly with the AC, including in private meetings without senior management present
- ▶ Discuss with the HoIA and senior management other topics that should be included in the internal audit charter

- ▶ Participate in discussions with the HoIA and senior management about the “essential conditions”, described in the GIAS, which establish the foundation that enables an effective internal audit function
- ▶ Review and approve the internal audit function’s charter annually, which includes the internal audit mandate and the scope and types of internal audit services
- ▶ Approve the risk-based internal audit plan
- ▶ Approve the internal audit function’s human resources administration and budgets
- ▶ Collaborate with senior management to determine the qualifications and competencies the Council expects in a HoIA
- ▶ Authorise the appointment and removal of the HoIA and outsourced internal audit provider
- ▶ Approve the fees paid to the outsourced internal audit provider
- ▶ Review the HoIA’s and internal audit function’s performance
- ▶ Receive communications from the HoIA about the internal audit function including its performance relative to its plan
- ▶ Ensure a quality assurance and improvement program has been established and review the results annually
- ▶ Make appropriate inquiries of senior management and the HoIA to determine whether scope or resource limitations are inappropriate.

#### **Changes to the Mandate and Charter**

Circumstances may justify a follow-up discussion between the HoIA, AC, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- ▶ A significant change in the GIAS in the UK Public Sector
- ▶ A significant acquisition or reorganisation within the Council
- ▶ Significant changes in the HoIA, AC, and/or senior management
- ▶ Significant changes to the Council’s strategies, objectives, risk profile, or the environment in which the Council operates
- ▶ New laws or regulations that may affect the nature and/or scope of internal audit services.

#### **Support for Internal Audit**

Internal audit’s activities require access to and support from senior management, the AC and those charged with governance. Support allows internal audit to apply the mandate and charter in practice and meet expectations.

The Council will support the internal audit function by:

- ▶ Championing the role and work of internal audit to the staff within the Council and to partner organisations with whom internal audit works
- ▶ Facilitating access to senior management, the AC and the Council’s external auditor
- ▶ Assisting, where possible, with access to external providers assurance such as regulators, inspectors and consultants
- ▶ Engaging constructively with internal audit’s findings, opinions and advice
- ▶ Building awareness and understanding of the importance of good governance, risk management and internal control for the success of the Council and of internal audit’s contributions.

The Council will also put in place conditions to enable the internal audit work:

- ▶ Ensuring that the reporting line of the HoIA is not lower than a member of the senior management team and that the HoIA has access to all members of the team
- ▶ Ensuring that client responsibility lies with a member of senior management

The AC will support internal audit by:

- ▶ Enquiring of senior management and the HoIA about any restrictions on the internal audit's scope, access, authority or resources that limit its ability to carry out its responsibilities effectively
- ▶ Considering the audit plan or planning scope, and formally approving or recommending approval to those charged with governance
- ▶ Meeting at least annually with the HoIA in sessions without senior management present.

Senior management will establish and safeguard internal audit's independence by:

- ▶ Ensuring internal audit's access to staff and records, as set out in regulations and the charter, operates freely and without any interference
- ▶ Ensuring that the HoIA reports in their own right to the AC on the work of internal audit
- ▶ Providing opportunities for the HoIA to meet with the AC without senior management present
- ▶ Where there are actual or potential impairments to the independence of internal audit, working with the HoIA to remove or minimise them or ensure safeguards are operating effectively
- ▶ Recognising that if the HoIA has additional roles and responsibilities beyond internal auditing, or if new roles are proposed, it could impact on the independence and performance of internal audit; in such cases the impact must be discussed with the HoIA and the views of the AC sought
- ▶ Where needed, appropriate safeguards will be put in place by senior management to protect the independence of internal audit and support conformance with professional standards. Matters around the appointment, removal, remuneration and performance evaluation of the HoIA will be undertaken by senior management, but these arrangements must not be used to undermine the independence of internal audit. The AC will provide feedback on the performance evaluation of the HoIA, which should include feedback from the Chair of the AC.

#### **Interaction between the Audit Committee and Internal Audit**

The AC will support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence from the HoIA. The HoIA will have the right of access to the Chair of the AC at any time. The AC can escalate its concerns about internal audit independence to those charged with governance.

To ensure there is good interaction between the AC and internal audit, the AC will agree its work plan with the HOIA to ensure there is appropriate coverage of internal audit matters within AC agendas. The AC workplan will provide for the internal audit mandate and charter, strategy, plans, engagement reporting and the annual conclusion, and quality reports.

The AC is familiar with the Council's assurance framework, governance, risk management and internal control arrangements to facilitate its interactions with internal audit.

Senior management will engage with the AC on any significant changes to governance, risk and control arrangements and any concerns they may have on assurance. The AC will have oversight of the annual governance statement before final approval.

Where there is disagreement about the management of risks or agreed audit actions between internal audit and senior management, the AC will review and make their recommendation to either management or those charged with governance.

#### **Internal Audit Resources**

The AC and senior management will engage with the HOIA to review whether internal audit's financial, human and technological resources are sufficient to meet internal audit's mandate as set out in the

regulations and achieve conformance with GIAS in the UK public sector. Where there are concerns about internal audit's ability to fulfil its mandate or deliver an annual conclusion, the concerns will be formally recorded and reported to those charged with governance.

If resource issues result in a limitation of scope on the annual conclusion, this will be reported and disclosed in the annual governance statement. Decisions on internal audit resourcing by senior management and those charged with governance must take account of the longer-term risks to the governance and financial sustainability of the Council and internal audit's role in supporting those objectives. Where there are temporary resource constraints, senior management must work with the HOIA to establish longer-term plans for sustainable internal audit resources.

## Quality

Annually, the AC will review the results of the HOIA's assessment of conformance against GIAS in the UK public sector (including CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government), including any action plan. The AC will review the HOIA's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives. To meet the requirements of the regulations (the mandate) for internal audit, the AC will satisfy itself on the effectiveness of internal audit. They will take into account conformance with the standards, interactions with the AC, performance and feedback from senior management. Their conclusions will be reported to those charged with governance, for example, as part of the AC's annual report.

## External Quality Assessment

On behalf of those charged with governance and the AC, senior management will ensure that internal audit has an external quality assessment at least once every five years of its conformance against GIAS in the UK public sector, (including CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government).

Senior management and the HoIA will discuss the timing of the review and report the options and their recommendation to the AC. The proposals for the scope, method of assessment and assessor will be brought to the AC for agreement. The assessor must use CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government alongside the standards and be familiar with the sector. The AC will receive the complete results of the assessment and consider the HoIA's action plan to address any recommendations. Progress will be monitored. Where the AC does not have delegated authority, the committee will report the overall results of the external quality assessment to those charged with governance.

## HEAD OF INTERNAL AUDIT ROLES AND REPONSIBILITIES

### Ethics and Professionalism

The HoIA will ensure that internal auditors:

- ▶ Conform with the GIAS in the UK Public Sector, including the principles of Ethics and Professionalism (integrity, objectivity, competency, due professional care, and confidentiality) and the Seven Principles of Public Life (the 'Nolan Principles') (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- ▶ Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations
- ▶ Encourage and promote an ethics-based culture in the organisation
- ▶ Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### Objectivity

The HoIA will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the HoIA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment.

Internal auditors will:

- ▶ Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the HoIA, AC, management, or others
- ▶ Exhibit professional objectivity in gathering, evaluating, and communicating information
- ▶ Make balanced assessments of all available and relevant facts and circumstances
- ▶ Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### **Managing the Internal Audit Function**

The HoIA has the responsibility to:

- ▶ Understand the Council's governance, risk management and control processes, and the importance in the UK public sector of securing value for money, in developing an effective strategy and plan.
- ▶ At least annually, develop a risk-based internal audit plan that considers the input of the AC and senior management; discuss the plan with the AC and senior management and submit the plan to the AC for review and approval
- ▶ Communicate the impact of resource limitations on the internal audit plan to the AC and senior management
- ▶ Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls
- ▶ Communicate with the AC and senior management if there are significant interim changes to the internal audit plan
- ▶ Ensure internal audit engagements are performed, documented, and communicated in accordance with the GIAS in the UK Public Sector
- ▶ Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the AC and senior management periodically and for each engagement as appropriate
- ▶ Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS in the UK Public Sector and fulfil the internal audit mandate (in public sector internal audit, the HoIA is required to have a CMIIA, or a CCAB qualification, or an equivalent professional qualification which includes training on the practice of internal audit, and suitable internal audit experience)
- ▶ Identify and consider trends and emerging issues that could impact the Council and communicate to the AC and senior management as appropriate
- ▶ Consider emerging trends and successful practices in internal auditing
- ▶ Establish and ensure adherence to methodologies designed to guide the internal audit function
- ▶ Ensure adherence to relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the GIAS; any such conflicts will be resolved or documented and communicated to the AC and senior management
- ▶ Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services; if the HoIA cannot achieve an appropriate level of coordination, the issue will be communicated to senior management (including the barriers to effective coordination with other assurance providers) and if necessary escalated to the AC.

### **Communication with the Audit Committee and Senior Management**

The HoIA will report periodically eg quarterly to the AC and senior management regarding:

- ▶ The internal audit function's mandate
- ▶ The internal audit plan and performance relative to its plan
- ▶ Internal audit budget
- ▶ Significant revisions to the internal audit plan and budget
- ▶ Potential impairments to independence, including relevant disclosures as applicable
- ▶ Results from the quality assurance and improvement program, which include the internal audit function's conformance with the GIAS in the UK Public Sector and action plans to address the internal audit function's deficiencies and opportunities for improvement
- ▶ Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the AC
- ▶ Results of assurance and advisory services
- ▶ Resource requirements
- ▶ Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.

### Quality Assurance Improvement Programme

The HoIA will develop, implement, and maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit function.

The program will include external and internal assessments of the internal audit function's conformance with the GIAS in the UK Public Sector, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.

Annually, the HoIA will communicate with the AC and senior management about the internal audit function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside BDO. Qualifications must include at least one assessor holding an active Certified Internal Auditor credential. For public sector internal audit, such a person should have an understanding of the GIAS commensurate with the Certified Internal Auditor designation, including internal audit relevant continuing professional development and an understanding of how the GIAS are applied in the UK public sector.

### SCOPE AND TYPES OF INTERNAL AUDIT SERVICES

The scope of internal audit services covers the entire breadth of the Council, including all the Council's activities, assets, and personnel.

The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the AC and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- ▶ Risks relating to the achievement of the Council’s strategic objectives are appropriately identified and managed
- ▶ The actions of the Council’s officers, directors, management, employees, and contractors or other relevant parties comply with organisational policies, procedures, and applicable laws, regulations, and governance standards
- ▶ The results of operations and programs are consistent with established goals and objectives
- ▶ Operations and programs are being carried out effectively and efficiently
- ▶ Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council
- ▶ The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable
- ▶ Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

### INTERNAL AUDIT PERFORMANCE MEASURES AND INDICATORS

The tables below contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The AC should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

**TABLE ONE: PERFORMANCE MEASURES FOR INTERNAL AUDIT**

MEASURE / INDICATOR
<p><b>Audit Coverage</b> Annual Audit Plan delivered in line with timetable. Actual days are in accordance with Annual Audit Plan.</p>
<p><b>Relationships and customer satisfaction</b> Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit. Annual survey to AC to achieve score of at least 70%. External audit can rely on the work undertaken by internal audit (where planned).</p>
<p><b>Staffing and Training</b> At least 60% input from qualified staff.</p>
<p><b>Audit Reporting</b> Issuance of draft report within 3 weeks of fieldwork `closing` meeting. Finalise internal audit report 1 week after management responses to report are received. 90% recommendations to be accepted by management. Information is presented in the format requested by the customer.</p>
<p><b>Audit Quality</b> High quality documents produced by the auditor that are clear and concise and contain all the information requested. Positive result from any external review.</p>

## MANAGEMENT AND STAFF PERFORMANCE MEASURES AND INDICATORS

The management and staff of the Council commit to the following:

- Providing unrestricted access to all of the Council’s records, property, and personnel relevant to the performance of engagements
- Responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- Implementing agreed recommendations within the agreed timeframe
- Being open to internal audit about risks and issues within the Council
- Not requesting any service from internal audit that would impair its independence or objectivity
- Providing honest and constructive feedback on the performance of internal audit.

The following three indicators are considered good practice performance measures, but we go beyond this and report on a suite of measures as included in each AC Progress Report.

**TABLE TWO: PERFORMANCE MEASURES FOR MANAGEMENT AND STAFF**

### MEASURE / INDICATOR

#### **Response to Reports**

Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.

#### **Implementation of recommendations**

Audit sponsor to implement all audit recommendations within the agreed timeframe.

#### **Co-operation with internal audit**

Internal audit to confirm to each meeting of the AC whether appropriate co-operation has been provided by management and staff.

FOR MORE INFORMATION:

**Gurpreet Dulay**

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February 2026

# Internal Audit Strategy

## Business strategic context

The purpose of lower-tier local authorities is to manage and deliver local services to residents. Gedling Borough Council (the Council) are responsible for providing statutory and discretionary services across the borough of Gedling. The Council's Gedling Plan for 2023-27 defines its four key priorities; the economy, community, place and the Council.

**Economy** - supporting and encouraging health business in the local area by improving local skills and employment opportunities and promoting an economy that attracts visitors and supports leisure activity.

**Community** - enabling a resilient, empowered, connected, inclusive and healthy community.

**Place** - enabling a safe, attractive, clean and culturally vibrant borough that plays its part to tackle the climate emergency, including developing sustainable hubs and infrastructure and promoting volunteering and participation in cultural activity to preserve local heritage.

**Council** - ensuring the Council is a healthy place to work, it engages with its customers, has a focus on improvement, is financially sound, and complies with all relevant legislation.

## Internal audit vision and objectives

Internal Audit is positioned to play a critical role in the Council's delivery of its Gedling Plan in a challenging environment, providing assurance over the design and effectiveness of controls and that these are enhancing the resident experience in an efficient way. Local government reorganisation is the largest structural overhaul to local authorities for a generation, with proposals for the future of local government in Nottinghamshire awaiting consideration from central government. Internal Audit will support the Council to meet its strategic objectives over this period, preparing for local government reorganisation, but also ensuring that core services and policies continue to operate effectively during this transition.

## Strategic pillars

### Supporting the strategy

- Internal Audit is positioned to serve as a trusted and strategic advisor, providing business leadership with forward-looking, high-value insights that support strategic decision-making, enhance risk awareness, and align with the organisational risk appetite.
- Internal Audit will work closely with other assurance providers - notably second line functions such as IT security, Risk, Compliance and Legal.
- A growing proportion of our activities will focus on advisory engagements, striking a balance that allows us to address both critical projects and programmes, core business processes and emerging risks.

