

Agenda

Audit Committee

Date: **Tuesday 20 October 2026**

Time: **5.30 pm**

Place: **Council Chamber**

For any further information please contact:

Democratic Services

committees@gedling.gov.uk

0115 901 3844

Audit Committee

Membership

Chair Councillor Ron McCrossen

Vice-Chair Councillor Ruth Strong

Councillor Stuart Bestwick
Councillor David Brocklebank
Councillor Helen Greensmith
Councillor Paul Hughes
Councillor Julie Najuk
Jonathan Causton

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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 23 June 2026 | 7 - 12 |
| 3 | Declaration of Interests. | |
| 4 | BDO Internal Audit Progress Report
Report of the Internal Audit Partner. | 13 - 45 |
| 5 | Mazars External Audit Draft Annual Report and Audit Strategy Memorandum Report 31 March 2026
Report of the Chief Finance and Section 151 Officer. | 47 - 102 |
| 6 | Statement of Accounts 2025-26 and Annual Governance Statement
Report of the Chief Finance and Section 151 Officer. | 103 - 236 |
| 7 | Corporate Risk Management Review Period 1 April - July 2026
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| 8 | Any other item which the Chair considers urgent. | |

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MINUTES AUDIT COMMITTEE

Tuesday 23 June 2026

Councillor Ron McCrossen (Chair)

Councillor Ruth Strong	Councillor Julie Najuk
Councillor David Brocklebank	Councillor Martin Smith
Councillor Helen Greensmith	Jonathan Causton
Councillor Paul Hughes	

Absent: Councillor Stuart Bestwick

Guests in Attendance: Gurpreet Dulay (Internal Audit Partner), Mark Surridge (External Auditor)

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

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillor Bestwick. Councillor Martin Smith attended as substitute.

2 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 24 FEBRUARY 2026

RESOLVED:

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

3 DECLARATION OF INTERESTS

None.

4 INTERNAL AUDIT 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 up to the end of March 2026.

RESOLVED:

To note the progress (completion) of the delivery against the 2025/26 Internal Audit Plan, including executive summaries of the Asset Management – Residential Assets Report, Complaints and FOIs Report, and the Corporate Governance Report.

5 INTERNAL AUDIT ANNUAL REPORT

The Internal Audit Partner introduced a report, which had been circulated in advance of the meeting, providing the Head of Internal Audit Opinion based on the outcome of the internal audit activity completed by the BDO Internal Audit Team, in accordance with the approved 2025/26 Internal Audit Plan.

RESOLVED:

To note and approve the Internal Audit Annual Report and Head of Internal Audit Opinion for 2025/26.

6 EXTERNAL AUDIT PROGRESS REPORT 2025

The External Auditor introduced a report, which had been circulated in advance of the meeting, informing members of the progress from Mazars' (the Council's external auditors) audit work in respect of 2025/26 Statement of Accounts.

RESOLVED:

To note the Progress Report for 2025/26.

7 ANTI-FRAUD & CORRUPTION STRATEGY

The Chief Finance and Section 151 Officer introduced a report, which had been circulated in advance of the meeting, presenting the Anti-Fraud and Corruption Strategy and its supporting appendices, including the Whistleblowing Policy Summary, Fraud Response Plan, Anti-Fraud and Corruption Action Plan 2026-27 and Anti-Money Laundering Policy, for review and approval by the Audit Committee.

RESOLVED to:

1. Review the Anti-Fraud and Corruption Strategy and its supporting appendices and recommendations to Cabinet for approval.
2. Note that the strategy provided an updated corporate framework for preventing, detecting, investigating and responding to fraud, bribery, corruption and wider economic crime.
3. Recommend that Cabinet gives authority to the Chief Finance Officer, in consultation with the Monitoring Officer, to make minor amendments to reflect legislative, organisational or operational changes to the documents.

8 WHISTLEBLOWING (SPEAK UP) POLICY

The Deputy Chief Executive and Monitoring Officer introduced a report, which had been circulated in advance of the meeting, presenting the Whistleblowing (Speak Up) Policy and Procedure for review and approval by the Audit Committee for referral to Cabinet.

RESOLVED to:

1. Recommend the Whistleblowing (Speak Up) Policy and Procedure for adoption by Cabinet.
2. Note that the policy provided an updated framework for raising, assessing, handling and reporting serious public-interest concerns connected to the Council.
3. Recommend to Cabinet that authority be delegated to the Deputy Chief Executive and Monitoring Officer, in consultation with the Chief Finance Officer and Section 151 Officer, to make minor amendments to reflect legislative, organisational or operational changes.

9 ANNUAL FRAUD REPORT 2025-26

The Chief Finance and Section 151 Officer introduced a report, which had been circulated in advance of the meeting, providing the Audit Committee with an annual summary of the Council's counter-fraud, whistleblowing and related assurance activity during 2025/26, together with an overview of key outcomes, known risks and the actions being taken to strengthen the Council's Anti-fraud framework.

RESOLVED to:

1. Note the counter-fraud, whistleblowing and related assurance activity undertaken during 2025/26;
2. Note the outcomes achieved and the areas where further work is required; and
3. Note the actions planned during 2026/27 to further strengthen the Council's counter-fraud arrangements.

10 EXTERNAL AUDIT FEES FOR THE 2025/26 STATEMENT OF ACCOUNTS

The Chief Finance and Section 151 Officer introduced a report, which had been circulated in advance of the meeting, informing members of the proposed external audit fees in respect of the 2025/26 financial year.

RESOLVED:

To note the Audit Fee for 2025/26.

11 ACCOUNTING POLICIES 2025/26

Chief Finance and Section 151 Officer introduced a report, which had been circulated in advance of the meeting, providing the Audit Committee with a summary of the review and update undertaken to the Council's accounting policies for the 2025/26 Statement of Accounts. The report explained the key changes made to reflect updated statutory and accounting requirements and highlighted the Council's approach to the new indexation requirements for property, plant and equipment.

RESOLVED:

To approve the Accounting Policies 2025/26, as set out in the Appendix, for application to the financial statements for 2025/26.

12 ANNUAL GOVERNANCE STATEMENT 2025/26

The Chief Finance & Section 151 Officer introduced a report, which had been circulated in advance of the meeting, presenting the Draft Annual Governance Statement 2025/26 to Audit Committee for consideration and comment. They explained that the Statement would be brought back to Audit Committee in September 2026 for further discussion and again in January 2027 for formal approval and sign-off.

RESOLVED to:

1. Consider the Draft Annual Governance Statement 2025/26.
2. Note the governance review undertaken to support preparation of the Statement, including the sources of assurance used to assess the effectiveness of the Council's governance, risk management and internal control arrangements.
3. Note that the Statement would be brought back in September 2026 for further discussion and again in January 2027 for formal approval and sign-off alongside the Statement of Accounts.

13 CORPORATE RISK MANAGEMENT STRATEGIC 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.

Councillor Greensmith joined the meeting.

Councillor Martin Smith left the meeting.

RESOLVED:

1. To recommend to Cabinet, the adoption of the amended Risk Management Framework at Appendix 1 of the report.

14 CORPORATE RISK MANAGEMENT REVIEW QUARTER 4 2025/26

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

RESOLVED:

1. To note the current risk level and actions identified within the Corporate Risk Register.

15 RECRUITMENT OF CO-OPTED AUDIT COMMITTEE MEMBER

The Deputy Chief Executive and Monitoring Officer introduced a report, which had been circulated in advance of the meeting, seeking approval to commence recruitment for another co-opted member on to Audit Committee.

RESOLVED to:

- 1) Authorise the Deputy Chief Executive to commence the recruitment process for one independent co-opted member to join the Audit Committee
- 2) Establish an interview panel of 3 members drawn from the membership of the Audit Committee; and
- 3) Agree that the panel, should bring a recommendation as to appointment to Council
- 4) Agree that the remuneration to Independent Co-opted Members on the Committee be reviewed

16 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT

None.