### People management and development

- A high-performing and flexible Internal Audit team is essential for delivering quality and impactful audit services.
- The people strategy focuses on recruiting and nurturing a talented, versatile, and technically proficient workforce.
- By investing in IIA/CCAB trainees, advanced qualifications, availability of SMEs and specialised training across key areas—such as ESG, fraud, IT, operations, and regulatory frameworks we will deepen the team's expertise and strengthen our capacity to address complex audit demands.

### Process and methodology

- Optimising our audit methodologies to ensure they remain agile, relevant, and compliant with the latest IIA standards and regulatory expectations.
- Maintaining strong relationships with the Institute and regulators.
- Quality will remain at the heart of our service with robust assurance checking and review procedures, overseen through annual and periodic hot/cold review procedures.
- Our Quality Assurance and Improvement Programme (QAIP) will continue to be robust, involving regular internal and external assessments that align with industry best practices.

### Technology development

- In an environment of rapid technological change, Internal Audit will continuously evolve and adopt digital innovations to deliver more effective, insightful, and efficient assurance. This strategy prioritises the integration of advanced data analytics and AI across audit operations, positioning these tools as essential elements of our methodology.
- Internal Audit will maintain close relationships with the DPO of the business to ensure our approach is aligned with the organisation's approach to data protection and cyber security.

# Internal Audit Strategy - proposed actions 2026/29

Area	Initiative / action
Strategy support	<ul style="list-style-type: none"> <li>• Continue to work closely with wider second line group to align working practices to support assurance over the strategy</li> <li>• Ensure our annual plan was wide coverage of the four strategic priorities, providing assurances over the delivery of strategies and objectives across the whole Council, including front-line services impacting residents</li> <li>• Apply a blend of audit and advisory techniques using our various toolkits to assess the Council's 'soft controls' such as EDI, Environment, Governance/Culture, Sustainability, etc. This will provide roadmaps to applying best practice controls to achieve objectives</li> <li>• Focus our audits on preparations and planning for local government reorganisation, both in specific audit engagements and the risks linked to local government reorganisation in operational audits. This will include holding days in the plan for advisory work on local government reorganisation as the Council navigates this.</li> </ul>
People	<ul style="list-style-type: none"> <li>• Commit to maintaining a constant audit team, with the Head of Internal Audit remaining consistent supported by a Manager and Assistant Manager to operationally manage audit delivery and quality control procedures</li> <li>• Use SMEs and specialist skills and knowledge for highly technical areas of testing</li> <li>• Ensure 60% of qualified resources are used in the delivery of the audit plan</li> <li>• Ensure team members hold or are working towards professional and relevant qualifications</li> <li>• Team members will comply with the firm's and professional bodies policies on CPD requirements</li> <li>• Audit Committee meetings and all contract management meetings will be attended by the Engagement Partner (Gurpreet Dulay) and/or the Engagement Manager (Max Armstrong).</li> </ul>
Process	<ul style="list-style-type: none"> <li>• Perform annual desktop review of manual and methodology to confirm in line with professional standards</li> <li>• Undertake annual self assessment against EQA</li> <li>• Participate in BDO cold/hot review process act upon any improvement points</li> <li>• Ensure of QAIP is a live document subject to ongoing review to monitor our delivery of our progress and retain flexibility to adjust to changes in the Council's environment</li> <li>• Commission independent EQA every five years.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>• Use BDO tools on data analytics and AI to improve the quality of information and output to the Council, extending our testing to full populations of data.</li> <li>• Invest in new technologies and team training as required to widen the use of GenAI in IA delivery</li> <li>• Continue to manage your data securely and confidentially on our audit systems.</li> </ul>

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Reading Borough  
Council

Internal Audit -  
Quality Assurance  
Improvement  
Programme (QAIP)

February 2026

# Quality assurance improvement programme

In accordance with Standard 8.3 of the Global Internal Audit Standards, we must develop, implement and maintain a quality assurance improvement programme (QAIP).

Our QAIP is premised on the following three key activities. We will report annually to the Audit Committee, on the results of the ongoing monitoring of quality and performance (including the results of the internal quality assessments). Results of the external quality assessments will be reported when completed. If applicable, plans to address any improvements identified will also be communicated.

## Ongoing monitoring of quality and performance

**Internal audit methodology** - A standard internal audit methodology, working papers and templates are in use. Our methodology is updated when necessary and formally reviewed on an annual basis.

**Supervision and review of outputs** - All internal audit work is supervised and formal review of all deliverables including annual plans, terms of reference, draft and final reports and written advice is performed by Gurpreet Dulay before issue.

**Use of subject matter experts** - Our work employs sufficient technical knowledge and skills to safeguard quality. To deliver your Internal Audit Plan, we will draw on the use of subject matter expert (SME) for the following assignments; Digital Strategy and IT specialist reviews. The SME will be used either to review the scope and work or to deliver the fieldwork for the review.

**Monitoring of the performance** - A suite of quantitative and qualitative key performance metrics is in place to monitor the performance and effectiveness of the Internal Audit team and the value Internal Audit brings to the business.

**Stakeholder feedback** - is requested from audit stakeholders after each audit and used to identify ways to improve our service. We will also share a feedback survey to the Audit Committee Chair to obtain feedback on our presentations and audit quality.

**Sharing of good practice** - we promote a culture where lessons learned and good practice are shared across the team. We will continue to share benchmarking on specific audits and sector updates with the Audit Committee to ensure that you are up-to-date on developments in the local government sector.

## Internal assessments

**Annual self assessment** - On an annual basis, an experienced review Partner or Director will perform a self-assessment of compliance with the Global Internal Audit Standards which will include a sample of files. An improvement action plan will be drafted based on the findings.

**Hot and cold reviews** - During the year, an experienced review Partner, Director or Senior Manager, independent of the engagements under review, will also review a selection of individual internal audit engagements to obtain ongoing assurance on the technical quality of our work. These will be performed based upon an agreed review programme, of closed (cold) files and thematic (hot) reviews of in-flight engagements.

**Four eyes principle** - All our outputs and the key underlying documentation are subject to review by a second person. For you, our work will be subject to one detailed review by a manager and a higher-level review by the Partner. Any specialist or high-risk work will be subject to a second Partner review by a SME.

**Ongoing review** - All audit files will be subject to a detailed review by a Manager or Assistant Manager to ensure that the quality of audit work meets our expected standards. Additionally, mid-file reviews will be performed on all audits during the fieldwork to ensure all key risk areas discussed and agreed at the scoping meeting are being covered during the fieldwork, allowing any gaps to be remediated during the audit.

**Closing meetings** - The closing meeting agenda will be reviewed by a Manager or Assistant Manager before being issued to officers.

## External assessments

In accordance with Standard 8.4, an external assessment of the quality (EQA) of our internal audit work must be conducted at least once every five years by a qualified, independent assessor or assessment team.

### Previous EQA

At BDO we recognise the importance of independent quality assurance and so submit our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2021. We engaged the Chartered Institute of Internal Auditors (CIIA) to carry out the EQA and, in summary, their conclusion was that BDO generally conforms to the International Professional Practices Framework (IPPF). This is the highest of the three gradings awarded by the CIIA.

A copy of the EQA report is available to our clients so they can obtain comfort regarding our working practices.

### Next EQA

Our next EQA is expected to be delivered in 2026. As part of communications with clients, the project team will discuss the results of the external assessment with the Audit Committee

# Quality assurance improvement programme

Specific improvement actions to enhance the Internal Audit function in line with the Internal Audit Strategy are:

Initiative	Benefit	Due date	Completed
Ensure our annual plan was wide coverage of the four strategic priorities, providing assurances over the delivery of strategies and objectives across the whole Council, including front-line services impacting residents	Align our audit plan to the Council's strategic risks, ensuring that areas we cover link back to strategic objectives	Ongoing throughout delivery of our 26/27 IA plan	
Apply a blend of audit and advisory techniques using our various toolkits to assess the Council's 'soft controls' such as EDI, Environment, Governance/Culture, Sustainability, etc. This will provide roadmaps to applying best practice controls to achieve objectives	Allows management to gain insights into emerging risks with advisory support rather than traditional third line assurance	Ongoing throughout delivery of our 26/27 IA plan and over our three-year plan to FY29	
Use SMEs and specialist skills and knowledge for highly technical areas of testing  Ensure 60% of qualified resources are used in the delivery of the audit plan  Ensure team members hold or are working towards professional and relevant qualifications  Team members will comply with the firm's and professional bodies policies on CPD requirements	Allow the Council continue to benefit from expertise across our firm on specific, technical audit engagements. Furthermore, use of qualified staff and ensuring our staff maintain relevant CPD ensures that emerging issues and risks are addressed in our audit work to maximise the value to the Council	Through the delivery of individual audit engagements during 26/27 and throughout the full plan for the year	
Perform annual desktop review of manual and methodology to confirm in line with professional standards	Ensuring that our manual and methodology meet our professional standards to give you assurance over the quality and approach of our work	At the end of 26/27	

# Quality assurance improvement programme

Specific improvement actions to enhance the Internal Audit function in line with the Internal Audit Strategy are:

Initiative	Benefit	Due date	Completed
Commission independent EQA every five years	Allows for independent assurance that our work conforms with the GIAS.	Every five years, with the next review due in 2026	
Use BDO tools on data analytics and AI to improve the quality of information and output to the Council, extending our testing to full populations of data	Allows for full population and broader audit testing, reducing the sample risk and giving you greater assurance over the conclusions drawn from our work. This will also enable more nuanced and exception-focused auditing to establish the root cause of control issues	Ongoing throughout delivery of our 26/27 IA plan At the end of 26/27 we will evaluate whether data analytics and AI tools have been used where appropriate	
Act on stakeholder feedback and engagement to evolve and improve the service	Allows for ongoing improvement and development to ensure that our internal audit service meets your expectations	After each internal audit assignment	
Seek feedback from the Audit Committee (via the Chair) on our reporting and feedback approach	Ensures that our reports and presentation approach meets the expectations of the Audit Committee to ensure that you are receiving the assurance you require to discharge your duties effectively.	A survey will be issued to the Chair annually and an offer for a 1:1 feedback meeting to discuss the audit service	

FOR MORE INFORMATION:

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## Report to Audit Committee

**Subject:** The Local Code of Corporate Governance 2026/27

**Date:** 24 February 2026

**Author:** Monitoring Officer

### Purpose

To seek approval for the updated Local Code of Corporate Governance 2026/27.

### Recommendation

**THAT:**

**The Local Code of Corporate Governance for 2026/27 be approved.**

## 1 Background

- 1.1 Corporate governance is the system by which organisations are directed and controlled and it became an important concept following the Cadbury Committee's report in 1992 on financial aspects of corporate governance. As a consequence, all local authorities have sought to demonstrate compliance with best practice by drawing up a Local Code of Corporate Governance, based on CIPFA/SOLACE Guidance first published in 2007.
- 1.2 In April 2016, CIPFA and SOLACE published the publication "Delivering Good Governance in Local Government: Framework" which is in essence an updated version of the original 2007 publication. However, amendments to the framework include an update to the Core Principles and sub principles to ensure organisations demonstrate good governance by "Achieving the Intended Outcomes While Acting in the Public Interest at all Times". The Framework makes it clear that it is up to each local authority to:

- Set out its commitment to the principles of good governance;
  - Determine its own governance structures and local Code; and
  - Ensure that it operates effectively in practice.
- 1.3 In May 2025 an addendum to the CIPFA/SOLACE guidance was published. This addendum covered the annual review of governance and the annual governance statement. No changes were made to the seven principles of good governance contained in the original framework. The addendum reiterates the need for an annual review of governance against the seven governance principles and recommends the adoption of Local Codes of Governance.
- 1.3 The Local Code of Corporate Governance should set out the governance structures the Council has in place to demonstrate how it complies with the Core principles and sub-principles. It is a 'living document' in that it must be periodically reviewed and amended to ensure that it satisfies the changing financial and corporate environment. The Local Code is comprehensive and provides evidence of the Council's alignment with good governance principles. It supports the Annual Governance Statement which provides assurance based on the core arrangements listed in the local code.
- 1.4 In order to support the Code of Governance and updated guidance, Senior Leadership Team and Assistant Directors have considered the Committee on Standards in Public Life recommendations for "Building Accountable Organisations" and identified any gaps. The Monitoring Officer has also undertaken a self-assessment of governance arrangements using the Local Government Association's Improvement and Assurance Framework to identify any further governance improvements required. Any areas identified for improvement has been incorporated into planned governance work for 2026/27 as set out within the Local Code of Corporate Governance.
- 1.4 The process of review of the Code is as follows:-
- Senior Leadership Team

The Senior Leadership Team (SLT) will review the Council's governance and risk management arrangements with support from the Corporate Risk Board and Budget and Performance Board and identify a work programme for ensuring these arrangements remain robust and up-to-date as and when necessary. SLT will also proactively review issues which may arise during the course of the Council's day to day business and take steps to address them. SLT will report directly to the Audit Committee as and when necessary.

- The Audit Committee

The Audit Committee has overall responsibility for the Council's governance and risk management arrangements, and will be the main Member review of those arrangements. The Committee will approve any amendments to the Local Code.

- 1.5 The Council's "Annual Governance Statement", reports on the extent that the Council complies with its own Code of Corporate Governance and whether those arrangements are adequate and operating effectively. The Annual Governance Statement will accompany the Statement of Accounts report.

## **2 Proposal**

- 2.1 In accordance with the agreed process, Senior Leadership Team has reviewed the Local Code on Corporate Governance in consultation with Assistant Directors and has made a number of amendments to ensure that it remains up to date and fit for purpose. For ease of reference the amendments are shown in strikethrough and italics. Members will note that there has been a number of additions to the Code of Governance reflecting the work undertaken in 2025/26 including:

- The creation of a new Corporate Plan
- Review of the Risk Management Strategy and approach to risk management
- Updates to the Contract and procurement rules, and a review and change to the procurement function.
- Changes to performance reporting using new systems
- Approval of a Social Value Policy
- Approval of a new Corporate Consultation Policy (currently under review)
- New Website
- New Waste Management Software system
- New Customer Relationship Management System
- New Artificial Intelligence Policy
- New Identification and Verification Policy
- Review of Business Continuity Plans and Arrangements
- Review of Whistleblowing Policy
- Changes to Performance Management through the introduction of 1:1s
- New Succession Planning assessments

- Changes to a number of staffing policies including Absence Management, DBS checks and Sexual harassment
- Roll out of new Equality, Diversity and Inclusion Training
- Development of an Asset Management Plan and Strategy
- Condition Surveys across assets
- Development of a framework of policies in relation to temporary Accommodation
- Migration of the Council's finance system
- A number of consultations launched including in respect of the Local Plan Development and Leisure Strategy.