The meeting finished at 6.45 pm

Signed by Chair:
Date:



Report to Audit Committee

Subject: Internal Audit Progress Report

Date: 20 October 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 up to the end of September 2026. Annex 1 also includes BDO's assessment of conformance with the Essential Conditions in the Global Internal Audit Standards (GIAS) for Members to agree and approve.

Recommendation(s):

THAT:

- 1. Members to note the progress (completion) of the delivery against the 2026/27 Internal Audit Plan, including executive summaries of the Section 106 and Community Infrastructure Levy Report and the Digital Strategy Report.**
- 2. Members agree and approves BDO's conformance assessment and the alternative condition for conformance with Standard 8.4 of the GIAS in the Essential Conditions Report (Annex 1).**

1. Background

- 1.1 The Internal Audit Plan for 2026/27 was approved by the Audit Committee on 24 February 2026. The progress report provides a summary update of the work undertaken by BDO for 2026/27 which includes summaries of the final internal audit report for the following reviews: Section 106 and Community Infrastructure Levy Report and the Digital Strategy.
- 1.2 The GIAS were published by the Institute of Internal Auditors (IIA) on 9 January 2024, replacing the previous International Professional Practices Framework standards and becoming globally effective from 9 January 2025. In the UK public sector, the adopted GIAS as the foundation for public sector internal auditing and developed supplementary guidance through the Application Note: Global Internal Audit Standards in the UK Public

Sector. These came into effect from 1 April 2025 for public sector organisations.

The GIAS require the Chief Audit Executive (CAE) to report to the Audit Committee and senior management periodically to outline the internal audit function's ability to fulfil the Purpose of Internal Auditing.

BDO's self-assessment is that it is fully conforming with eight of the nine essential conditions and is generally conforming with one (Standard 8.4). This standard relates to its External Quality Assurance (EQA). BDO has an EQA performed every 5 years, as required by the standards, however this is across all outsourced internal audit services that it provides across all its clients and it is not specific to only the Council. To comply with this standard, BDO would need to agree the EQA plan with each of its outsourced internal audit clients. The report summarises the arrangements in place for conformance against each of the nine essential conditions in the GIAS. BDO remains compliant with the GIAS.

2. Proposal

2.1 Since the last Audit Committee meeting, three reports have been finalised (Section 106 and Community Infrastructure Levy Report and the Digital Strategy).

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 2026/27 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. Local Government Reorganisation

7.1 On 7 September 2026, the Government announced a review of the national Local Government Reorganisation programme to ensure that the process is robust, legally compliant and aligned with the priorities of the new

Administration. Implementation of the decisions taken in July 2026 for 14 areas, including Nottingham and Nottinghamshire, has been paused while the review is undertaken. The Government has confirmed that it remains committed to effective and sustainable local government and to simplifying local government structures where reorganisation supports those aims.

- 7.2 The pause applies to the Government's July 2026 decision to establish two unitary authorities across Nottingham and Nottinghamshire, which would divide the existing Gedling Borough area between the proposed new councils. No timescale has yet been confirmed for completion of the review or for further decisions. The Government has stated that elections scheduled for May 2027 will proceed on existing council boundaries while the review is carried out. The Council will therefore continue to deliver services and operate under the existing governance arrangements, while maintaining appropriate readiness, working collaboratively with partners and keeping the position under review pending further Government clarification.

8. Appendices

Appendix 1 BDO Internal Audit Progress Report – September 2026.
Appendix 2 BDO Essential Conditions Report.

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Gedling Borough Council
Internal Audit Progress Report
October 2026

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Summary of 2026/27 work

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2026/27 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 2026/27

We have now completed our delivery of the audit plan with all audit reviews finalised. We are pleased to present the following reports to this Audit Committee meeting:

- ▶ Digital Strategy
- ▶ Section 106 and Community Infrastructure Levy (S106 and CIL).

Essential Conditions

We have provided an annex which summarises our Essential Conditions for the Audit Committee's approval. The new Global Internal Audit Standards require the Chief Audit Executive (CAE) to report to the Audit Committee and senior management periodically to outline the internal audit function's ability to fulfil the Purpose of Internal Auditing. BDO's assessment of its internal audit services has recommended that it is fully conforming with 8 out of the 9 essential conditions and is generally conforming with one. The one essential condition where it is not fully conforming relates to Standard 8.4 External Quality Assessment (EQA). This standard requires the CAE to develop a plan for an EQA and discuss the plan with the board. BDO has an EQA performed every 5 years, as required by the standards, however this is across all outsourced internal audit services that it provides across all of its clients, and it is not specific to only the Council. Annex 1 summarises the arrangements in place for conformance against each of the nine essential conditions in the Global Internal Audit Standards.

Review of 2026/27 work

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Digital Strategy	October 2026	✓	✓	✓	S	M
S106 and CIL	October 2026	✓	✓	✓	M	S
Leisure Transformation	January 2027	✓	✓	✓	Draft Report	
Housing and Homelessness	January 2027	✓				
Waste and Recycling	January 2027	✓				
Main Financial Systems (Payroll and Treasury Management)	March 2027	✓				
Local Government Reorganisation	March 2027	✓				

S106 and CIL

CRR Reference: CR010 - PROJECTS

Design Opinion

S

Substantial

Effectiveness
Opinion

M

Moderate

Recommendations

0

1

2



SCOPE

Background

- ▶ Section 106 ('S106') agreements are legal agreements between local authorities and property developers. It allows local authorities to mitigate the impact of new developments on its immediate locality. Agreements can include contributions to local infrastructure and other financial or non-financial contributions. These agreements will often be entered into with both the developer and Nottinghamshire County Council ('the County Council') as contributions may relate to infrastructure that either party is responsible for providing. For example, borough councils are responsible for the provision of parks and open spaces whilst the County Council is responsible for providing education services.
- ▶ Community Infrastructure Levy ('CIL') are charges that local authorities can levy on new developments to help fund other infrastructure projects. These funds can be used to support development of new infrastructure such as recreational facilities and improvements to public spaces.
- ▶ Gedling Borough Council ('the Council') collected £1.095m in capital contributions and £168,404 in revenue contributions through S106 agreements in 2024/25, according to its Infrastructure Funding Statement 2024/25. In the same period, £486,985 of capital contributions and £53,009 of revenue contributions were spent. At the end of 2024/25, the Council had retained £3.849m in capital contributions and £709,321 in revenue contributions for S106 obligations. The Infrastructure Funding Statement 2025/26 is due to be published in December 2026.
- ▶ At the end of 2024/25, there was £2.564m receipts retained for CIL. Of this, £2.013m was earmarked for the provision of strategic infrastructure in the Borough and £550,610 was held for the Council to spend on infrastructure projects identified through the neighbourhood portion of the CIL monies.
- ▶ The Community Infrastructure Levy and Principal Planning Officer is responsible for overseeing S106 and CIL agreements with developers.

Purpose

- ▶ The purpose of this review was to provide assurance over the Council's strategy and planning for the allocation of S106 and CIL funding prior to local government reorganisation. We also assessed the arrangements for monitoring when trigger points are met by developers to ensure S106 and CIL income was collected promptly.

Limitations of scope

- ▶ The Terms of Reference included testing of S106 contributions that had been spent, including contributions collected on behalf of Integrated Care Boards, to confirm that expenditure was in accordance with the terms of the agreement and that recipient organisations had signed Developer Commitment Statements. However, none of the S106 agreements selected for testing had reached a stage where the sampled contributions had been spent. Consequently, Internal Audit was unable to provide assurance over the expenditure of S106 contributions or the operation of related Developer Commitment Statement controls during this review.

Areas reviewed

We reviewed or conducted the following testing:

Collecting and Monitoring S106 and CIL Funds

- ▶ A walkthrough and enquiries about the processes in place to monitor when developers reach trigger points in Section 106 and CIL agreements to ascertain whether there are sufficient prompts in place for the Council to raise invoices for contributions promptly.
- ▶ A sample of five S106 and five CIL agreements to assess whether the trigger points for contributions to be paid (to the Council only, not other parties) are documented on the Council's internally maintained S106 agreement monitoring database and Exacom (the CIL management system) and for those that have been met, we confirmed whether the Council promptly invoiced the developer for the payment of the contribution.
- ▶ Within our sample, assessed whether S106 and CIL contributions were paid to the Council promptly following the issuing of an invoice to a developer.

Spending of S106 and CIL Funds

- ▶ The programme planning and preparation for consulting on and approving the allocation of S106 and CIL funding to ascertain whether there is a sufficient lead time scheduled to ensure the allocation can be approved promptly.
- ▶ A walkthrough of processes for allocating and spending S106 and CIL funding on projects that the funds are designated to, to ascertain whether these are adequately allocated to earmarked projects.
- ▶ Forecasting for the spending of S106 and CIL funds to assess whether there is adequate planning for when and how collected contributions will be spent.
- ▶ A sample of five S106 agreements to assess whether contributions were being monitored and progressed in accordance with the relevant agreements, including whether trigger points had been reached and contributions had become due for payment. Within our sample, we included some contributions collected by the Council on behalf of other healthcare providers (Integrated Care Boards).
- ▶ Process for communicating with Elected Members about the spending of Section 106 and CIL contributions (in particular for contributions in their wards) to assess whether there are adequate channels for regular communication with Members who can then inform and communicate with residents about investment in local services.



**AREAS OF
STRENGTH**

We identified the following areas of good practice:

- ▶ The Council has established effective systems and processes for administering and monitoring S106 and CIL obligations. S106 agreements are recorded and monitored through an internally developed database, whilst CIL liabilities are managed through Exacom (the property management system), which supports the automated calculation of liabilities, generation of demand notices, monitoring of instalments and calculation of late payment interest. The Council further supplements these arrangements with monthly Building Control commencement and completion reports and officer monitoring activities to identify where trigger points have been met for developer contributions to be paid. This was an effective and practical approach to identifying when trigger points have been met, albeit the Council could also use other methods which have been outlined in Finding 1.
- ▶ Across our sample we identified that the Community Infrastructure Levy and Principal Planning Officer engages with developers regarding outstanding liabilities and consider available recovery and enforcement options where contributions remain unpaid. Late payment interest is applied in accordance with the Community Infrastructure Levy Regulations, helping to mitigate the financial impact of delayed payments.
- ▶ The Council has implemented a structured governance framework for allocating CIL funding, with projects subject to assessment, public consultation and Cabinet approval before allocations are made. The Local Infrastructure Schedule and Project Assessment process provides clear criteria against which projects are evaluated, including regulatory compliance, deliverability, community benefit and future

maintenance requirements. Our review of supporting documentation identified that proposals were appropriately scrutinised and challenged by Elected Members.

- ▶ Information relating to S106 and CIL contributions is publicly available through Cabinet reports, Planning Committee reports and public decision notices, while funding decisions and approved projects are accessible through the Council's governance processes. These arrangements provide stakeholders with visibility over how developer contributions are managed and invested across the Borough.
- ▶ The Council maintains oversight of developer contributions through officer monitoring activities and established governance arrangements. The S106 Affordable Housing Monitoring Group provides effective cross-service oversight through regular engagement between Planning, Housing and Legal Services, reviewing expenditure opportunities, obligations, repayment deadlines and future funding requirements. The annual Infrastructure Funding Statement supports transparency by reporting contributions received, retained and spent. For other S106 agreements that were not included in our sample testing, we observed instances where formal documented commitments were obtained from third parties to spend the contribution appropriately, where the Council collect contributions on behalf of other providers. This is typically the case for healthcare contributions.
- ▶ The Council has implemented a formal Developer Contributions Commitment process for external organisations receiving S106 funding. This is mainly for healthcare contributions where the Council are responsible for collecting the contribution on behalf of the Integrated Care Board ('ICB') or another healthcare institution who will deliver the infrastructure project. As part of this process, recipient organisations are required to demonstrate how proposed expenditure complies with the original S106 agreement, provide details of the relevant project and formally accept responsibility for complying with funding conditions. This approach provides a clear audit trail linking contributions to approved expenditure and helps reduce the risk of funds being used for purposes that are inconsistent with the original agreement. We observed some instances, outside of our sample, to confirm that these Developer Contributions Commitments were obtained for healthcare contributions.



AREAS OF CONCERN

Finding	Recommendation and Management Response
The Council broadly rely on self-notification by developers to identify when S106 trigger points are met. It does use Building Control reports to identify when dwellings are completed but there could be opportunities to use other data collected by the Council to identify when works have commenced or when dwellings are completed and occupied, subject to legal advice on compliance with data protection legislation. (Finding 1 - Medium)	<u>Recommendation</u> The Council should explore the use of existing Council data sources and development monitoring information, including property/address datasets and other available development indicators, to supplement developer notifications and provide additional assurance that trigger events are identified promptly. NB. Before using this data for this purpose, the Planning team should seek legal advice to confirm that this approach complies with the Data Protection Act 2018, and other data may anonymously be used for this purpose. We are not providing any legal advice in this report. <u>Management Response</u> Accepted. Responsible Officers to liaise with the Council's Data Protection Officer and establish a process, where

	possible in accordance with the Data Protection Act 2018, to utilise pre-existing data held by the other relevant departments to better monitor the build out of developments and their respective trigger points. Target Date: April 2027
A consistent process for the recovery of overdue contributions was not in place leading to an instance in our sample where several CIL instalments were overdue despite being invoiced between September 2024 and June 2026 (Finding 2 - Low).	<u>Recommendation</u> The Council should establish a documented escalation and recovery guidance for overdue developer contributions. This should include defined follow-up activities, escalation timescales, management review requirements and criteria for considering formal enforcement action. <u>Management Response</u> Accepted. Responsible Officers to develop a working document to establish clear procedures in respect of the enforcement / recovery of developer contributions to provide clarity and uniformity whilst still recognising the need to work collaboratively with Developers to ensure that development is not unnecessarily prohibited. Target Date: April 2027
Other than through the annual Infrastructure Funding Statement and periodic reporting to various committees, there are no formal mechanisms to proactively communicate with Elected Members on the spending of CIL contributions in their wards (Finding 3 - Low).	<u>Recommendation</u> The Council should consider introducing periodic communication or summary reporting to Ward Members regarding developer contributions, balances held and infrastructure projects funded within their wards. <u>Management Response</u> Accepted. Responsible Officers will look to draft bi-annual reports, which will coincide with the CIL Neighbourhood Portion paid to Local Parish Councils in October and April each year, provided a summary of Developer Contributions received during that period. Elected Ward Members, where desired can also be included in mailing list when an invoice for a Section 106 Contribution is issued to ensure they are kept informed in real time. Target Date: April 2027



CONCLUSION

We conclude that the Council has a **Moderate** design and **Substantial** effectiveness of controls for the management, collection, allocation and monitoring of S106 and CIL contributions.

Control Design

The control design was **Moderate** because although the Council has established appropriate arrangements for monitoring developer contributions, including approving funding allocations, overseeing expenditure and reporting retained balances. Opportunities were identified to strengthen independent monitoring of trigger events, verification of information recorded within the S106 monitoring database and forward planning for the utilisation of retained S106 balances.

Control Effectiveness

The control effectiveness was **Substantial** because the controls that are in place are being consistently applied.

Contributions were appropriately monitored; allocation decisions were supported by documented approval processes and expenditure reviewed during the audit was consistent with the requirements of the relevant agreements.

Opportunities were identified to strengthen the escalation and recovery of overdue contributions but there are suitable conditions in the S106 and CIL agreements to apply interest for late payments which limits the risk to the Council. We also identified areas where officers can improve proactive communication with Ward Members regarding local developer contribution activity.