The Code also identifies work to be undertaken next year, including finalising the review of the Council's Counter Fraud and Corruption Strategy, migration of the Council's Employee System to the cloud with improved capability, establishing a planned approach to Local Government Reform, engaging further on Leisure Transformation, further Local Plan consultation and adoption of a Housing Strategy. In addition following the self-assessment under the Local Government Association self-assessment tool on Improvement and Assurance and the CSPL recommendation review, further actions have been identified including the need for improved staff consultation and engagement through more effective internal communications, (plans for which are already in progress), the preparation of a clear forward plan for Committees which has started in 2025/26 and corporate training for complaint handlers to ensure consistent responses across the organisation.

2.2 It is proposed that members approve the Code of Governance for 2026/27.

### **3 Alternative Options**

3.1 Not to approve the Local Code of Governance or propose different amendments to the Code. As highlighted however, the requirement to have a Code is best practice as indicated by CIPFA/SOLACE guidance and supports the Annual Governance Statement required by statute by setting out clearly the Council's approach to governance across the organisation. The review undertaken for 2026/27 by SLT has been undertaken in consultation with Assistant Directors and reflects all required amendments.

### **4 Financial Implications**

4.1 None directly arising from this report.

## **5 Legal Implications**

5.1 The Code has been drawn up to demonstrate compliance with best practice as set out by CIPFA/SOLACE and supports the Annual Governance Statement which is required as part of the accounts process as required by statute and in particular the Accounts and Audit Regulations 2015.

## **6 Equalities Implications**

6.1 None directly arising from this report, however it should be noted from the Code, training has been rolled out to officers and members in 2025/26 for completion into 2026/27. EDI is a key consideration in governance arrangements and compliance with the Equality Act 2010 and the Council's public sector equality duty.

## **7 Carbon Reduction/Environmental Sustainability Implications**

7.1 None directly arising from this report.

## **8 Appendices**

8.1 Appendix 1 – Local Code of Corporate Governance for 2026/27

Appendix 2 - EIA

## **9 Background Papers**

9.1 [Delivering Good Governance in Local Government: addendum | Solace](#)  
[Improvement and assurance framework: Self-assessment tool | Local Government Association](#)

**Statutory Officer approval**

**Approved by:**

**Date:**

**On behalf of the Chief Financial Officer**

**Approved by:**

**Date:**

**On behalf of the Monitoring Officer**



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**LOCAL CODE OF CORPORATE GOVERNANCE**

2025/2026/2627

**Introduction**

1. Governance arrangements in the public services are vitally important and local government organisations need to ensure that they meet the highest standards, are kept up to date and are relevant. Governance is about how the Council ensures resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and there is clear accountability for the use of those resources in order to achieve the desired outcomes for service users and communities.
2. CIPFA<sup>1</sup>/SOLACE<sup>2</sup> have together produced a corporate governance framework which was updated for 2016/17. It is an integrated system that brings together an underlying set of legislative requirements, governance principles and management processes. The governance framework produced by CIPFA/SOLACE remains a discretionary code and is offered to local authorities as good practice.
3. In conducting its business, Gedling Borough Council is fully committed to the key principles of good governance set out in the CIPFA/SOLACE framework. The framework is underpinned by seven core principles. This Local Code of Corporate Governance sets out below how Gedling Borough Council demonstrates that its governance structures comply with these seven core principles. ~~Whilst there is currently a review of CIPFA/SOLACE framework underway, the seven principles of good governance remain unchanged.~~ In May 2025 an Addendum to the framework was published providing further guidance on governance reviews and the Annual Governance Statement. The seven principles of good governance remained unchanged.

**Good Governance**

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

Sub-principle	Actions to demonstrate good governance
Behaving with integrity	<ul style="list-style-type: none"> <li>▪ Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</li> <li>▪ Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).</li> <li>▪ Leading by example and using the above standard</li> </ul>

<sup>1</sup> Chartered Institute of Public Finance and Accountancy

<sup>2</sup> Society of Local Authority Chief Executives

	<p>operating principles or values as a framework for decision making and other actions.</p> <ul style="list-style-type: none"> <li>▪ Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</li> </ul>
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>▪ Seeking to establish, monitor and maintain the organisation's ethical standards and performance.</li> <li>▪ Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.</li> <li>▪ Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</li> <li>▪ Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.</li> </ul>
Respecting the rule of law	<ul style="list-style-type: none"> <li>▪ Ensuring Members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations.</li> <li>▪ Creating the conditions to ensure that the statutory officers, other key post holders, and Members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</li> <li>▪ Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</li> <li>▪ Dealing with breaches of legal and regulatory provisions effectively.</li> <li>▪ Ensuring corruption and misuse of power are dealt with effectively.</li> </ul>

**To demonstrate its commitment to Core Principle A Gedling Borough Council:**

- Has developed and promotes a culture of behaviour based on shared values, high ethical principles and good conduct underpinned by the following:
  - Members' code of conduct
  - Officers' code of conduct
  - Protocol on member/officer relations
  - Gifts and Hospitality Code of Practice for Members and Officers
  - Members' Register of Interests
  - Protocol for Members on dealing with planning matters
  - Officer Register of interests and declaration of interests policy
  - [DBS check requirements for Members introduced in 2025/26](#)
  -
- Provides a comprehensive Elected Member induction programme which includes Code of Conduct training which has delivered post- election in 2023/24.
- [Requires Members of the Planning Committee and Environment and Licensing Committee to undertake mandatory training.](#)
- ~~Has undertaken a r~~[Review](#)~~ed and updated -of~~ the Council's Arrangements for Dealing with Code of Conduct Complaints in 2024/25.

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- Engages positively and effectively with the Local Government and Social care Ombudsman and reports annually on outcomes or more frequently if any maladministration finding made.
- ~~Contributed~~ Contributed to the Government's consultation on changes to the Standards regime in February 2024
- ~~Adopted~~ Adopted a new member code of Conduct in January ~~2023-2024~~ 2023-2024 with training to be delivered in 2024/25 ~~2025/26~~.
- Developing a Social Media Protocol for Members to be approved in 2025/26
- Has set up a Member Development Working Group cross party to ensure member engagement on key projects and training opportunities. More regular meetings to be organised for 2026/27
- ~~Additional Member training is provided supported by a dedicated budget for Member training.~~
- Bespoke Equality, Diversity and Inclusion Training to be delivered to Members in 2026/27
- Has a Standards Committee, which is not politically biased, with responsibility for standards and probity issues which includes 2 co-opted members.
- Is able to monitor and investigate officer behaviour through its corporate complaints procedure.
- On a quarterly basis reminds Members to keep their Register of Interests and gifts and hospitality register up to date.
- ~~Has completed a review of the Code of Practice for Gifts and Hospitality in 2023-24.~~
- Maintains a register of gifts and hospitality for Officers and Members, which is reported to Standards Committee on an annual basis and Senior Leadership team on a quarterly basis. The register of ~~gifts and hospitality for Members is published on the Council's website on a quarterly basis if gifts received~~ interests for Members including any gifts over £50 is published on the Council's website.
- Has an Audit Committee which has overall responsibility for the Council's governance and risk management arrangements.
- Has an independent member on the Audit Committee from 2024/25.
- Has ~~approved~~ reviewed the Counter Fraud and Corruption Strategy, including whistle blowing procedures which is ~~currently under review to be updated into be approved in 2026/27~~ 2025/26.
- Has developed appropriate arrangements for an Officer's Register of Interests
- Provides mandatory fraud awareness training to Officers and Members
- Has guidance for Officers in respect of establishing partnerships and the governance and ongoing monitoring of these.
- Has clear role specifications within the Constitution in respect of the Head of Paid Service, Chief Financial Officer and Monitoring Officer.
- Has a monthly statutory officers meeting to ensure any governance issues are raised.
- Has introduced a Gedling Employee, Manager and Leader Standard which sets out behaviours expected by employees ~~including consideration of actions to support carbon reduction which are to be reviewed~~ and updated in 2025/26.
- Conducts ~~annual Personal Development Reviews which include a review of behaviours in the workplace, this process to be reviewed for 2025/26~~ monthly one to one sessions with staff and their line managers, 3 monthly for front line staff.
- ~~Requires reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer with a template agreed to ensure that the details of review and approval are documented on the report.~~
- All reports must consider Equality, Data and Carbon impacts with accompanying templates for Equality impact Assessments, Data Impact Assessments and Carbon Impact Assessments.
- Offers training to Managers and Officers on report writing and the legal requirements.
- Has set out a Data Breach Management Policy within the Information Security Policy (ISP)

- Has completed a review of the ISP in 2023/24 with further review to be undertaken in ~~2025/26~~2026/27.
- Ensures commitment to paying the national minimum wage.
- Complies with the Procurement Act 2023 during procurement activity for the carrying out of works or provision of supplies or services.
- Approved new Procurement and Contract Rules in January 2025 to ~~to~~ensure compliance with the Procurement Act 2023.
- Has undertaken a review of the procurement function with a new in house role and shared service provider in place for 2025/26.
- Has ~~commenced preparation of~~adopted a ~~new~~ Procurement Strategy for 2025/~~2-276~~.
- ~~Continually reviews the constitution to ensure it remains effective, updated the council's procedural standing orders in~~ 2024/2025/25/26.
- Financial regulations to be updated in 2026/27
- Adopted a new Equality-, Diversity and Inclusion Policy from 1<sup>st</sup> April 2024 which includes input from overview and scrutiny committee.
- Has created an Equality and Diversity Action plan through annual delivery planning for ~~2025/26~~2026/27 with actions tracked through the Council's performance management system Ppentana.
- Has a Strategic Equalities Group of Members and Officers to support delivery on the Council's equality policy, framework and action plan.
- Has established a staff inclusion group (GIGS) to improve staff relations and promote inclusivity.
- Provides mandatory Equality and Diversity training to Officers and Members and is providing bespoke EDI training to frontline staff in 2025/26.
- Has an approved Modern Slavery and Human Trafficking Transparency Statement and Modern Slavery Policy which is reviewed annually.
- Has briefed staff on the Modern Slavery requirements
- Has provided mandatory training for officers in respect of safe-guarding and prevent training.
- Has reviewed and updated safeguarding policies in 2024/252025/26.
  - Has put in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer and deputy.
- Has established a Corporate Risk Board of senior officers which meets every 2 months to review risk across the organisation including strategic and corporate risks.
- Has ~~adopted~~updated the ~~new~~ Risk management Strategy in 2024/252025/26 ~~with training delivered to all senior officers in 2024~~.
- Has undertaken Risk management Workshops with all risk owners in 2025/26
- ~~Has completed a senior management restructure to provide robust senior leadership across the organisation.~~
- ~~Has established a~~ new governance structure for SLT and Members operated in 2025/26 to ensure effective governance across the organisation including establishment of Corporate Risk Board, Budget and Performance Board, Business Technology and Design Authority.
- Has established a Connected Council Board through Senior Leadership team to provide strong oversight of work streams and governance across the organisation.
- Connected Council board report to Cabinet following every Cabinet meeting to update on annual delivery Plan activities and any governance/risk concerns.
- ~~Will align new governance reporting structures with member Portfolios in 2025/26.~~
- Has undertaken a self-assessment of governance through Corporate Governance Assessment toolkit.

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## Core Principle B - Ensuring openness and comprehensive stakeholder

**engagement**

Sub-principle	Actions to demonstrate good governance
Openness	<ul style="list-style-type: none"> <li>▪ Ensuring an open culture through demonstrating documenting and communicating the organisation's commitment to openness.</li> <li>▪ Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</li> <li>▪ Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</li> <li>▪ Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</li> </ul>
Engaging comprehensively with institutional stakeholders <i>NB. Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable</i>	<ul style="list-style-type: none"> <li>▪ Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</li> <li>▪ Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</li> <li>▪ Ensuring that partnerships are based on:               <ul style="list-style-type: none"> <li>○ Trust</li> <li>○ A shared commitment to change</li> <li>○ A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul> </li> </ul>
Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> <li>▪ Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</li> <li>▪ Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</li> <li>▪ Encouraging, collective and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds, including reference to future needs.</li> <li>▪ Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</li> <li>▪ Taking account of the impact of decisions on future generations of <del>tax payers</del>taxpayers and service users.</li> </ul>
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**To demonstrate its commitment to Core Principle B Gedling Borough Council:**

- ~~Has an informative, user friendly website to share appropriate information with the community and is looking to improve and upgrade the website in 2025/26 a new website which went live in 2025.~~
- Proactively provides information and interacts with the community through Contacts magazine, ~~'Keep me Posted'~~through monthly news articles, emails and social media, in particular X (formerly Twitter) and Facebook.
- Works with Community groups and Stakeholders to deliver Community Outreach sessions in the Borough with regular sessions at Calverton, ~~Bestwood~~ and Carlton.
- ~~Has reviewed the structures of Customer Services providing Subject Matter Aspects across key service delivery areas including waste, housing, revenues and licensing to improve advice and quality of service.~~
- ~~Has undertaken a review of the Communities and Communications Structure creating a new team for communications and engagement.~~
- ~~Has updated Social Media guidance for officers to ensure clear and appropriate messaging~~
- ~~Has adopted an Artificial Intelligence Policy to support officers to safely use AI tools.~~
- Has arrangements in place to seek and respond to the views of the community by:
  - ~~Creating a public consultation strategy to be approved in 2025/26 following consultation.~~Having a Corporate Consultation Policy approved in 2025/26
  - Consulting with residents on ~~the Gedling Plan for 2023-27~~the Leisure Strategy and future leisure plans twice in 2025/26
  - Using resident feedback from the LGR consultation to align legacy priorities with customer need
  - Consulting with residents on the development of the Local Plan
  - Consulted with residents on the Ambition Arnold Business Plan
  - Holding meetings in public wherever possible
  - Recording and streaming public meetings
  - Publishing agendas, minutes and decisions
  - Making provision in the Council's Procedural Standing Orders in the Constitution for the public to ask questions at Council meetings and creating an online form for the public to submit such questions
  - Undertakes annual budget consultation with business ratepayers
  - ~~Undertakes consultation with residents on budgets~~
  - Having effective relationships with other public sector agencies and the private and voluntary sectors
  - Supported development of the Gedling CVS through UKSPF funding
  - ~~Undertaking miscellaneous consultation with residents, service users and relevant stakeholders including surveys, workshops and focus groups.~~
- Undertakes Equality Impact Assessments where appropriate to identify how the needs of particular groups have been considered to inform decision making, ensuring that appropriate consultations request data on the profile of respondents
- Has an approved Statement of Community Involvement to compliment the preparation of the Local Plan Development Framework.
- Proactively engages in the health agenda through involvement in the Nottinghamshire Health & Wellbeing Board and Integrated Care Partnerships.
- Will be undertaking further wider ~~publication consultation~~ on significant plans for ~~2025/26~~2026/27 including Leisure Transformation, and Gedling Local Plan ~~and~~

~~Ambition Arnold~~ projects.

- Proactively engages in a number of partnerships including: D2N2, Joint Planning Advisory Board, Gedling Health & Wellbeing Delivery Group, South Notts Community Safety Partnership and Gedling Employment and Skills Group.
- Has developed a Housing Strategy in consultation with stakeholders
- Has a Freedom of Information Act Publication Scheme on the Council's website.
- Complies with the provisions of the Transparency Code.
- Has clear privacy notices in line with data protection legislation.
- Requires officers to adhere to a calendar of dates for submitting, publishing and distributing timely reports.
- Sets out in the Financial Regulations appropriate control measures for entering into partnership arrangements.
- Has reviewed and updated the Contracts Register to ensure it is accessible and up to date.
- Has developed and introduced a Partnership Register, which identifies significant partnerships and potential impacts on the Council.
- Ensures reports to Cabinet include an analysis of alternative options together with the reasons for the recommendation contained within the report.
- ~~Facilitates the filming, streaming and recording of public meetings where necessary.~~
- ~~Has a Customer Promise updated in 2022/23 setting out how the Council will interact with all customers.~~
- Has a Complaints, Compliments and Comments Policy and Unacceptable Customer Behaviour Policy setting out how the Council will manage and respond to complaints which aligns with the Local Government and Social Care Ombudsman's Complaints Code and is reviewed annually. Training in relation to complaint handling is to be completed in 2026/27
- Has established a Youth Council and Senior's Council to ensure engagement with different sections of the Community.
- ~~Has introduced Offers~~ webchat as another communication channel with the Council.
- ~~Is implementing new waste management and customer relationship management systems to better improve customer engagement.~~ has implemented a new waste management system and customer relationship management system to ensure better access to services for customers
- Is Undertaking a Digital Inclusion programme to supports residents who are digitally excluded.
- Has established a customer engagement programme board to deliver improved customer experience and engagement.
- Has adopted an Identification and Verification process to ensure accuracy when engaging with customers.

**Core Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits**

Sub-principle	Actions to demonstrate good governance
Defining outcomes	<ul style="list-style-type: none"> <li>▪ Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions</li> <li>▪ Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of the year or longer.</li> <li>▪ Delivering defined outcomes on a sustainable basis within the resources that will be available.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Identifying and managing risks to the achievement of outcomes.</li> <li>▪ Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</li> </ul>
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>▪ Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.</li> <li>▪ Taking a <del>longer-term</del> longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.</li> <li>▪ Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible in order to ensure appropriate trade-offs.</li> <li>▪ Ensuring fair access to services.</li> </ul>

**To demonstrate its commitment to Core Principle C Gedling Borough Council:**

- ~~Has clearly set out its vision and priorities in the Gedling Plan after thorough review of the Council's planning process and following consultation with residents~~ Has developed a Gedling Legacy Plan taking into account feedback from resident consultation on Local Government Reorganisation and what matters most to residents.
- ~~Uses data sources to conduct a SWAT analysis of local needs to feed into Legacy Plan.~~
- Maintains a data hub to ensure data to support priorities is considered including recent Census data.
- ~~Uses the CRM system to better collate customer data and understand customer needs.~~
- Reflects the Council's vision and strategic priorities through the annual delivery plan for ~~2025/26~~2026/27.
- Actions ~~on the Annual Delivery Plan~~ are captured and monitored in the Council's performance management system, Pentana ~~and programme management tool Jura.~~
- ~~Has established a Productivity Plan in 2024 which sets out the Council's work programmes from 2024-27 aligning with the Gedling Plan.~~
- Has established programme boards to monitor key activity and support delivery of actions. The boards include: Leisure Transformation Board, Depot Transformation board, Customer Experience Board, Smarter Working Board, [Budget & Performance Board](#) and Growth Board. ~~Boards are to be reviewed in 2026/27 to ensure Local Government Re-organisation is effectively managed.~~
- Monitors delivery against the ~~Gedling Annual Delivery~~ Plan through quarterly reports to SLT, Cabinet and Overview and Scrutiny Committee.
- Has established a budget and performance board to ensure better alignment of budget and performance.
- Has developed a register of policies/plans and strategies to monitor review dates and ensure they remain fit for purpose.
- Has procured a risk module on Pentana to better track ~~and report on~~ risk management.
- Has developed and maintains proper financial management arrangements. These

include agreeing a balanced budget before the start of each financial year together with a ~~Medium Term~~Medium-Term Financial Plan which looks ahead five years; and an Annual Statement of Accounts that details the Council's financial position in the previous year.

- Regularly reviews risks at a corporate project and operational level through the Corporate Risk Board and ensures that appropriate plans are in place to mitigate risks as far as possible.
- Has ~~developed a new~~updated the risk management strategy to be used across all services, projects and business cases.
- Reviews health and Safety risks across the organisation as part of the Corporate Risk Board which meets every two months.
- Reviews safeguarding risks through Corporate Risk Board
- Reviews data Security risks through Corporate Risk Board
- Has arrangements in place to publish the external auditor's report which includes a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- Has Procedural Standing Orders, Contract Standing Orders and Financial Regulations in place which are subject to regular review.
- ~~is drafting a~~Has an approved Procurement strategy and updated procedure Rules for 2025/26 to align with the Procurement Act 2023.
- Internal audit regularly reviews the risk and control framework and produces an annual report including an audit opinion on the adequacy and effectiveness of the Council's risk management, governance and control processes.
- Audit recommendations and actions are tracked through Pentana and internal auditors now have access to check compliance.
- Undertakes Equality Impact Assessments where appropriate to identify how the needs of particular groups have been considered to inform decision making
- Maintains an approach to fair access to services through Equality-, Diversity and Inclusion Policies.
- Has an Equality group with Member and Officer representation to facilitate the Council's Equality Framework and Action Plan.
- Has Equality Actions monitored through the Council's performance management system.
- Has adopted a Social value Policy in 2026 ~~intends~~ to strengthen ~~its~~the Council's role in enabling Social Value through its procurement activity in accordance with the Public Services (Social Value) Act 2012; and also, its role in securing improved environmental outcomes through consideration of sustainable procurement factors as part of the ~~update of the~~ Procurement Strategy.
- ~~Will develop a robust Social Value policy in 2025/26 to support Council objectives.~~
- Has a Carbon Impact Assessment which must be completed to demonstrate carbon impacts on decisions.
- Includes details of carbon reduction/environmental sustainability implications are documented in reports.
- Has developed a Carbon Management Strategy and ~~established an officer group to ensure implementation of the~~ action plan which is monitored through Budget and Performance Board.
- Has undertaken a review of Business Continuity plans within services and corporately and has undertaken Emergency Planning exercises in 2025/26.
- Actively engaging with the Local Resilience Forum
- Will be supporting implementation of Martyn's Law and providing training for staff in 2026/27
- Leads on the Social Mobility Commission for Gedling
- Procured the services of WISE to support in environmental awareness raising and enforcement

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**Core Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

Sub-principle	Actions to demonstrate good governance
Determining interventions	<ul style="list-style-type: none"> <li>▪ Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided.</li> <li>▪ Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind further impacts.</li> </ul>
Planning interventions	<ul style="list-style-type: none"> <li>▪ Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</li> <li>▪ Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</li> <li>▪ Considering and monitoring risks facing each partner when working collaboratively including shared risks.</li> <li>▪ Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.</li> <li>▪ Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.</li> <li>▪ Ensuring capacity exists to generate the information required to review service quality regularly.</li> <li>▪ Preparing budgets in accordance with objectives, strategies and the <del>medium term</del> <u>medium-term</u> financial plan.</li> <li>▪ Informing <del>medium and long term</del> <u>medium- and long-term</u> resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</li> </ul>
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>▪ Ensuring the <del>medium term</del> <u>medium-term</u> financial strategy integrates and balances service priorities, affordability and other resource constraints.</li> <li>▪ Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</li> <li>▪ Ensuring the <del>medium term</del> <u>medium-term</u> financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</li> <li>▪ Ensuring the achievement of 'social value' through service planning and commissioning.</li> </ul>

#### To demonstrate its commitment to Core Principle D Gedling Borough Council:

- Ensures reports to Cabinet and Portfolio holders include an analysis of alternative options together with the reasons for the recommendation contained within the report.
- Requires delivery plans and performance indicators to be aligned to Council priorities set out in the ~~Gedling Plan~~updated Gedling Legacy Plan.
- ~~Performance against the Gedling Plan is reported to and monitored by Senior Leadership Team, Budget and Performance Board, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all Members and is published on the Council's website.~~
- ~~Cabinet Members are updated through Connected Council sessions on progress on Annual Delivery Plan~~
- The Council's budget is developed to reflect the Council's priorities, and the Council has a clear financial strategy including a ~~Medium-Term~~Medium-Term Financial Plan – budgets, plans and objectives are aligned.
- ~~Requires reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer with a new template agreed to ensure that the details of review and approval are documented on the report.~~
- ~~Will develop a concise forward plan for all non-executive committees in 2026/27~~
- Has a project management framework, including the full use of business case development and the scrutiny of projects through ~~Corporate Management Team~~Senior Leadership Team
- Has ~~reviewed~~updated the Risk Management Strategy including a self- assessment of risk (which has improved in 2025/26) to ensure that risk management is embedded into the culture of the Council.
- Will implement the requirements of the Financial Management Code to support good practice in financial management and demonstrate financial resilience and sustainability.
- Has arrangements in place to seek and respond to the views of the community by:
  - consulting with residents about Council ~~services-projects~~ and priorities and creating a policy to set out how this consultation will be achieved
  - undertaking miscellaneous consultation with residents and relevant stakeholders on a range of decisions and policy proposals
  - ~~undertaking a consultation with residents on the Gedling Plan for 2023~~reviewd resident feedback on the Local Government Reform survey to establish resident priorities to support Legacy Plan
  - ~~Undertaking a consultation with residents on budget setting~~
- ~~Has developed an External Funding Strategy to ensure bids for external funding comply with Financial Regulations and meet agreed Gedling Plan priorities which is to be reviewed in 2025/26~~Will update Financial Regulations in 2026/27 to provide clear guidance on external funding bids.
- ~~Develop engagement with East Midlands Combined County Authority to enable funding opportunities~~
- Has implement a Fee and Charges Strategy to support statutory compliance and optimisation of income for ~~2025/26~~.
- ~~Will~~Has implemented a Procurement Strategy in 2025/26 incorporating contract management guidance to ensure statutory compliance and value for money; setting out requirements for inclusion of social value and environmental outcomes in procurement.
- Has approved a Social Value Policy in 2025/26 to try and improve delivery of social value and lever better opportunities.
- ~~Agreed a Transformation programme from 2024/25 and a Digital, Data and Technology Strategy to align with the ICT Strategy and support the Council's~~

Productivity Plan Undertaken a number of re-structures in 2025/26 to deliver efficiency as well as improving service delivery and mitigating risks.

- Establishment of new internal governance system with a number of boards to better manage performance, risk, budget and system/process change.
- Starting to look at opportunity to share services heading into LGR to mitigate staffing risks – Shared Monitoring Officer with Newark and Sherwood District Council.
- Worked with all Nottinghamshire authorities to develop proposals for Local Government Reform
- Roll out contract management training in 2026/27

**Core Principle E - Developing the entity’s capacity including the capability of its leadership and the individuals within it**

Sub-principle	Actions to demonstrate good governance
Developing the entity's capacity	<ul style="list-style-type: none"> <li>▪ Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</li> <li>▪ Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</li> <li>▪ Recognising the benefits of partnerships and collaborative working where added value can be achieved.</li> <li>▪ Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</li> </ul>
Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> <li>▪ Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</li> <li>▪ Publishing a statement that specified the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</li> <li>▪ Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.</li> <li>▪ Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:               <ul style="list-style-type: none"> <li>- Ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</li> <li>- Ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>- Ensuring personal, organisational and system-wide</li> </ul> </li> </ul>

	<p>development through shared learning, including lessons learnt from governance weakness both internal and external</p> <ul style="list-style-type: none"> <li>▪ Ensuring that there are structures in place to encourage public participation</li> <li>▪ Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>▪ Holding staff to account through regular performance reviews which take account of training or development needs.</li> <li>▪ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</li> </ul>
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**To demonstrate its commitment to Core Principle E Gedling Borough Council:**

- Has a comprehensive Member Induction Programme ~~which has been reviewed and updated for 2023~~ and additional Member Training is provided supported by a dedicated budget for Member training.
- [Holds regular Corporate Induction sessions for new officers.](#)
- Has a dedicated corporate employee training budget and ~~service based~~ service-based training budgets.
- Is establishing a central training matrix for 2025/26 to ensure better oversight of training need and spend.
- Has a matrix of corporate governance training for senior officers.
- [Has developed a new approach to Learning and development in 2025/26](#)
- [Approved a new approach to apprenticeships in 2025/26.](#)
- Has developed a table- of mandatory training for officers and methods of delivery.
- ~~Will be providing~~ [Provided](#) digital training to front line staff in 2025/26 in conjunction with west Notts college [to support implementation of Whitespace.](#)
- Provides regular corporate governance training to officers.
- Has provided risk management ~~training workshops~~ to staff in ~~2024/25~~ 2025/26.
- ~~Performance and Development Reviews are undertaken for all members of staff at least annually. This process is being reviewed for 2025/26~~ [has rolled out 1:1 monthly sessions for all staff with their line managers focussing on employee standards and staff wellbeing as well as performance. Three monthly sessions are in place for frontline staff.](#)
- [Will undertake staff engagement surveys in 2026/27](#)
- Requires the ~~Assistant Director of Workforce~~ [Head of HR, Performance and Service Planning](#) to be consulted on staffing reports to ensure that team structures are fit for purpose and staffing resources are used to best effect.
- Operates a robust recruitment and selection process which is being reviewed to ensure diversity in the workforce....
- Has a raft of HR policies and procedures in place which are included in the Employee Handbook and is available on the intranet. Policies are currently under review.
- Has reviewed Employee policies to ensure they remain fit for purpose [including DBS policy, Absence Management Policy, Learning & Development Policy, Performance Management, Harassment in the Workplace Policy and Whistleblowing Policy.](#)
- ~~Has implemented a senior management restructure of the organisation to ensure efficiency and delivery of Council priorities.~~
- Adopts and publishes an annual Pay Policy statement that sets out the Council's approach to pay and provides links to relevant policies and procedures.
- Has an adopted agile working strategy and agreed a Flexible and Agile Working Policy.