Overall, the Council has established a generally sound control environment for the management of S106 and CIL contributions. We raised three findings and two observations to further strengthen monitoring, recovery, forecasting and communication arrangements.

Digital Strategy

CRR Reference: CR002 - CAPACITY SERVICE DELIVERY, CR009 - ICT TECHNOLOGY

Design Opinion	S Substantial	Effectiveness Opinion	M Moderate
Recommendations	0 3 0		



SCOPE

Background

- ▶ Gedling Borough Council ('the Council') has a Digital, Data and Technology Strategy for 2024-27 ('the Digital Strategy'). The Digital Strategy establishes the six target outcomes for how the Council will use digital, data and technology to support its functions. These are:
 - Be more joined up
 - Deliver easy to use services
 - Create more efficient ways of working
 - Ensure responsive, reliable services
 - Keep data secure
 - Make better use of data insight in decision making.
- ▶ The Digital Strategy focuses on creating efficiencies through the use of technology while simultaneously improving the customer experience. Key milestones for the Digital Strategy so far have been the implementation of Whitespace (the waste management system) and Netcall (the customer relationship management system). As part of the improved customer experience, the Council have also introduced a new Drupal website. These programmes of work formed a key part of the Council's Annual Delivery Plan for 2025/26 and will continue in a reduced format into 2026/27.
- ▶ In a report to Cabinet on 28 March 2024 it was budgeted that the capital investment in system costs and project implementation would be £1.987m between 2024/25 and 2026/27. The revenue costs to the Council were forecasted to be funded from earmarked reserves and future efficiency savings. Local government reorganisation was announced after the Digital Strategy was prepared so there has been a refocus in the priorities for the programme.
- ▶ The Business Design and Technology Authority ('the BTDA') are an internal board that decides on system design across the Council. The Customer Experience Programme Board is the main governance group for overseeing the delivery of the customer facing elements of the Digital Strategy. 'Business as Usual' improvements are handled within the ICT team. This is chaired by the Director for Transformation who escalates matters to the Senior Leadership Team ('the SLT') where necessary.
- ▶ The Council have a Transformation Team who coordinate and support the implementation of the programme.

Purpose

- ▶ The purpose of this review was to provide assurance over the Council's implementation of its Digital Strategy. This included a review of the project management of the Delivery Plan to ascertain whether there were clear arrangements for overseeing the strategy and the roadmap. We also considered whether projects have met the objectives of the original business plan.

Areas reviewed

The following areas were covered as part of this review:

- ▶ The governance structures in place for the Digital Strategy (through ICT management, the Customer Experience Board and the SLT) were reviewed to ascertain whether these supported adequate oversight and escalation issues. Specifically, we assessed whether there was a clear alignment between monitoring of individual projects at the Customer Experience Board and the overarching outcomes set in the Digital Strategy.
- ▶ Individual project business cases were reviewed to ascertain whether there was a clear 'golden thread' to the objectives of the Digital Strategy.
- ▶ The adequacy and effectiveness of the Council's processes for quantifying and monitoring financial efficiency savings and operational efficiency savings generated from the Digital Strategy were reviewed. We also assessed how these were captured and monitored against the original revenue savings target in the business case.
- ▶ Capital investment budget monitoring procedures were reviewed to ascertain whether there was sufficient oversight of expenditure for the Digital Strategy delivery, reducing the risk of unnecessary budget overruns. We also reviewed the budgetary reporting into the Customer Experience Board for oversight of the financial management of the programme.
- ▶ Risk, action, issues and dependencies ('RAID') logs were reviewed to ascertain whether these adequately recorded the programme and project risks, identified mitigating controls and were regularly monitored throughout the programme delivery.
- ▶ Enquiries were made and resource and capacity management was reviewed for the Digital Strategy to ascertain whether the resource needs had been identified and there was a clear strategy on how to deliver the projects in accordance with planned timescales.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council has established a mature strategic alignment framework which ensures digital initiatives are linked to programme objectives, customer outcomes and wider Digital Strategy priorities. The use of defined architectural principles and BTDA governance arrangements help promote consistency of design and supports informed decision-making across digital change activities.
- ▶ The programme has implemented comprehensive budget monitoring and benefits realisation arrangements, providing clear visibility of expenditure, forecast costs, savings delivery and expected benefits. Defined ownership of digital initiatives, baseline measures and performance indicators supports accountability and enables effective governance oversight of programme affordability and benefits realisation.
- ▶ A structured RAID framework is maintained for the programme, which supports the effective identification, monitoring and management of risks, actions, issues and decisions. Clearly defined ownership, mitigation plans and regular governance review help ensure that key risks are appropriately managed and escalated where required.
- ▶ Use of the Endura project management system provides a structured and transparent approach to change delivery. Defined workflow stages, approval controls and audit trails support accountability, progress monitoring and traceability throughout the project lifecycle, helping to maintain effective oversight of implementation activities.



AREAS OF CONCERN

Finding	Recommendation and Management Response
Resource capacity has been identified as a risk within the Digital Strategy RAID log. However, there was limited	<u>Recommendation</u>

evidence to demonstrate the specific mitigating actions being taken, how these are being monitored, or whether the residual risk remains appropriate. As the programme is being delivered alongside other organisational priorities, including local government reorganisation preparations, there is a risk that capacity pressures could affect delivery timescales and the achievement of intended efficiencies if they are not clearly documented and escalated. **(Finding 1 - Medium)**

- A. The Council should update the RAID log to include clear mitigating actions, owners, target dates and status updates for the resource capacity risk.
- B. Resource capacity should be reviewed periodically through programme governance, with any delivery risks escalated where required.

Management Response

- A. The RAID reviewed and in particular the risk around resource is for the Customer Experience and Communities Programme. This programme, however, is one of the main drivers for the delivery of the digital strategy. This risk can be updated with further information to provide assurance.
- B. This is constantly reviewed already as part of the current governance arrangements. The board assesses the risk log and resources and prioritisation is also discussed at weekly programme sponsor updates.

Target Date: (A) October 2026 and (B) Ongoing.

The Assistant Director of Digital, Data and Technology provides a significant level of continuity and oversight across the Digital Strategy. Whilst this has supported effective programme leadership, there was limited evidence of formal succession planning, documented handover arrangements or knowledge transfer processes. This creates a key person dependency and increases the risk that programme continuity, decision-making and corporate knowledge could be disrupted if the officer were to leave the Council or become unavailable for a prolonged period. **(Finding 2 - Medium)**

Recommendation

- A. The Council should identify key person dependencies across the Digital Strategy and document the responsibilities and knowledge critical to programme continuity.
- B. Proportionate succession and knowledge transfer arrangements should be developed, including handover notes, shared programme documentation and deputy arrangements where appropriate.

Management Response

- A. This finding and recommendation is acknowledged but also that oversight at a senior level mitigates this somewhat. Also, with LGR on the horizon and a new DDaT workstream well established, the requirements of the digital strategy will diminish as we transition to a new authority. The Council has also recently done some work on succession planning and this can be revisited from a digital strategy perspective and updated as necessary.

		B. This will be included as part of the above arrangements. Target Date: (A and B) March 2027.
	Finance representation is included within programme board meetings. However, the evidence of finance review, challenge and sign off is implicit rather than clearly documented. Programme Board minutes and supporting papers do not consistently demonstrate that finance has formally reviewed or endorsed key financial information, including expenditure, forecasts and benefits realisation updates. This reduces the ability of the Council to demonstrate appropriate financial scrutiny has been applied to the Digital Strategy programme. (Finding 3 - Medium)	<u>Recommendation</u> The Council should define the role of finance within the Digital Strategy governance arrangements, including when formal finance review or sign off is required. <u>Management Response</u> Although I accept that the role of finance could be defined more clearly with formal sign off arrangements in place, finance have been represented at board level and involved in budget meetings with the programme manager. A financial and benefits tracking document is included in the board papers and as a standing agenda item. However, more formal arrangements can be discussed with finance colleagues and if agreed, arrangements for governance documents could be updated with a formal financial process included. Target Date: November 2026.