[to Depot staff.](#)

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

Sub-principle	Actions to demonstrate good governance
Managing Risk	<ul style="list-style-type: none"> <li>▪ Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>▪ Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>▪ Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul>
Managing performance	<ul style="list-style-type: none"> <li>▪ Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>▪ Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>▪ Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</li> <li>▪ Providing Members and senior management with regular reports on service delivery plans and on progress towards an outcome achievement</li> <li>▪ Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</li> </ul>
Robust internal control	<ul style="list-style-type: none"> <li>▪ Aligning the risk management strategy and policies on internal control with achieving objectives</li> <li>▪ Evaluation and monitoring risk management and internal control on a regular basis</li> <li>▪ Ensuring effective counter fraud and anti-corruption arrangements are in place</li> <li>▪ Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</li> <li>▪ Ensuring and audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body:               <ul style="list-style-type: none"> <li>- Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>▪ That its recommendations are listened to and acted upon</li> </ul>
Managing data	<ul style="list-style-type: none"> <li>▪ Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>▪ Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>▪ Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul>
Strong public financial management	<ul style="list-style-type: none"> <li>▪ Ensuring financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> <li>▪ Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> </ul>

**To demonstrate its commitment to Core Principle F Gedling Borough Council:**

- Has put in place assurance arrangements which conform to -CIPFA's requirements.
- The Council has appointed an Audit Committee with an Independent Member which can report to -Full Council if it considers necessary.
- ~~A new~~the Risk Management Strategy ~~has been adopted~~ updated in 2025/26 ~~that~~ is led by Senior Management Team for the identification and evaluation of Corporate Risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives.
- The Risk Management Strategy is periodically reviewed by the Audit Committee along with a quarterly review of the corporate Risk Register by Senior Leadership Team and Audit Committee and regular review of risk through the Corporate Risk Board.
- The Council has contracted with BDO to provide an internal audit service. Internal auditors are independent and have access to all people, premises and systems. An annual report is presented to the Audit Committee.
- The Annual Audit Plan is shaped through an assessment of the Council's key strategic risk areas and critical services.
- Results of audit reviews are reported to the Audit Committee along with follow up work to ensure that the recommendations have been implemented.
- Audit actions are included as part of the Pentana performance management system.
- Risk management is included as part of the Pentana performance management system.
- Financial systems are reviewed annually to ensure appropriate, effective controls are in place.
- The Council's finance system Agresso has been updated to the cloud to improve security and access controls have been reviewed and improved.
- ~~Changes to the Council's financial management systems in 2025/26 will ensure better security and control in financial management processes.~~
- The Budget and Performance Board has now been established to better track performance against agreed budgets.
- External audit reports to the Audit Committee annually on the results of the audit of the financial statements.
- Through the Chief Financial Officer, Members are advised on the robustness of estimates and the adequacy of reserves set within the budget process.
- The Annual Governance Statement considers the internal control -framework, and is presented to the Audit Committee usually annually with the Statement of Accounts.
- Ensures that effective arrangements are in place for the discharge of statutory officer roles by defining roles and responsibilities in the Constitution and monthly meetings

of statutory officers.

- Ensures compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful by:
  - requiring all reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer
  - requiring all Council and Cabinet reports to be considered by Senior Leadership Team prior to inclusion in the agenda
- Has financial management arrangements in place which conform with the requirements of the CIPFA statement on the role of Chief Financial Officer in Local Government and with statutory provisions in the Local Government Act 1972, the Local Government Act 1988 and the Accounts and Audit Regulations 2015.
- Has updated Financial Regulations, Standing Orders for Dealing with Land and ~~is reviewing~~ Contract Standing Orders and will provide training to the relevant staff.
- ~~Will~~ Has developed and Asset management Plan for 2025/26 to ensure effective management and decision making around assets.
- Has procured condition surveys across Council assets and temporary accommodation.
- The Corporate Risk Board, carries out a regular review of corporate risks, health and safety and safeguarding risks to ensure that they are relevant, whilst at the same time reviewing risk appetite.
- Ensures that performance against the Gedling Plan and agreed budget is reported to and monitored by the Senior Leadership Team, Budget and Performance Board, Cabinet and Overview and Scrutiny Committee on at least a quarterly basis. Performance data is also made available to all Members and is published on the Council's website.
- Publishes an ~~up to date~~up-to-date Forward Plan to enable forthcoming key decisions to be scrutinised at the earliest opportunity by Overview and Scrutiny Committee.
- Ensures Overview and Scrutiny Committee has sufficient access to Cabinet Portfolio Holders, key officers and information for the purpose of constructive challenge.
- Is implementing the statutory Guidance on Overview and Scrutiny in Local and Combined Authorities.
- ~~Has approved~~ is reviewing the Counter Fraud and Corruption Strategy, ~~including whistleblowing procedures during 2019/20~~during 2025/26 to ensure effective arrangements are in place. This is currently under review but has been published on the website and is accessible to officers and those contracting with or appointed by the Council and will introduce an Annual Fraud Report for consideration by Audit Committee.
- Has robust arrangements in place for:
  - Managing data.
  - Training staff and Members in relation to information governance (new training introduced in 2025.
  - Ensuring data security breaches are reported and dealt with appropriately as set out in the Information Security Policy
  - Setting out how data shall be dealt with in the Information Security Policy and Records Retention and Disposal Policy
  - Ensuring appropriate Information Sharing Agreements signed off by the Data Protection Officer are in place.
- Has put in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer and deputy.
- Has created records of processing activities to improve Information Asset registers which will be reviewed annually.
- ~~Has developed an External Funding Strategy to ensure bids for external funding comply with Financial Regulations and meet agreed Gedling Plan priorities, this strategy is to be reviewed in update Financial Regulations in 2026/27 to 2025/26 reflect the Council's approach to External funding bids.~~
- Quarterly risk management information is reported to Overview and Scrutiny

- Committee.
- Publishes clear informative and Privacy Notices setting out what personal data is collected and how it will be used.
  - Continues to review and update the Constitution to ensure it remains fit for purpose.
  - Has a project management framework, including the full use of business case development, which is monitored through SLT, project groups and relevant corporate boards.
  - Has established a new suite of boards to manage performance and deliver work streams aligned to the Gedling Plan all overseen by a Connected Council board.
  - Has developed a Data Hub to provide an easily accessible online portal to access data that will inform and evidence decision making service, planning and other project work.
  - Will review cyber risk registers in 2025/26.
  - reports annually on health and Safety to the Joint Consultative and Safety Committee.
  - Have appointed an Independent Member to Audit Committee in accordance with recommended good practice.
  - Has completed a review of Business Continuity plans in 2024/252025/26 with a review of the emergency plan ~~to be conducted~~underway in 2025/26.
  -

Commented [FW4]: Dan I'd be grateful for your input?

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

Sub-principle	Actions to demonstrate good governance
Implementing good practice in transparency	<ul style="list-style-type: none"> <li>▪ Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</li> <li>▪ Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul>
Implementing good practices in reporting	<ul style="list-style-type: none"> <li>▪ Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>▪ Ensuring Members and senior management own the results reported</li> <li>▪ Ensuring robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> <li>▪ Ensuring that this framework is applied to jointly managed or shared service organisations as appropriate</li> <li>▪ Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>
Assurance and effective accountability	<ul style="list-style-type: none"> <li>▪ Ensuring that recommendations for corrective action made by external audit are acted upon and that progress on completion of actions is reported quarterly to Senior</li> </ul>

	<p>Leadership Team through the use of the Council's performance management system.</p> <ul style="list-style-type: none"> <li>▪ Ensuring an effective internal audit service with direct access to Members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>▪ Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>▪ Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> <li>▪ Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met</li> </ul>
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**To demonstrate its commitment to Core Principle G Gedling Borough Council:**

- Operates under Executive arrangements with an established Overview -and Scrutiny Committee.
- Monitors compliance with the Freedom of Information Act and Access to Information Act and deals with FOI requests through an Information and Practice Manager.
- Adopts a presumption of openness and transparency and publishes key information on its website. The Council has a Publication Scheme and publishes information in accordance with the Code on Data Transparency.
- Presents annual reports to Cabinet on Information Governance, Regulation of Investigatory Powers Act usage and CCTV.
- Has appointed a Senior Responsible Officer and Single Point of Contact for CCTV and surveillance camera systems.
- Through reviews by external auditors, internal audit and Senior Leadership Team seeks ways of ensuring that value for money is achieved and for securing continuous improvement in the way in which its functions are exercised.
- Has an effective corporate complaints system which is managed through Customer Services. All complaints are monitored and evaluated, through a quarterly report to Senior Leadership Team and the Complaints, compliments and Comments Policy is reviewed annually and presented to cabinet with annual complaints data.
- Complaints Training is to be delivered to officers in 2025/26 in line with the updated policy.
- Ensures that performance against the ~~Gedling Corporate~~ Plan and agreed budget is reported and monitored by the Senior Leadership Team, Budget and Performance Board, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all members and is published on the Council's website.
- Ensures that all agendas, reports and minutes are published on the Council's website.
- Seeks to minimise the number of and sections of reports which need to be considered in the confidential section of Council, Committee and Cabinet meetings.
- Issues guidance to staff to ensure that the requirements of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and Openness of Local Government Bodies Regulations 2014 are complied with.
- Determines that the Chief Executive is responsible and accountable for all aspects of operational management.
- Monthly statutory officers' meetings are held to ensure risks/actions identified.
- Records in the minutes of the proceedings of a "budget decision meeting" of Council the names of the Members who voted or abstained.

- When working in partnership, will take steps to develop working protocols, robust procedures for scrutiny of decisions and behaviour, and ensure meetings are held in public.
- ~~Will ensure~~Has robust contract management processes ~~are~~ in place ~~from 2025/26~~ to ensure better performance.
- Has put in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer and deputy.
- Has provided access to internal auditors of audit actions on pentana to ensure regular updates.
- ~~Has established a member development working group to ensure transparency and openness across parties.~~
- Has reviewed scrutiny arrangements to ensure a relevant and realistic work plan.
- ~~Has established new governance structures within the council through Connected council Boards which will ensure effective reporting of risks, projects, budget and performance across the organisation and through SLT to members.~~
- Updates cabinet regularly on progress against the Annual delivery Plan through Connected Council meetings.
- Works collaboratively with other district councils in preparedness for LGR.
- Will review resource need for LGR implementation and set out a programme of works in 2026/27.

Name of project, policy, function, service or proposal being assessed:		Corporate Code of Governance			
The main objective of (please insert the name of accessed document stated above):		To provide assurance on the Council's governance arrangements			
<p>What impact will this (please insert the name) have on the following groups? Please note that you should consider both external and internal impact:</p> <ul style="list-style-type: none"> <li>• External (e.g. stakeholders, residents, local businesses etc.)</li> <li>• Internal (staff)</li> </ul>					
Please use only 'Yes' where applicable		<b>Negative</b>	<b>Positive</b>	<b>Neutral</b>	<b>Comments</b>
<b><u>Gender</u></b>	External		x		Code provides appropriate policy arrangements in place to prevent discrimination on the grounds of gender, collates data on gender pay gap which is published. Has provided training to officers on EDI and has updated harassment policy in respect of sexual harassment. See further comments below
	Internal		x		

<b>Gender Reassignment</b>	External		x		
	Internal		x		
<b>Age</b>	External		x		
	Internal		x		

## Equality Impact Assessment



<b><u>Marriage and civil partnership</u></b>	External		x		
	Internal		x		
<b><u>Disability</u></b>	External		x		
	Internal		x		
<b><u>Race &amp; Ethnicity</u></b>	External		x		
	Internal		x		
<b><u>Sexual Orientation</u></b>	External		x		
	Internal		x		
<b><u>Religion or Belief (or no Belief)</u></b>	External		x		
	Internal		x		
<b><u>Pregnancy &amp; Maternity</u></b>	External		x		
	Internal		x		
<b><u>Other Groups</u></b> (e.g. any other vulnerable groups, rural isolation, deprived areas, low income staff etc.)	External		x		
	Internal		x		

Please state the group/s:

\_\_\_\_\_

\_\_\_\_\_

Is there is any evidence of a high disproportionate adverse or positive impact on any groups?	Yes	No	Comment
			<p>The Code of Governance sets out the actions the Council has and will take to ensure good governance. Equality Diversity and Inclusion training has been rolled out across the organisation and will continue into 2026/27 for officers and Members in order to improve awareness and understanding in respect of EDI. The Council has a staff and public facing EDI Policy, Strategic equality and Diversity group to monitor performance on EDI actions. The Council records EDI related complaints and monitors them separately.</p> <p>The Council is updating its Whistleblowing Policy to ensure any behaviour contrary to the equality Act 2010 can be safely called out.</p> <p>The actions in the Corporate Code are to ensure compliance with the equality Act 2010 and the public sector equality duty.</p> <p>There is an employee inclusion group which seeks to support an inclusive environment for staff and reports any areas for improvement or concern to the strategic group and SLT.</p>

Is there an opportunity to mitigate or alleviate any such impacts?	Yes	No	Comment N/A
Are there any gaps in information available (e.g. evidence) so that a complete assessment of different impacts is not possible?	Yes	No	Comment N/A
In response to the information provided above please provide a set of proposed action including any consultation that is going to be carried out:			
Planned Actions	Timeframe	Success Measure	Responsible Officer
Review of the Code of Governance in early 2026/27		Reduction in equality related complaints and better awareness and understanding of officers through training	Monitoring officer

### Authorisation and Review

<b>Completing Officer</b>	<b>Fran Whyley</b>
<b>Authorising Head of Service/Director</b>	<b>Deputy Chief Executive</b>
<b>Date</b>	<b>4 February 2026</b>
<b>Review date ( if applicable)</b>	<b>4 February 2027</b>





## Report to Audit Committee

**Subject:** Corporate Risk Management Review Quarter 3 2025/26

**Date:** 24<sup>th</sup> February 2026

**Author:** Chief Finance and Section 151 Officer

### 1. Purpose of the Report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

#### **Recommendations:**

##### **That Members:**

- Note the current risk level and actions identified within the Corporate Risk Register.

### 2. Background

The current Risk Management Strategy & Framework was approved and adopted by Cabinet on 28 March 2024. The Council's risk profile is tracked through the Council's risk management system, Ideagen.

All risks are scored using the scoring matrix in the framework (appendix 2) and all scores have been provided to show the gross risk (risk level at it's highest level without controls), the residual risk (the current risk score with controls) against the risk appetite score of the Council which is currently moderate, as approved within the framework.

As part of risk review, where departmental risks increase to red this is likely to impact on the overall corporate risk linked to that departmental risk.

The risk framework sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the

monitoring of the framework and ensuring the implementation of all audit actions.

### **3. Corporate Risk Register**

The Corporate Risk Register is a key enabler of the Strategy and Framework and provides assurance on the key risks identified as corporate risks. All risks are now monitored through the Council's Corporate Risk Board which meets every other month. Any significant risk changes raised through the board and flagged in departmental registers are then highlighted to Senior Leadership Team to determine any mitigatory actions.

There has been a lot of work on actions and movements in Departmental Risks (which are being monitored by departments) over quarter 3 which demonstrates positive engagement from risk owners. The overall Corporate Risks show five risks decreasing, none increasing and eight staying the same in Q3.