CONCLUSION

We conclude that the Council has a **Substantial design** and **Moderate effectiveness** in place for the governance and delivery of the Digital Strategy, with three medium findings raised as part of this review.

Control Design

The control design was **Substantial** because the Council has established appropriate governance arrangements to oversee the delivery of the Digital Strategy. The Customer Experience Programme Board provides oversight of the programme, with further support from ICT management, the Business Design and Technology Authority and escalation to the Senior Leadership Team where required. There are also arrangements in place for monitoring project delivery, benefits, budgets and programme risks through the use of programme reporting, RAID logs and the Endura project management system.

Control Effectiveness

The control effectiveness was **Moderate** because, whilst established arrangements are operating in practice, we identified some areas where the controls could be more clearly evidenced or formalised. Resource capacity has been identified as a risk within the RAID log; however, there was limited evidence to show what actions had been taken to mitigate this risk. We identified that programme continuity is reliant on key officers, with limited documented succession or knowledge transfer arrangements in place. In addition, although finance attends programme board meetings, finance review and sign off is not clearly recorded within the minutes or supporting papers.

The issues identified through this audit do not undermine the overall governance framework in place for the Digital Strategy. However, they do reduce the level of assurance that can be taken over how consistently some controls are being applied and evidenced. Addressing the findings raised will help the Council strengthen the documentation to support decision making and control in respect of programme risks,

improve resilience over programme delivery and provide clearer evidence of financial oversight.

The Digital Strategy Programme has changed in scope from the initial business case due to structural changes in local government, causing short term benefits to be prioritised and some longer-term efficiencies to be removed. Through discussions, there was a clear understanding from the Council on the prioritisation of projects in the Delivery Plan, focused on maximising the efficiencies and savings until local government reorganisation. However, it is expected that local government reorganisation will have a resource constraint as the Council prepares to align with the new authority, particularly among senior staff. Therefore, it is important that there is a continued focus on the Digital Strategy among these conflicting challenges to ensure the benefits of digitalisation are realised.

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.

PLANS FOR MAJOR OVERHAUL OF COUNCILS HALTED

The Government's plans for local government reorganisation have been paused while a review is launched in light of new legal advice.

Local government reorganisation contributes to the most significant structural change to local government in a generation, creating unitary authorities to deliver services to residents through a single organisation.

The Secretary of State for Housing, Communities and Local Government announced on 7 September 2026 that “in light of legal advice, I [the Secretary of State] want to satisfy myself firstly that the right process is in place, that it is robust, and of course complies with the law”. They further stated that “And secondly, I want to fully test whether our proposals for local government reorganisation meet the priorities of a new administration and a new prime minister and any additional considerations”.

The decision that was announced on 16 July 2026 for Nottingham and Nottingham's new local government structure was that the following two unitary authorities would be formed:

- ▶ An authority covering the current local government areas of Nottingham City and parts of Broxtowe, Rushcliffe and Gedling.
- ▶ An authority covering the current local government areas of Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, and parts of Broxtowe, Rushcliffe and Gedling.

This proposal would result in boundary changes in Broxtowe, Rushcliffe and Gedling.

Following this latest announcement, the Government have confirmed that local elections in May 2027 will proceed in existing council boundaries.

Plans for major overhaul of Councils halted - BBC News

FOR INFORMATION

For the Audit Committee and Executive Directors

THREE CROSS-GOVERNMENT TASKFORCES TO BE LAUNCHED WITHIN OPMC

The First Secretary of State of the United Kingdom will oversee three new task forces to focus on public control, the cost of living and community renewal

It has been announced that three new cross-government taskforces will be launched in the Office for the Prime Minister and Cabinet and will be overseen by the First Secretary of State of the United Kingdom, to tackle “systemic issues” on public control, the cost of living and community renewal.

The new task forces will have the following focus:

- ▶ **Public Control Taskforce:** This will focus on the supply of essential services and utilities to ensure that these are affordable and accountable. The government has said that this taskforce will “rewire the state, examining how public control across those four sectors can be utilised to return them to public service, and bring down costs for families”.
- ▶ **Cost of Living Taskforce:** This will focus on long-term issues facing families to support with managing rising living costs.
- ▶ **Community Renewal Taskforce:** This will focus on work with local leaders to ensure communities are supported to drive through solutions and deliver growth across Britain. The government has said that it will seek to “reverse left behind, high streets falling into disrepair, rubbish piling up at the sides of our street... improving people's everyday experience of where they live”.

Three cross-government taskforces to be launches within OPMC - Civil Service World

FOR INFORMATION

For the Audit Committee and Executive Directors

HOUSING SECTOR ISSUES GUIDANCE AIMED AT IMPROVING SECTION 106 OUTCOMES

New guidance has been issued by the housing sector with the aim of improving section 106 outcomes in delivering growth in affordable housing.

The Chartered Institute of Housing, the National Housing Federation, the Home Builders Federation and the Local Government Association have reflected positively on the new National S106 Affordable Housing Engagement Guidance. This guidance has been developed by the S106 Cross-Sector Working Group led by the MHCLG.

The Engagement Guidance includes a statement of collaboration and shared principles between key housing delivery partners and a range of topics that should be discussed to inform early partner engagement at a local level. This guidance covers the following early discussions areas to help affordable housing needs meet the demands of the local area:

- Pre-planning and scheme requirements
- Design and specification
- Legal disputes and mitigation
- Construction
- Handover of homes
- Aftercare and maintenance.

Local authorities are a core delivery partner for Section 106 agreements.

Housing sector issues guidance aimed at improving section 106 outcomes - Local Government Lawyer

FOR INFORMATION

For the Audit Committee 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. Our EQA is due by the end of 2026 and we will report the outcomes of this to the Audit Committee.	
Completion of audit plan	We have progressed the 2026/27 Internal Audit Plan in line with the proposed schedule set out in our plan.	

Appendix 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	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.
Moderate 	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.
Limited 	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.
No 	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	
High 	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.
Medium 	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.
Low 	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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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Global Internal Audit Standards in the UK Public Sector

Global Internal Audit Standards in the UK Public Sector requirements

The Global Internal Audit Standards (GIAS) in the UK Public Sector encompass:

- The global Institute of Internal Auditors (IIA) Global Internal Audit Standards 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.

As the activities of the Audit Committee and senior management are essential to the Internal Audit function's ability to fulfil the Purpose of Internal Auditing, we have set out on the following pages the respective responsibilities of each party together with our assessment of conformance with the specific requirements of Domain III.

Action: The Audit Committee is asked to agree to its roles and responsibilities regarding Internal Audit and to note the conformance assessment.



Global IIA Standards conformance

Domain III Governing the Internal Audit Function

Whilst the Chief Audit Executive (CAE) is responsible for the requirements of Domain III, activities of the board and senior management are essential to the internal audit function's ability to fulfil the Purpose of Internal Auditing. These activities are identified as 'essential conditions' and establish the necessary foundation for an effective dialogue between the board, senior management and the CAE, ultimately enabling an effective internal audit function. The CAE must meet with the board and senior management to discuss:

- ▶ The purpose of internal auditing
- ▶ The 'essential conditions' to enable an effective IA function
- ▶ The potential impact on the effectiveness of the IA function if the board or senior management does not provide the expected levels of support.

Whilst the Board has ultimate responsibility to discuss and approve the IA Charter, setting out the mandate, senior management's perspective helps support the IA function's positioning and promotes the authority granted to the function. The nature and frequency of these discussions depends on the circumstances and changes in the organisation. Within the IIA standards the term Board refers to the body authorised to provide the internal audit function with the appropriate authority, role and responsibilities. Set out below and on the next page are the nine 'essential conditions.'



Internal Audit Mandate

Requirement: CAE to provide board and management with the information necessary to establish an IA mandate to determine IA's authority and role and responsibilities. CAE must assess whether changes in circumstance justify a discussion with the board and management about the mandate.