There has been a slight decrease to Risk 1 Finance. This follows the governments release of the Fair Funding review and the three-year settlement figures which gives Gedling some funding certainty for the next three financial years. Whilst the Medium-Term Plan does still have considerable risks, particularly on the later years, in the short term the budget is balanced to 2028/29 without the need for additional efficiencies (other than those already identified). The risk does remain high.

There has been a slight decrease in Risk 2 Capacity in Service Delivery. This risk increased to risk level 12 in quarter 1 due to noticeable impacts on capacity in Environmental Operations as a result of sickness both long and short term and was reflected through increases in complaints to the service. There have been significant improvements to the management of sickness absence in that area and a new Absence Management Policy was approved in Q3. There has been some improvement in capacity in this area and a reduction in complaint levels. The risk organisationally has reduced to a 9 which is positive but still higher than target as there are risks associated with capacity as a result of LGR where some key staff members have secured alternative employment in Q3.

Linked to the improvement in capacity and service delivery in waste services there has been a reduction in the Risk level of Reputational risk from a 6 to a 4. This is a result of the significant reduction in complaint levels in Q3 where there has been a 55% reduction in complaint volume in Waste Services compared to Q2 and a 77% reduction in complaints in relation to missed bins. This is a result of the huge efforts of our Waste Services team and the positive impact of Whitespace implementation which has been a cross -Council project with significant input from out Transformation and ICT teams.

There has also been a reduction in the risk level for Service Standards and Performance following a much-improved performance position in Q3 and a reduction in complaints (as previously highlighted). The risk level has reduced from

6-4. There have been a number of actions commenced or completed in quarter 3 including equality, diversity and inclusion training roll out to depot and civic staff and the creation of a new Corporate Legacy plan and Annual delivery Plan to be approved in Quarter 4.

Risk number 11 Fraud Bribery and Misconduct has also slightly reduced to reflect the actions that have been undertaken over the past 12 months, and the value for money conclusion of the external auditors which states the serious weakness which was previously unidentified no longer exists. In addition, user access for the main financial system has now been removed to the ICT department and there has been a lot of work being undertaken in departments to identify departmental fraud risks, controls and mitigations. The risk does remain high as there are still some actions that need to be completed but we hope to see this risk reduced further as actions are progressed in the final quarter on 2025/27 and going into 2026/27.

The Council's risk appetite is moderate, ideally all risks should be yellow or below, it is however accepted that the Council may take a higher tolerance to risk in some areas versus the reward, this decision is taken on a case-by-case basis.

The Corporate Risk Register and supporting comments as at the end of December 2025 are appended to this report, and this includes a summary of all control gaps identified on the Council's Corporate Risk Register and any actions added to reduce the risk level further.

#### **4. Financial Implications**

None arising directly from this report.

#### **5. Legal Implications**

None arising directly from this report, the report is to provide reporting, in line with the Council's Risk Management Framework which is a requirement of the Accounts and Audit Regulations 2015.

#### **6. Equalities Implications**

None arising directly from this report, although EIA of all risks should be considered as part of any actions identified and controls in place.

#### **7. Carbon Reduction/Environmental Sustainability Implications**

None arising directly from this report, although Carbon Management forms part of the Environment category on the Corporate Risk Register.

#### **8. Appendices**

Appendix 1 - Corporate Risk Register Monitoring – Quarter 3, period ending 31 December 2025

Appendix 2 - Risk Management Scoring Matrix

Appendix 3 – Risk Definitions

**Statutory Officer Approval**

**Approved by: Chief Financial Officer**  
**Date: 13 February 2026**

**Approved by: Monitoring Officer**  
**Date: 13 February 2026**



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# Q3 2025/26 Corporate Risk Report



Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
CR001	Finance	12	4	6	↓	Tina Adams	This refers to the ability of the Council to meet its financial commitments and/or the scale and pace of budget cuts. This relates to income and expenditure and includes internal budgetary pressures, savings/growth considerations, external economic changes etc.	Set budget for 2026/27 and the next medium-term plan (FEB 26) Completed. Agree a set of new efficiencies for delivery (Feb 26. Completed Progress individual service budget reviews and zero-based budgeting, Waste competed PASC to be carried out in 2025-26. To be completed 2026/27 Further work on Trade waste to understand total cost of service delivery In progress. Mid-Year Review if MTFP (Oct 26) Upgrade Core Financial System and Migrate to Cloud Phase 1 (Completed)	Local Government has issued a three-year funding settlement as part of the Local Government Finance Settlement. Whilst this does not fully alleviate all funding issues, it does allow us to forecast the next three year with more certainty. The budget is balanced for the next three financial years if identified efficiencies are delivered (although there is a risk provision in place to mitigate the in-year pressure of not being able to deliver on efficiencies). In addition, there is some question over the funding provided through Extended producer responsibility as DEFRA have only confirmed funding allocations for 2026/27, however, there is a current view that this will continue. In

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
								Transfer Various Functions from Citrix based to web-based system (Phase 2 Completed)	<p>addition, the MTFP still required significant efficiencies to be delivered in the last two years of the five-year plan to maintain a balanced position. With LGR due to be implemented on 1st April 2028 all budgets will be transferred over to the new authority and Gedling will no longer exist. Whilst this will be an issue for the new authority, Gedling will commit to ensure that it remains a viable going concern prior to its dissolution and will continue to identify and deliver efficiencies to mitigate the financial impact on the new authority.</p> <p>The result of this assessment is a reduction in Financial Risk due to the funding certainty provided by the three-year settlement in the short term. however, due to the remaining risks detailed above risk remains significant in the medium term so will not reduce further at this time.</p>

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
CR002	Capacity Service Delivery	9	4	9	↓	Tina Adams; Mike Hill; Francesca Whyley	This is about ensuring that sufficient capacity is available to deliver services which meet statutory obligations, Council objectives etc and public expectation.	<p>Roll out training and awareness of changes to absence management policy with managers (MAR 26)</p> <p>Assess capacity requirement for LGR and resources needed (MAR 26)</p> <p>Increase engagement with staff on LGR process through regular briefings (Feb 26)</p> <p>Complete Succession Planning exercise across key roles (MAR 26)</p> <p>Review of one-to-one effectiveness with managers (FEB 26)</p>	<p>There has been improvement in the management of sickness absence across depot services and improvement to operations with round changes and Whitespace implementation which has improved service performance in Q3 and reduced complaints.</p> <p>A new Absence Management Policy has been approved by ACSC which will provide clearer guidance to managers on sickness absence.</p> <p>SLT are reviewing resource impacts on LGr with plans to ensure capacity is improved in Q4.</p> <p>Assistant Directors are undertaking Succession Planning assessments within their areas to address future capacity issues and how to develop other staff members into key roles.</p> <p>A new Learning and Development Plan has been agreed by ACSC.</p>

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
CR003	Health & Safety At Work	12	3	6		Francesca Whyley	This refers to Occupational Health & Safety.	<p>Actions for quarter 3 include:</p> <ul style="list-style-type: none"> <li>• Continuation of the rollout of Reactec for arm and hand vibration monitoring with particular emphasis on cemeteries staff. (Jan 26)</li> <li>• Deal with identified gaps in health and safety training and inductions in Environmental services – Matrix now completed but training to be delivered. (Mar 26)</li> <li>• Finalise risk assessments in parks. (MAR 26)</li> <li>• More regular fire drills to improve response (MAR 26)</li> </ul>	<p>No changes to risk at Q3. There have been additional concerns raised by H and S team in relation to fire evacuations with increased drills needed to improve response times. Training of staff in Depot Services is still tracking at a high level (12) departmentally. there have been significant improvements in training, and the AD has now produced a full training matrix for all staff. Improvements are expected in Q4. Assistant Director for Environmental Operations has now qualified as Transport Manager on Operators Licence. new Lone Worker process has been developed.</p>
CR004	Environmental	12	4	9		Francesca Whyley	This refers to the environmental impact on the public – it could be	Emergency Plan review completion and sign off (MAR 26)	Activity in Q3 has included review of the Emergency Plan for sign off in Q4.

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
							related to virus type illnesses or environmental incidents such as flooding which impact on health or related to events which have an impact on the natural environment such as pollution/contamination	Emergency Planning Training session Senior Managers (Mar 26) Change to Emergency Planning standby arrangements (MAR 26)	A number of Senior Managers took part in Emergency Planning Exercises involving a pandemic in Q3 Assistant Directors reviewed Business Continuity Plans in Q3. Performance against Carbon Management Plan are on track. Completion of EP review should reduce risk level in Q4.
005 Page 287	Contractual Partnerships	12	4	6	■	Francesca Whyley	This refers to both the risks regarding partnership / contractual activities and the risks associated with the partnership / contract delivering services to the agreed cost and specification.	Agree KPI's for inclusion in Orbis contract (MAR 26) Complete Social Value Policy (JAN 26) Deliver Contract Management Training (Feb 26)	Risk level remains the same but will reduce once contract management training has completed. The social value policy and objectives were developed in Q3 with sign off by Cabinet early in Q4 following review by Overview and Scrutiny Committee. KPIs have not yet been finalised with Orbis due to a change in their management team but are now on track for completion in Q4. Performance is still being monitored and is positive.

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
CR006	Reputation	12	4	4	↓	Mike Hill; Francesca Whyley	This relates to public perception / expectation and the impact of media attention.	Ensure communications plans in place for key projects (Leisure Transformation/LGR) (Mar 26) Roll out external news updates (Q4) Effective communications plan for Garden waste Scheme Launch (Feb 26)	There has been a significant reduction in complaints to waste Services in Q3 (55% reduction) and a 77% reduction in missed bin reports. The project for garden Waste has been successful with a review of rounds. Garden waste will launch in Q4. The Communication Plans have been completed in Q3 with roll out in Q4, in particular improved internal and external communications through the creation of Gedling News.
CR007	Infrastructure Assets	16	4	9	■	Mike Hill; Francesca Whyley	This looks at the loss, protection and damage of physical assets and takes into account the need to maintain, protect, insure and plan for unexpected loss.	Asset management strategy sign off (MAR 26) Review outcome of temporary accommodation for suitability and establish maintenance programme. (MAR 26) Maintenance and compliance schedules	The Asset Management Strategy and Plan has been reviewed by internal audit. Some amends are required but this should be presented for Approval in Q4. We are expecting condition survey results back in Q4 which may impact risk level. Carlton Forum drainage remains red as a departmental

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
								to be combined across Leisure, properties and Housing. (MAR 26) Further engagement with County on drainage issues on wetside (ongoing)	risk but work with County is ongoing. This risk level reduced in Q2 but remains the same for Q3.
CR008	Legislative	12	4	6	■	Francesca Whyley	This refers to changes to and breaches of current law leading to additional workloads, fines, intervention by regulatory bodies etc.	Project Plan to be developed for future waste changes for simpler recycling March 2026 and Food Waste October 2027 (Mar 26) Prepare project plan for roll out of Martyn's Law (MAR 26) Review costings for changes to facilities once guidance published (MAR 26)	There remains outstanding action sin relation to provision of changing facilities as guidance not published as yet. This work is ongoing and expected to complete by March 2026. Preparedness for Martyn's Law is still showing as a high moderate risk. A plan to ensure preparedness should be completed in Q4. Renters Rights Act implications have been considered by SLT. Additional resource has been agreed to ensure compliance with new duties and training will be rolled out to impacted service areas with a cross-area team working on changes.

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
CR009	ICT Technology	12	4	6		Kate Lindley; Francesca Whyley	This relates not only to the impact of Internal technology failure but also changing technological demands and the ability to meet the pace and scale of change.	Start Review ICT policies (MAR 26) New intranet roll out (Feb 26)	Overall risk level remains at moderate but some positive work in Q3. Internal audit undertaken shows an improving position with cyber risk register. Recruitment has been challenging so risk has not improved. New website launched in Q3 and significant work undertaken with Whitespace and CRM which launched in Q3 lots of positive actions in Transformation space.
CR010	Projects	12	4	4		Tina Adams; Mike Avery; Kate Lindley; Francesca Whyley	This relates to the effective management of projects to achieve delivery that is on time, to budget and that meet the needs of the organisation.	Est Alignment of project risk templates with Pentana (MAR 26) Approve final Annual Delivery Plan timetable for 26/27 to align with budget process and Legacy Plan (MAR26) Review Programme Boards to align with 26/27 Annual delivery Plan (MAR 26)	A significant amount of work has been undertaken to improve data around performance on projects. All work strands now have RAID logs to track performance and risk centrally. This is being mapped into Ideagen. Overall the project risk level remains Amber. There are a number of milestones for delivery in Q4 but largely on track for delivery against

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
									Annual delivery Plan targets. Transformation projects including Whitespace and CRM remain on track. new website launched in Q3. Leisure Transformation update to cabinet in February to consider progression of Carlton Active.
CR011	Fraud Bribery Misconduct	12	4	6		Tina Adams	Relates to improper actions committed against the Council either internally or by third parties. Including frauds, bribery, money laundering and misconduct e.g., theft, falsification of timesheets.	<p>Renew Anti-Fraud Strategy - Draft Completed in discussion with Internal Audit (MAR 26)</p> <p>In progress</p> <p>Revised Departmental Fraud Risk Assessments- (Oct 2025- Match 26) In progress</p> <p>Actions for Quarter 3</p> <ul style="list-style-type: none"> <li>• Chase up user who are overdue on renewing fraud awareness training - (SEPT 25) complete</li> <li>• Consider alternate training methods for front line staff - (Jan</li> </ul>	The External Audit value for money assessment carried out on the 2024/25 statement of Accounts stated that the serious weaknesses identified previously no longer existed. This is the result of significant work undertaken with ICT systems and processes since the fraud was identified in 2022. There does remain a couple of actions still to complete but this a much-improved position. Departments have been identifying departmental fraud risks, and this is nearing completion, with discussions being held at the Corporate Risk Board. We aim to have all

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
								<p>26) ongoing</p> <ul style="list-style-type: none"> <li>• New Training System and Policy being Drafted to include monitoring of Mandatory Training (JAN 26) completed</li> <li>• Consider internal audits recommendations on Agresso user access – (December 25 reporting back to Audit Committee in March 26) still considering options</li> <li>• Complete update on Anti-Fraud Strategy and ensure alignment with Gedling priorities (MAR 26) nearing completion</li> <li>• Implement other internal audits recommendations on the anti-fraud strategy (Mar 26) in progress</li> <li>• Ensure new requirements of the</li> </ul>	<p>departmental fraud risks identified with mitigations, controls and actions in place by the end of Quarter 4 and full monitoring of these risks commencing from the first quarter in 2026/27.</p> <p>Access control of the core financial system has been implemented with ICT taking ownership of this; there is still a few actions outstanding on this as whilst the risk has decreased significantly we do still have a small number of people on site with full access.</p> <p>Work will continue to find a solution to mitigate the remaining risks.</p> <p>All employees with system access who hadn't completed or updated their counter fraud train have been chased by managers in December with a deadline to completed by the end of January. Work is now ongoing to assess the results, but at a high level it seems that 76 employees have either</p>

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
								<p>Economic crime and corporate transparency act are embedded into the anti-fraud strategy (Mar 26) • Publicise Fraud Communication on Staff Intranet - every 3 months (Complete)</p> <ul style="list-style-type: none"> <li>• Review, revise and publicise Fraud Response Plan - (March 2026)</li> <li>• In Person training to be undertaken for staff who don't have access to a computer - (MAR 2026)</li> <li>• Forensic review of other ICT systems including Civica - (In progress - March 2026)</li> </ul> <p>User Access review and centralisation (July 2025) - Completed for Agresso</p>	<p>completed for the first time or retaken since November 25. Any employee who still hasn't completed (Without a valid reason) will receive personal follow up communication.</p> <p>In person tailored training still needs to be delivered to front line staff, however the fraud risk with these individuals are more employee fraud and whilst they do have a financial impact are not as significant as potential fraud from the people with access to main financial, revenue &amp; welfare systems.</p> <p>The Anti-fraud and corruption strategy rewrite is nearing completion, and will be finalised for full implementation in 2026/27, with a full action plan for 2026/27.</p> <p>For these reasons the risk has reduced slightly but remains high. Once full monitoring of departmental risks are being</p>

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
									carried out and the fraud action plan completed and monitored, the risk may reduce further depending on the individual risk assessments.
CR012	Service Standards Performance Management	9	4	4	↓	Francesca Whyley	This relates to the setting of acceptable standards and levels of output for a service area and the processes put in place to ensure these are delivered and managed appropriately	Approve Annual delivery Plan for 2026/27	Improvement in risk level in Q3 Equality, Diversity and Inclusion training rolled out and to continue in Q4 Legacy Plan developed for 2026-28 and Annual delivery Plan to be approved in Q4 Significant reduction in complaints compared to Q2 55% reduction in waste services and overall reduction across the organisation also 203 compliments received. Action in relation to Revenues and Welfare staffing proposals for restructure approved so should improve KPI performance in Q4
CR013	Information Data	12	4	9	■	Kate Lindley; Francesca Whyley	Security - this relates to physical and IT security on site and in-transit or inappropriate disclosure	Review Register of Processing Activity in line with audit recommendations (SEP	There are a number of actions to complete around ROPAs, Records and Retention Policies and DPIAs. Moving into LGR

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Risk Assessment Reporting Fields Q3 Review
							of information.	<p>26)  Training on new IDV policy (MAR 26)  Review ISP (commence MAR 26)</p> <p>Review Retention policies (FEB 26)</p> <p>Review DPIA processes and raise awareness (FEB 26)</p>	<p>this is going to be increasingly important.  Actions captured elsewhere in respect if IS Policies.  No change in overall risk but further work to be undertaken to mitigate risk in Q4.  Identification and Verification processes in place but need training roll out.</p>

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**APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX AND RISK APPETITE**

	Minor/Non-Disruptive Impact (1)	Moderately Disruptive Impact (2)	Serious Consequences (3)	Major Consequences (4)
Very Likely (4)	4 (Yellow)	8 (Orange)	12 (Red)	16 (Red)
Probable (3)	3 (Yellow)	6 (Orange)	9 (Orange)	12 (Red)
Possible (2)	2 (Green)	4 (Yellow)	6 (Orange)	8 (Orange)
Unlikely (1)	1 (Blue)	2 (Green)	3 (Yellow)	4 (Yellow)

Risk Levels	Colour
Negligible Risk	Blue
Low Risk	Green
Modest Risk	Yellow
Medium Risk	Orange
High Risk	Red

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## APPENDIX 3 – RISK DEFINITIONS

### LIKELIHOOD

<b>4</b>	<b>Very Likely</b> >90%	<ul style="list-style-type: none"> <li>• Event expected to occur. Has occurred and will continue to do so without action being taken.</li> <li>• Indication of imminent occurrence</li> <li>• There are external influences which are likely to make our controls ineffective</li> </ul>
<b>3</b>	<b>Probable</b> 60-90%	<ul style="list-style-type: none"> <li>• There is a moderate exposure to the risk.</li> <li>• Reasonable to expect event to occur within a year.</li> <li>• Has occurred in the past.</li> <li>• Is likely to occur within the Council's planning cycle.</li> <li>• There are external influences which may reduce effectiveness of controls</li> </ul>
<b>2</b>	<b>Possible</b> 30-60%	<ul style="list-style-type: none"> <li>• There is a low exposure to the risk.</li> <li>• Little likelihood of event occurring - 1 in 10 years</li> <li>• There is a potential for external influences which may reduce effectiveness of controls</li> </ul>
<b>1</b>	<b>Unlikely</b> 0-30%	<ul style="list-style-type: none"> <li>• Extremely remote</li> <li>• Not expected to occur but may do so in exceptional circumstances - 1 in 100 years.</li> <li>• There are few or no external influences which may reduce effectiveness of controls</li> </ul>

### IMPACT

Score	Description	Indicative Guidelines
<b>4</b>	<b>Major Consequences</b>	<p>The consequence is so bad that urgent action must be taken to improve the situation or prevent it worsening. External support from the Government or other agencies is likely to be needed:</p> <ul style="list-style-type: none"> <li>• Catastrophic loss, delay, or interruption to services</li> <li>• Level of financial loss, additional costs, or loss of assets which the Council is unable to resource without additional Government/External support.</li> <li>• One off event which would de-stabilise the Council over several years.</li> <li>• The risk will cause the objective not to be reached, causing damage to the organisation's reputation.</li> <li>• Will attract medium to long-term attention of legislative or regulatory bodies.</li> <li>• Major complaints</li> <li>• Significant adverse media interest</li> </ul>

		<ul style="list-style-type: none"> <li>• Death or life-threatening injury</li> </ul>
<b>3</b>	<b>Serious Consequences</b>	<p>The consequences are sufficiently serious to require attention by Cabinet and/or full Council:</p> <ul style="list-style-type: none"> <li>• Loss of key assets or services for an extended time period.</li> <li>• Longer term impact on operational efficiency or performance of the Council or crucial service areas</li> <li>• Financial loss, additional costs or loss of assets which would need a Council decision as the scale of the loss would be outside the Council's budget &amp; policy framework.</li> <li>• The risk would destabilise the Council in the short term.</li> <li>• The intended objectives are unlikely to be met leading to negative impact on the Council's reputation and a significant number of complaints.</li> <li>• Will lead to attention for regulators and External Auditors for a significant time.</li> <li>• Major accident/injuries (but not life-threatening)</li> </ul>
<b>2</b>	<b>Moderate/ Disruptive</b>	<p>The consequence is sufficient to require attention by Leadership Team and cannot be managed within a Service Area</p> <ul style="list-style-type: none"> <li>• Significant loss, delay, or interruption to a service.</li> <li>• Medium term impact on operational efficiency or performance</li> <li>• Financial loss, additional costs or loss of assets that is within the Council's budget &amp; policy framework but needs a Statutory Officer decision, Leadership Team decision, Cabinet decision or needs to be drawn to Cabinet's attention.</li> <li>• The risk will cause some elements of the objective to be delayed or not achieved, causing potential damage to the organisation's reputation.</li> <li>• May attract medium to short term attention of legislative or regulatory bodies.</li> <li>• Significant complaints</li> <li>• Serious accident / injury (but not life threatening)</li> </ul>
<b>1</b>	<b>Minor/Non- Disruptive</b>	<p>The consequences can be dealt with as part of the normal day-to-day business by the Team Manager and the Head of Service:</p> <ul style="list-style-type: none"> <li>• Minor loss, delay, or interruption to services</li> <li>• Short term impact on operational efficiency or performance</li> <li>• Negligible financial loss</li> <li>• The risk will not substantively impede the achievement of the objective, causing minimal damage to the organisation's reputation.</li> </ul>

		<ul style="list-style-type: none"><li>• No or minimal external interest.</li><li>• Isolated complaints</li><li>• Minor accident / injury</li></ul>
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## Report to Audit Committee

**Subject:** Internal Audit Progress Report

**Date:** 24 February 2026

**Author:** Gurpreet Dulay – Internal Audit Partner (BDO)

### Purpose

To summarise the outcome of internal audit activity completed by the BDO Internal Audit Team for the period December 2025 to February 2026.

#### Recommendation(s):

##### THAT:

**Members to note the progress of the delivery against the 2025/26 Internal Audit Plan, including the Main Financial Systems Report, the Cyber Security Report which will be presented in a confidential session, and the Asset Management – Commercial Assets Report.**

### 1. Background

1.1 The Internal Audit Plan for 2025/26 was approved by the Audit Committee on 18 March 2025. The progress report provides a summary update of the work undertaken by BDO for 2025/26 and the schedule in which we anticipate presenting the final reports to the Audit Committee over 2025/26.

### 2. Proposal

2.1 Since the last Audit Committee meeting, three reports have been finalised (Main Financial Systems, Cyber Security, Asset Management – Commercial Assets). We have commenced fieldwork for audits that form part of the 2025/26 Internal Audit Plan and we anticipate that these will be presented to the Audit Committee over the course of the year.

### 3. Financial Implications

3.1 The Internal Audit Plan is delivered within the approved budgets.

### 4. Legal Implications

4.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes. This report provides the annual position of internal audit for 2025/26 and is provided to Committee in accordance with the Council's Constitution and delegations contained therein.

## **5. Equalities Implications**

5.1 There are no equalities implications arising directly from these reports.

## **6. Carbon Reduction/Environmental Sustainability Implications**

6.1 There are no carbon reduction/environmental sustainability implications arising directly from these reports.

## **7. Appendices**

7.1 BDO Internal Audit Progress Report – February 2026.

**Gedling Borough Council**  
**Internal Audit Progress Report**  
**February 2026**



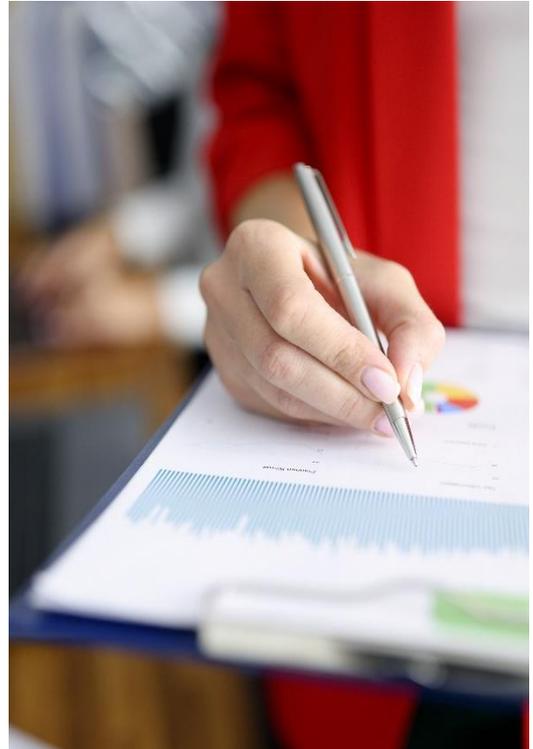
# Summary of 2025/26 work

## Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2025/26 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Global Internal Audit Standards in the UK Public Sector. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal audit methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no' opinion. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



## Internal audit plan 2025/26

We are making good progress in the delivery of the audit plan with all of our audit reviews fully scoped and either finalised or in the fieldwork phase.

We are pleased to present the following reports to this Audit Committee meeting:

- ▶ Main Financial Systems - this is a confidential report
- ▶ Cyber Security - this is a confidential report
- ▶ Asset Management - Commercial Assets.

Fieldwork is in progress in respect of the following audits:

- ▶ Asset Management - Residential Assets (draft report phase)
- ▶ Corporate Governance
- ▶ Complaints and Freedom of Information Requests.

We anticipate presenting these reports at future Audit Committee meetings.

## Review of 2025/26 work

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Risk Management	September 2025	✓	✓	✓	S	M
Main Financial Systems (Fraud)	December 2025	✓	✓	✓	Confidential	
Asset Management - Commercial Assets	March 2026	✓	✓	✓	M	M
Asset Management - Residential Assets	March 2026	✓	✓	Draft		
Freedom of Information Requests and Complaints	June 2026	✓	✓			
Corporate Governance	June 2026	✓	✓			
People Services	September 2025	✓	✓	✓	L	M
Cyber Security	March 2026	✓	✓	✓	Confidential	

# Asset Management - Commercial Assets

CRR Reference: CR002, CR007 and CR013

Design Opinion	M	Moderate	Effectiveness Opinion	M	Moderate
Recommendations	0	2	2		



## SCOPE

### Background

- ▶ The Royal Institution of Chartered Surveyors (RICS) Public Sector Asset Management Guidelines define strategic asset management as the activity of aligning property assets with the strategic aims and direction of the organisation and adding both financial and non-financial value to the organisation.
- ▶ It proposes that organisations should maintain the following documents to support the management of its assets:
  - Asset Management Policy (AMP) - the 'rules' by which assets to be deployed and managed. This is rarely a single policy but a suite of policies including but not limited to decision-making and governance, acquisition and disposal procedures, procurement and measuring performance.
  - Asset Management Strategy (AMS) - a strategic planning document that indicates the direction of travel for asset management but set clearly in the context of the organisation's objectives, relevant government policies and other strategic issues that may impact assets required.
  - Asset Management Action Plan (AMAP) - the delivery plan for property assets given details such as timescales for action, costs (and revenues), outcomes to be achieved and responsibilities for action. The plan should be refreshed annually.
- However, local government reorganisation has shifted priorities and resource allocations for local authorities. Therefore, a more streamlined approach to asset management may be considered proportionate to see an organisation through to the new authority.
- ▶ Gedling Borough Council (the Council) has a diverse portfolio of assets (made up of land and buildings) ranging from community centres, parks and open spaces serving the residents of the borough, through to commercial and investment property, providing an income to the Council and accommodation for small local businesses.
- ▶ The Council has created its AMAP and AMS which has been approved by the Senior Leadership Team (SLT). Each asset has been placed into one of five categories on how the asset should be treated, ie refurbishment, demolition, disposal, etc. The Property Team are in the process of developing the Work Plan to deliver the AMAP and AMS.
- ▶ Historically, Uniform was the system used by the Council to manage commercial assets, however, more recently, it has used spreadsheets to manage its commercial and investment assets.
- ▶ The loss or damage to infrastructure assets due to inadequate maintenance, protection or insurances has a score of nine on the Corporate Risk Scorecard (CR007). This risk has decreased over the past six months.

### Purpose

- ▶ The purpose of the audit was to review the Council's management of its commercial assets, including its longer-term strategy for the use of operational, commercial and investment assets.