Board: Discuss with CAE and management the appropriate authority, role and responsibilities for the IA function.

Management: Participate in discussions with the board and CAE on the IA mandate. Support the mandate throughout the organisation and promote IA's authority.

Internal audit Charter

Requirement: CAE to develop and maintain an IA charter, outlining the purpose of internal auditing, commitment to the GIA standards, IA mandate, types of service provided and the board's responsibilities and expectations regarding management's support for IA. CAE to review and update the charter periodically in consultation with the board and management.

Board: Engage in discussions regarding the charter and consider other topics to be included to enable an effective IA function. Approve the charter.

Management: Communicate with the board and CAE about management's expectations that should be considered for inclusion in the charter.

Board and senior management support

Requirement: CAE to provide board and management with the information needed to support and promote recognition of the IA function throughout the organisation.

Board: Champion the IA function, ensure unrestricted access to information, support the CAE through regular, direct communications, demonstrate support by requiring CAE be suitably positioned to fulfil the IA mandate, approve the plan, budget and resource plan, understand any restrictions placed on scope, meet with CAE without management present.

Management: support recognition of the IA function and allow unrestricted access to people and information.

Global IIA Standards conformance

Independence

Requirement: CAE confirm to the board the independence of the IA function annually and any incidents where independence may have been breached. CAE must discuss with board and management any potential impairment to independence.

Board: Establish a direct reporting relationship with CAE, authorise their appointment / removal, provide opportunities for CAE to discuss sensitive matters without management, position CAE at a level they can operate without management interference.

Management: Position IA at a level in organisation that enables it to perform without interference and recognise CAE's direct reporting line to the board.

CAE qualifications

Requirement: CAE must help the board understand the qualifications and competencies necessary to manage IA. CAE must maintain and enhance qualifications and competencies necessary to fulfil responsibilities.

Board: Review the requirements necessary for CAE to manage IA. Approve the CAE role and identify necessary qualifications, experience and competencies required to fulfil responsibilities. Engage with management to appoint CAE with requirement qualifications and competencies.

Management: Engage with board to determine the CAE's qualifications, experience and competencies.

Board interaction

Requirement: CAE provides board with information needed to conduct oversight of the IA function. CAE escalates significant issues to the board when disagreements with management arise.

Board: Communicate with the CAE to understand how IA's activities fulfil its mandate, communicate the board's perspective on the organisation's strategies, objectives and risks, establish clear processes for escalating issues and support the CAE to resolve disputes with management.

Management: Share perspectives on strategies, objectives and risks to assist with determining priorities, establish escalations processes with the board

Resources

Requirement: CAE to evaluate whether resources are sufficient to fulfil IA's mandate and achieve IA plan.

Board: Collaborate with management to provide IA with sufficient resources, discuss resource with the CAE at least annually, consider the impact of insufficient resources and address any insufficiencies.

Management: Engage with board to provide sufficient resources to fulfil IA mandate and address any identified resource insufficiencies.

Quality

Requirement: CAE must develop, implement, and maintain a quality assurance and improvement program (QAIP), conducting internal and external assessments and reporting results annually to the board and management.

Board: Discuss the QAIP with the CAE, approve the function's performance objectives, assess the function's effectiveness and efficiency of the IA function.

Management: Provide input on IA's performance objectives and participate in the annual assessment.

External Quality Assessment (EQA)

Requirement: CAE must develop a plan for an EQA at least every five years, ensuring that at least one person of the assessment team is suitably qualified.

Board: Review and approve CAE's EQA plan including scope / frequency of EQA, review results directly from the assessor, and approve action plans for addressing gaps.

Management: Collaborate with the board and CAE on the EQA and action plans.

Global IIA Standards conformance

Essential conditions evaluation

We have set out in the following pages our detailed assessment of conformance with the essential conditions for an effective internal audit function within Gedling Borough Council. This assessment is for consideration and discussion with senior management and the Audit Committee.

If either the board or senior management disagrees with one or more of these essential conditions, and our assessment of the conformance these should be discussed, with consideration for how the absence of the condition(s) may affect the internal audit function's ability to fulfil its purpose or conform with specific standards.

Where we are not fully conforming, we should either:

- ▶ Agree alternatives to the essential conditions to achieve the same results; or
- ▶ Reach agreement with the board and senior management that one or more of the essential conditions are not necessary to conform with the Standards.

In such instances, the CAE must document:

- ▶ The reasons for agreeing that a particular condition is unnecessary.
- ▶ Alternative conditions that compensate for the absent conditions, to support the judgments of the board and senior management.

If the CAE does not agree with the board's and/or senior management's reasons for not performing one or more of the conditions, the CAE may conclude that the internal audit function cannot conform with the Standards. In such cases, the CAE should document the reasons why the board and/or senior management will not perform the essential conditions. This documentation should be shared with the board and senior management to ensure clarity regarding their positions and made available to an external quality assessor.

Overview of assessment

In the assessment that follows we have recommended that the internal audit services is **fully conforming with 8 out of the 9 essential conditions and is generally conforming with one.**

The essential condition that is not fully met relates to Standard 8.4 External Quality Assessment. This standard requires the CAE to develop a plan for an EQA and discuss the plan with the board. At BDO we have an EQA performed every 5 years, as required by the standards, however this is across all outsourced internal audit services that we provide to all our clients. For this reason, we do not meet all of the essential conditions that support conformance with this standard which require Board approval of:

- the scope and frequency of assessments
- the competencies of the external assessor or assessment team
- the rationale for choosing to conduct a self-assessment with independent validation instead of an EQA (if applicable)
- the CAE's action plan to address identified deficiencies and opportunities for improvement (if applicable)

As a suggested alternative we will provide the Audit Committee and Senior Management with a briefing on the scope, competencies of the team, and a summary report providing the outcome of the EQA assessment and any associated action plan.

Recommendation for approval

We recommend the Audit Committee and senior management agree and approve the conformance assessment and agree the alternative condition for conformance with Standard 8.4.

Global IIA Standards conformance

Essential condition	Status	Commentary
Internal audit mandate	✓	▶ The internal audit mandate is defined by the IIA as the function's authority, role, and responsibilities, which may be granted by the board and/or laws and regulations. BDO has defined the mandate in the internal audit Charter that is reviewed annually to confirm it is up to date and an accurate reflection of practice. This is included within our Annual Plan paper which is discussed and approved by the Audit Committee. ▶ Internal audit's mandate is: ○ Authority: the CAE has direct access to the Chair of the Audit Committee. The internal audit team has the authority to meet with the Chair of the Audit Committee before each meeting where it is deemed necessary. The CAE and team meet at least quarterly with the Chief Finance Officer and/or the Deputy Chief Executive to discuss the organisational strategy, risk, governance and internal audit programme. ○ Role: the CAE and internal audit team do not have responsibilities outside of the scope of internal audit. ○ Responsibilities: the internal audit function is responsible for the performance of internal audit services and conforming with the IIA International Professional Practices Framework which include the Global Internal Audit Standards. ▶ During the development of the internal audit strategy and internal audit plan, the internal audit team meets with Senior Leadership Team members and Assistant Directors to discuss the role, responsibility and authority of the internal audit function. ▶ As part of individual assignment scoping meetings, we set out the purpose of internal audit, our role, authority and responsibilities to ensure there is no disparity on the service we can provide. ▶ Our internal audit assignment reports also include the responsibilities of the internal audit team.
Internal audit charter	✓	▶ The internal audit charter is approved alongside the Internal Audit Plan each year. This sets out the purpose of internal auditing, our commitment to conformance with the IIA International Professional Practices Framework and our authority, position and reporting lines within Gedling Borough Council.



Full conformance



Generally conforms



Partial conformance



Non conformance

Global IIA Standards conformance

Essential condition	Status	Commentary
Board and senior manager support	✓	▶ The internal audit team has regular meetings with the Chair of the Audit Committee. This allows direct interaction and discussion on the level of support for the internal audit function and whether any restrictions have been imposed in terms of the scope, access or authority of the function. ▶ The Audit Committee and Senior Management are involved in risk assurance mapping activity. ▶ The Senior Leadership Team are actively engaged in developing the risk assessment and internal audit plan prioritisation, demonstrating support for the function.
Independence	✓	▶ The internal audit function maintains independence in multiple ways. As a function, we are ultimately responsible to the Audit Committee and have a direct reporting line to the Chair of the Audit Committee. In line with this, the Chair may reach out to us at any point during the year. ▶ Should we identify any potential conflicts arising during the delivery of our internal audit services we would discuss the potential conflict with management and the Chair of the Audit Committee at the time to agree the appropriate actions required. This would also be communicated to the next Audit Committee meeting for transparency. Within our annual report we confirm that we have not undertaken any work or activity during the year that would lead us to declare any conflict of interests. ▶ Our internal risk management procedures include specific conflict checks in relation to the clients/projects which are flagged to the internal audit team so that these can be considered for potential conflicts and discussed with Senior Management and the Audit Committee if required.
CAE qualifications	✓	▶ It is our policy that staff engaged in the provision of a specialist service be qualified in the relevant professional discipline. In Internal Audit, staff are qualified or are studying for the exams of the Chartered Institute of Internal Auditors or are studying for their qualifications through an accountancy body. ▶ All professionally qualified staff are required by the firm to complete a minimum of 40 hours of continuous professional development (CPD) annually, as well as meeting the specific requirements of the professional body of which they are a member. ▶ Information regarding the qualifications, training and development of the internal audit function is provided to the Audit Committee annually as part of the Annual Internal Audit Report and Opinion and the Internal Audit Plan. ▶ The Audit Committee and Senior Management determine the requirements for the CAE's qualifications, experience and competencies through the specification and selection processes when tendering for the internal audit service. ▶ In the UK public sector, the CAE must have a CMIIA or CCAB qualification or equivalent professional qualification which includes training on the practice of internal audit, and suitable internal audit experience. We confirm that the Council's CAE conforms with this requirement.



Global IIA Standards conformance

Essential condition	Status	Commentary
Board interaction	✓	▶ The CAE provides the Audit Committee with the information it needs to conduct its oversight responsibilities, this includes the provision of: ○ The internal audit plan and budget and subsequent significant revisions to them (if applicable) ○ Changes potentially affecting the mandate or charter ○ Results of internal audits, including conclusions, themes, assurance, advice, insights, and monitoring results ○ Results from feedback surveys received in relation to the performance of the internal audits ▶ The Audit Committee communicates their perspective on the Council's strategies, objectives, and risks through the discussion held at the Audit Committee meetings. ▶ The internal audit team attend every Audit Committee meeting and present the findings of each internal audit assignment. Audit Committee members can ask questions of the internal audit team and senior management on the content of the reports. ▶ The internal audit team involves both the Audit Committee and senior management in determining the scope of the annual internal audit plan to ensure to it is addressing key assurance needs and concerns.
Resources	✓	▶ Each year, we discuss the internal audit plan with senior management and the Audit Committee. We ensure there is enough time allocated to deliver individual reviews and conduct sufficient coverage to provide an annual opinion. ▶ As part of the planning process the relevant skills, competencies and expertise that are required to deliver the plan and internal audit mandate are considered. Use of subject matter experts is factored into the overall resource and budget for the plan. Internal audit plans clearly articulate where we foresee the use of specialist resources. ▶ BDO continually invests in platforms and technologies to drive innovation, efficiency, and value for you. We have several tools to support the internal function and provide valuable insights, such as various data analytics packages, EDI and Governance maturity assessments.



Global IIA Standards conformance

Essential condition	Status	Commentary
Quality	✓	▶ We follow a clear and defined method of working, which is being aligned to the new Global Internal Audit Standards (effective from January 2025). This ensures that all assignments and deliverables have undergone a thorough review and approval process. ▶ BDO's Risk Management Unit oversees our quality assurance policies, procedures, and review approach. Quality assurance is our highest priority and is integral to our Conduct of Professional Services Manual (CPSM). This includes the review and approval of work, quality and documentation requirements, and annual 'cold' and 'hot' reviews of partner and manager files. ▶ We have agreed performance measures with the Audit Committee which are set out in our Internal Audit Strategy and Plan. Performance against these measures is reported annually to the Audit Committee. ▶ We seek regular feedback through our Listening Programme, client satisfaction surveys, formal effectiveness/feedback processes, and regular communication. Our staff undergo continuous training through recognised providers, and we share our experiences internally to enhance the quality of our work.
External quality assessment (EQA)	✓	▶ The global standards of the Institute of Internal Auditors (IIA) requires every internal audit function that aims to comply with its standards to be reviewed, externally, every five years. ▶ 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 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 was the highest of the three gradings awarded by the CIIA at the time. ▶ RAS is committed to continuous improvement and has agreed a Quality Assurance Improvement Programme with the CIIA to respond to the recommendations and suggestions raised through the EQA exercise. ▶ A copy of the EQA report is available on request so you may obtain comfort regarding our working practices. ▶ The EQA of the BDO internal audit services is not specific to Gedling Borough Council and the scope covers all of our out-sourced internal audit clients. For this reason, we generally conform with Standard 8.4 External Quality Assessment which requires the CAE to discuss the plan for the EQA with the Board. We do not meet all of the essential conditions under this standard which require collaboration and Board approval of: ○ the scope and frequency of assessments ○ The competencies of the external assessor or assessment team ○ The rationale for choosing to conduct a self-assessment with independent validation instead of an EQA. ○ The CAE's action plan to address identified deficiencies and opportunities for improvement (if applicable). Instead, we determine these internally. We will however keep the Audit Committee up to date on these as appropriate.



Full conformance



Generally conforms



Partial conformance



Non conformance

FOR MORE INFORMATION:

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Report to Audit Committee

Subject: External Audit – Audit Strategy Memorandum and Draft Auditor's Annual Report 2025/26

Date: 20 October 2026

Author: Chief Finance and Section 151 Officer

1. Purpose of Report

To present the external auditor's Audit Strategy Memorandum and draft Auditor's Annual Report for the year ended 31 March 2026, and to inform Members of the planned audit scope, timetable, significant risks and rebuilding-assurance approach. As the 2025/26 audit timetable is not yet complete, the Auditor's Annual Report and the findings and conclusions within it remain in draft and subject to the outcome of the remaining audit work.

Recommendation:

THAT:

1. Members note the Audit Strategy Memorandum dated 20 October 2026 and the draft Auditor's Annual Report for the year ended 31 March 2026.
2. Members note the external auditor's provisional conclusions in the draft Auditor's Annual Report, including the anticipated disclaimer of opinion on the financial statements, the current assessment that no significant weaknesses have been identified in the Council's Value for Money arrangements, and the two draft recommendations relating to capital programme delivery and medium-term financial sustainability. These conclusions remain subject to completion of the 2025/26 audit.

2 Background

- 2.1 The Audit Strategy Memorandum, dated 20 October 2026, sets out the planned scope, approach and timing of the 2025/26 audit, the significant risks identified at the planning stage, the proposed work to rebuild audit assurance following prior-year disclaimer opinions, and the auditor's assessment of independence.
- 2.2 The memorandum explains that disclaimer opinions were issued for 2021/22, 2022/23, 2023/24 and 2024/25. As assurance is not available over all opening balances for 2025/26, the auditor anticipates a further disclaimer opinion for 2025/26 while undertaking targeted work on closing balances and key controls to support the rebuilding of assurance in later years.
- 2.3 The draft Auditor's Annual Report summarises work undertaken and the auditor's provisional findings for the year ended 31 March 2026. The full audit timetable has not yet been completed and the report, including its proposed conclusions and recommendations, is therefore subject to change following the remaining audit procedures. It currently anticipates a disclaimer of opinion, reflecting limitations on the audit evidence expected to be available within the applicable timetable; this is not a conclusion that the financial statements are misstated.
- 2.4 Based on the work completed to date, the draft Auditor's Annual Report does not identify any significant weaknesses in the Council's arrangements for financial sustainability, governance, or improving economy, efficiency and effectiveness. This assessment remains provisional until the 2025/26 audit is completed.