- ▶ This review focused on commercial and investment assets, and excluded residential assets owned by the Council (for temporary accommodation use). We are undertaking a separate audit to assess the management of residential assets.

### Areas reviewed

The following areas were covered as part of this review:

#### Asset Management Strategy and Plan:

- ▶ The draft AMS to ascertain whether it aligns with best practice and guidance for local authorities on asset management by considering whether it meets the following aspects:
  - The AMS and AMP to assess whether strategic decisions have been identified for each commercial and investment property in the Council's portfolio, supported by documentation to support the rationale for the strategy.
  - The Gedling Plan and the AMS and AMP to ascertain whether there is strategic alignment between the use of commercial and investment properties and the Council's wider strategic objectives.
  - The Work Plan for the AMS and AMP to ascertain whether actions have been set, are time bound and accountable officers have been identified for each action. We also assessed whether actions have been prioritised in line with the strategic targets set in the AMS and AMP.
  - Working Group and SLT reporting on the delivery of the Work Plan to ascertain whether there are appropriate governance arrangements to monitor the actions set and scrutinise these where appropriate.
- ▶ This part of the report was advisory and provided the Council with recommendations on changes that could be made to the draft AMS before it was presented to Members for approval. For the avoidance of doubt, an opinion was provided for the risks and scope areas covered under Investment Properties and Rental Income. The risks and scope areas covered under Asset Management Strategy and Plan were advisory and did not form part of the audit opinion.

#### Investment Properties Rental Income

- ▶ The spreadsheet used to monitor investment assets to ascertain whether there were sufficient controls to monitor when rent reviews are due and escalate non-payment of rent from tenants.
- ▶ The Council current has 85 estates properties recorded in the spreadsheet with the current rent totalling to £1.066m. We reviewed a sample of ten leases for investment properties owned by the Council with total annual rent of £179,708 to assess whether:
  - Rent reviews were performed in accordance with the schedule established in the lease agreement.
  - The last four invoices issued to the tenant to verify that these were accurate based on the terms set in the lease agreement.
- ▶ A lease agreement has been signed by the tenant and the Council and has been retained by the Property Team.



### AREAS OF STRENGTH

We identified the following areas of good practice:

#### Investment Properties Rental Income

- ▶ The Council has strengthened the operational process by developing a master tracking spreadsheet covering all commercial properties. This tracker incorporates a RAG status to highlight upcoming and overdue rent reviews. In addition, the Property Team uses a shared calendar linked to staff diaries where key rent review dates for properties are manually entered to ensure rent review due dates are proactively monitored.
- ▶ The Council has developed a rent review checklist to support the consistent delivery of rent reviews by setting out step by step guidance on the expected rent review

process. This guidance requires the following actions to be performed during a rent review: review of the lease terms, calculating the revised rent, updating records on the master tracker spreadsheet and liaising with the Revenues Team to inform them of changes to billing or invoicing.

- ▶ We tested a sample of ten commercial properties to ascertain whether lease agreements were in place and rent had been charged accurately based on the terms of the lease. We confirmed that:
  - All ten leases had been signed by the tenant and the Council and were within the date covered by the lease.
  - Following a rent review, nine invoices had been accurately calculated based on the rental increase rate set in the lease terms. There was one exception which has been summarised in Finding 4.
- ▶ The Council use the Civica system to manage invoicing for rental income which is administered by the Revenues Team. Where changes to rental charges are required, the Property Team calculates the revised rent and formally requests the update by email to the Revenues Team once changes have been applied. Confirmation is sought that these changes are made to invoices. The Council provided examples which demonstrated that this process has been applied.
- ▶ The Civica system issues up to two automated reminders for overdue payments once a defined threshold has been reached. Where a payment remains outstanding, the debt is escalated for manual recovery by the Revenue Team or external debt collection agents. The Revenues Team also produce Monthly Recovery Control Reports for the Property Services Team which lists the rent arrears. This provides data for the Property Services Team to follow up with tenants in arrears.



**AREAS OF CONCERN**

Finding	Recommendation and Management Response
<p>The Council's asset management framework is currently under development. While a draft AMS and AMAP have been produced, the approach for asset management has not been embedded into the AMS and the action plan could benefit from further operational detail (<b>Finding 1 - Medium</b>).</p>	<p><b>Recommendation</b></p> <p>A. The Property Services Manager should incorporate an asset management approach into the AMS and AMAP, clearly setting out governance arrangements, roles and responsibilities, asset management principles and detailed procedures for managing the Council's property asset.</p> <p>B. The Property Services Manager should continue to enhance the current draft AMAP as a delivery-focused document by applying SMART (specific, measurable, achievable, realistic and time bound) metrics including defined outcomes, owners, and target dates and resource consideration to ensure consistency and effective progress tracking.</p> <p>C. The Council should enhance the AMS to formalise its asset management governance arrangements by establishing regular oversight through an appropriate working</p>

		<p>group or SLT meetings supported by mechanisms to ensure that asset management decisions are consistently translated into the AMAP.</p> <p><b>Management Response</b></p> <p>A. With Local Government Reorganisation imminent, all councils within the new unitary footprint will merge and a single consolidated asset management framework will be created. CIPFA and RICS guidance does not mandate a standalone Asset Management Policy, and both bodies emphasise proportionality and flexible application rather than prescriptive documentation requirements. In this context, developing a light-touch Asset Management Strategy supported by the Action Plan is appropriate and efficient, avoids creating documents that will be replaced through LGR, and still provides sufficient governance, strategic alignment, and control for the transitional period.</p> <p>B. The AMAP has been fully updated to include clear actions, priorities, owners and timescales, and the revised version has already been shared with BDO. It now functions as a practical action plan aligned to the annual delivery plan.</p> <p>C. Asset management governance is already embedded within the Council’s existing structures, with the Asset Management Plan forming part of the Smarter Working Board’s programme of work. Going forward, once the Asset Management Strategy is approved, all strategic asset management decisions will be reported through and overseen by the Smarter Working Board, ensuring consistent governance, cross-service alignment and improved visibility of progress.</p> <p>Target Date: (A) 27 February 2026, (B) Complete, (C) Once the AMS has been approved, the reporting of the AMS and AMAP will be reported into the Smarter Working Board.</p>
	<p>There were instances where rent reviews were not completed strictly in accordance with lease requirements including back dated reviews for prior years and the</p>	<p><b>Recommendation</b></p> <p>A. The Property Team should ensure that rent reviews are completed in a timely manner and strictly in</p>

	<p>application of a different base month's when calculating the RPI increase to the date specified in the lease agreement (<b>Finding 2 - Medium</b>).</p>	<p>accordance with the specific rent review provision set out in individual lease agreements.</p> <p>B. The Property Team should implement log the dates that actual rent reviews are performed on the master tracker and compare these to the dates that they were scheduled to be performed. A periodic root cause analysis should be conducted where this data identifies delays in completing rent reviews.</p> <p><b><u>Management Response</u></b></p> <p>A. We acknowledge the recommendation and recognise that a historic backlog of rent reviews had contributed to delays in completing reviews strictly in accordance with lease terms. Over the past year the team has worked hard to put additional procedures, structure and resource in place to clear this backlog, including improved tracking, diarised review dates and strengthened operational processes. With the historic backlog now addressed, rent reviews will be more timely, manageable and consistently delivered going forward, ensuring that the process operates effectively and in line with lease requirements.</p> <p>B. The Property Team will begin logging the actual dates that rent reviews are completed within the master tracker and will compare these against the scheduled dates. This will allow us to actively monitor any variance and identify patterns or delays.</p> <p>Target Date: 31 March 2026 (for both recommendations)</p>
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 <b>CONCLUSION</b>	<p>We conclude that the Council has a Moderate design and effectiveness of controls for its asset management. While we have raised one finding into the AMS and AMAP, this section of the scope was advisory to support the implementation of best practice. Our opinion is driven by the three findings raised in relation to the management and billing for commercial investment properties.</p> <p><u>Control Design</u></p> <p>The control design was Moderate because the Council generally has a sound system of internal controls designed to achieve its objectives with some exceptions.</p> <p>There were operational tools, checklists and documents in place to provide a framework for managing investment properties, ensuring rent is charged accurately and collected promptly. The Property Team have a master tracker in place to monitor all commercial properties.</p>
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However, it could be improved by clear and documented guidance or procedure notes for rent reviews to maintain consistency and continuity within the team. We identified some exceptions where there had been delayed or inaccurate rent reviews.

#### Control Effectiveness

The control effective was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk.

The rent review and invoicing process was broadly in line with the relevant lease terms and, generally, rent reviews were calculated and invoiced correctly. However, in our testing, we did identify some exceptions, including delays in completing rent reviews, the application of the incorrect base month for rent increase calculations and invoicing errors for rental income. These were broadly minor and did not have a material financial impact on the Council. It did often mean that rent reviews were applied late, leading to delays in the charging and collection rent increases to tenants. We have seen instances at other authorities where the undercharged rent has been significantly higher due to administrative errors but as the financial values were generally low, this supports our overall conclusion.

## Sector update

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for Elected Members and Executive Directors.

### MHCLG SET TO SCALE BACK NOTTINGHAM INTERVENTION

*The government intends to scale back intervention at Nottingham City Council after commissioners said they could conclude their work this month.*

Commissioners were put in place at Nottingham City Council in February 2024 after it issued a Section 114 notice, declaring its inability to deliver a balanced budget.

The Commissioners have issued fourth report to ministers, with the latest report recommending that their involvement at Nottingham City Council is ended, citing that “the authority should be congratulated for the prioritisation and smooth running of the [budget setting] process”. The Commissioners did note that the City Council is failing to meet the best value duty in continuous improvement and service delivery.

The Minister of State for Local Government and English Devolution acknowledged in a written ministerial statement that there has been “significant improvement” to the City Council’s financial management. The Minister further announced that the intervention would continue with the appointment of two envoys who “would work collaboratively with the council in an advisory and mentoring capacity”. However, the envoys will not hold powers to exercise the functions of the City Council, who will now have all decision-making responsibilities. This transition is considered to be the next phase of the City Council’s improvement journey.

MHCLG set to scale back Nottingham intervention - Local Government Chronicle

### FOR INFORMATION

For the Audit Committee Members and Executive Directors

### ADULT SOCIAL CARE FAIR PAY AGREEMENT IS ‘UNWORKABLE’ ACORDING TO THE LOCAL GOVERNMENT ASSOCIATION (LGA)

*The LGA supports a focus on improving pay in adult social care but is warning that the proposed adult social care Fair Pay Agreement (FPA) model is unworkable without adequate funding and local government involvement in the negotiating body.*

LGA has announced its support for improving pay in adult social care but warns that the proposed FPA model is unworkable without adequate funding and local government involvement. Local authorities, as primary commissioners, spent £26.7bn on adult social care in 2025/26, representing 40% of council budgets.

In its response to the Department for Health and Social Care’s consultation, the LGA stressed the need for local government to be central to the FPA process. The government has allocated £500 million for the first FPA in 2028, sourced from the £4bn announced in the Spending Review, including council tax income. However, with 1.6 million workers potentially affected, the LGA is concerned this funding is insufficient and could further strain council budgets.

The LGA has called for full central government funding for all costs, including implementation and legal liabilities, direct local government representation in the Adult Social Care Negotiating Body (ASCNB), and a comprehensive Equality Impact Assessment.

Councillor Pete Marland, Chair of the LGA’s Local Government Resources Committee, highlights the importance of improving pay for sustainability but insists local government must be involved in decision-making to prevent jeopardising care supply and council financial stability.

Adult social care Fair Pay Agreement is ‘unworkable’ without proper funding and local government involvement, LGA says - Local Government Association

**FOR INFORMATION**

For the Audit Committee Members and Executive Directors

**COUNCILS REQUEST TO DELAY LOCAL ELECTIONS**

*Twenty-nine councils have written to the government asking their local elections to be postponed by a year, citing the resources needed to deliver the local government reorganisation (LGR) programme, and the cost of holding elections.*

Twenty-nine councils have requested the government postpone their local elections by a year, citing the resources needed for local government reorganisation (LGR) and election costs. Among these councils, 21 are Labour led, four Conservative, two Liberal Democrat, one Green, and one independent. The government had offered 63 councils the option to delay their May elections due to LGR challenges, and all have now confirmed their positions. Local Government Secretary Steve Reed stated that most elections will proceed as scheduled, but delays are considered where significant reorganisation is underway.

Sky News reports that 29 councils requested a delay, 33 did not, and one was undecided. Councils argue that spending on elections for positions lasting only a year is impractical. The final decision rests with the government, facing criticism from opposition parties. Reform UK leader Nigel Farage plans a legal challenge against the delays, accusing major parties of excluding his party from power. The Electoral Commission's chief executive, Vijay Rangarajan, expressed concern over postponements, stressing that elections should proceed as planned unless exceptional circumstances arise, warning of potential impacts on local decision-making legitimacy and public confidence.

Number of councils that have requested delay to local elections revealed - Sky News

**FOR INFORMATION**

For the Audit Committee Members and Executive Directors

**GOVERNMENT COMMITS TO PAYING 90% OF COUNCILS' SEND DEFICITS**

*The government has outlined how it intends to manage councils' accumulated special educational needs and disabilities (SEND) deficits: announcing it will pay 90% of these deficits.*

On 9 February 2026, the Government announced that it will provide a grant for councils to pay off their deficits in Autumn 2026, subject to local authorities submitting and securing the Department for Education's approval of a local SEND reform plan.

The Government has said that it will 'take an appropriate and proportionate approach, though it will not be unlimited.' Based on research conducted by the County Councils Network in Autumn 2025, it was projected that these deficits are set to reach £6.6bn by the end of 2025/26.

In response to the Government's announcement, Councillor Bill Reavens, the SEND spokesperson for the County Councils Network said "The CCN will now engage with its member councils on the impact of these proposals and it is crucial that any long-term solution is also fair to all councils. Alongside this, the government should reform the outdated dedicated schools grant formula to recognise the disproportionate SEND pressures faced by county and rural unitary councils".

Government commits to paying 90% of councils' SEND deficits - County Councils Network

**FOR INFORMATION**

For the Audit Committee Members and Executive Directors

# Key performance indicators

QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Engagement Partner or the Engagement Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO was found to ‘generally conform’ (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	
Quality of work	We received two responses to our audit satisfaction surveys for 2024/25 reviews, with an average score of 4.3/5 for the overall audit experience and for the value added from our work. So far, we have not received any survey responses in 2025/26 which is significantly lower than we would expect but we will continue to issue survey requests with the final version of each report.	  
Completion of audit plan	We have progressed the 2025/26 Internal Audit Plan, with three reports presented to this Audit Committee meeting and other audits in the fieldwork phase. We have commenced and completed a significant amount of the fieldwork in other review.	

# Appendix 1

## OPINION SIGNIFICANCE DEFINITION

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

## RECOMMENDATION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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