3 Proposal

- 3.1 The Committee is asked to note the Audit Strategy Memorandum at Appendix 1 and the draft Auditor's Annual Report at Appendix 2. Together, these documents set out the planned approach to the 2025/26 audit, the work to rebuild assurance following previous disclaimer opinions, and the provisional findings from the audit work completed to date.
- 3.2 The Audit Strategy Memorandum sets out a timetable from planning and risk assessment in August 2026 through to completion in January 2027. The principal significant risks are management override of controls, valuation of land and buildings, and valuation of the defined benefit pension asset or liability. The planned response includes testing relevant financial and IT

controls, journal testing, review of valuation methodologies and assumptions, and specialist support where appropriate.

- 3.3 The 2025/26 audit will begin the process of rebuilding assurance following the disclaimer opinions issued for 2021/22 to 2024/25. Work will focus on selected closing balances at 31 March 2026 and key controls. A further disclaimer opinion is anticipated for 2025/26 because assurance is not available over all brought-forward balances and in-year movements. Subject to successful completion of the planned work, the memorandum sets out an indicative progression towards qualified opinions in subsequent years. Timely provision of complete evidence and prompt responses to audit queries will be important to delivery of the programme.
- 3.4 Forvis Mazars LLP has confirmed its independence and compliance with the relevant ethical requirements, with no identified threats to independence or anticipated non-audit services.
- 3.5 Based on work completed to date, the draft Auditor's Annual Report records no significant inconsistencies between the Narrative Report and the auditor's knowledge of the Council. It also records no matters indicating that the Annual Governance Statement failed to comply with the applicable CIPFA/SOLACE guidance, was misleading or was inconsistent with the auditor's knowledge. These are provisional findings pending completion of the audit.
- 3.6 The draft report includes two proposed recommendations under the financial sustainability criterion. The first concerns continued management attention to capital programme delivery and the level of capital carry-forwards. The second recommends development and implementation of a sufficiently detailed medium-term financial recovery plan to avoid unsustainable planned use of reserves, including a realistic assessment of service affordability and a thorough review of the transformation and efficiency programme. The recommendations will be confirmed when the Auditor's Annual Report is finalised.
- 3.7 The report highlights that the Council's usable reserves provide short-term resilience but should not be relied upon as a recurring solution to the underlying funding gap. It also notes the importance of effective monitoring, timely corrective action, robust savings governance, continued oversight of procurement capacity and contract-management training, and active management of the risks associated with Local Government Reorganisation.
- 3.8 The auditor has not exercised any statutory reporting powers and did not receive any objections or questions from local electors or other parties. Work on the Council's Whole of Government Accounts return remains open pending confirmation from the National Audit Office that no further work is required.

4 Financial Implications

- 4.1 The proposed fee for the 2025/26 statutory audit is £115,000, exclusive of VAT. The Council's existing external audit budget is sufficient to meet this fee. The fee remains subject to adjustment and approval by Public Sector Audit Appointments Ltd depending on the outcome and extent of the audit procedures performed, and any approved variation will be managed and reported through the Council's established financial monitoring arrangements.

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. The external auditor's general duties are set out in section 20 of the Act and require the auditor 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 2024 Code of Audit Practice requires the auditor to report on the financial statements and the Council's arrangements for securing economy, efficiency and effectiveness, and to provide the required commentary and reporting to those charged with governance.

6 Local Government Reorganisation

- 6.1 On 16 July 2026, the Government announced its decision to implement a two-unitary model for Nottingham and Nottinghamshire. On 7 September 2026, the Government subsequently launched a rapid national review of the Local Government Reorganisation programme and paused implementation in 14 areas, including Nottingham and Nottinghamshire, while that review is undertaken. The Government has confirmed that it remains committed to effective and sustainable local government; however, the timetable and final

implementation arrangements for this area are currently uncertain. Local elections in May 2027 are expected to proceed on existing council boundaries unless further changes are announced.

- 6.2 The Government's review does not change the Council's statutory responsibilities or the scope of the external audit for 2025/26. The Audit Strategy Memorandum and the draft Auditor's Annual Report should nevertheless be read in the context of the pause. In particular, assumptions about the timing and form of transition, shadow arrangements and the future authority structure may need to be revisited. The draft Auditor's Annual Report already recognises Local Government Reorganisation as a significant strategic and operational uncertainty affecting financial planning, workforce capacity, service continuity, governance, assets, systems and transformation. Pending the outcome of the Government's review, the Council should continue proportionate transition planning, monitor costs and capacity pressures, maintain service delivery and preserve clear records and controls. No change to the external audit timetable has been notified as a result of the pause.

7 Equalities Implications

- 7.1 There are no equalities implications directly arising from this report.

8 Carbon Reduction/Environmental Sustainability Implications

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

9 Appendices

Appendix 1 – Audit Strategy Memorandum dated 20 October 2026 for the year ended 31 March 2026.

Appendix 2 – Draft Auditor's Annual Report year ended 31 March 2026

Statutory officer Approval:

Approved by: Chief Finance Officer

Date: 09.10.26

Approved by: Monitoring Officer

Date: 09.10.26



[Draft] Auditor's Annual Report
Gedling Borough Council
Year ended 31 March 2026

October 2026

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01

Introduction

Introduction

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Gedling Borough Council (‘the Council’) for the year ended 31 March 2026. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

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Opinion on the financial statements

We issued our audit report for the year ended 31 March 2026 on [TBC]. Our audit report included a disclaimer of opinion. This means that our audit report did not express an opinion on the financial statements and no assurance was provided. We were unable to complete the audit procedures necessary to obtain sufficient appropriate audit evidence on which to base our opinion before the date the Council published its audited financial statements.



Value for Money arrangements

We did not identify any significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Council’s arrangements.



Reporting to the group auditor

In line with group audit instructions issued by the NAO, we have undertaken work on the Council’s Whole of Government Accounts (WGA) return in line with their instructions. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (“ISAs”). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2026 and of its financial performance for the year then ended. We issued our audit report for the year ended 31 March 2026 on [TBC]. Our audit report included a disclaimer of opinion. This means that our audit report did not express an opinion on the financial statements and no assurance was provided.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the Narrative Report and our knowledge of the Council.
Annual Governance Statement	We did not identify any matters where, in our opinion, the Governance Statement did not comply with the Delivering Good Governance in Local Government: addendum guidance issued by CIPFA/Solace. We also did not identify any matters where, in our opinion, the Governance Statement is misleading or is not consistent with our knowledge of the Council and other information of which we are aware from our audit of the financial statements.

03

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary

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VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider 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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:

 **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.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

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 there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

VFM arrangements – Overall summary

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation throughout the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - We make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	12	No	No	Yes – see commentary on pages 13 and 15
 Governance	17	No	No	No
 Improving economy, efficiency and effectiveness	20	No	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

We did not identify a significant weakness in the Council's arrangements in the prior year.

Overall responsibilities for financial governance

We reviewed the Council's arrangements for financial governance through its Constitution and Financial Regulations, budget and performance monitoring reports, the 2025/26 outturn, the draft 2025/26 Annual Governance Statement, and the 2026/27 revenue, capital and treasury management reports.

The governance framework assigns responsibilities across Full Council, Cabinet, the Audit Committee, senior management and the statutory officers. Full Council is responsible for approving the budget, Council Tax, capital programme, treasury management strategy and associated prudential indicators. Cabinet oversees the delivery of the approved budget and considers financial monitoring, virements, reserve movements and the outturn. The Audit Committee provides oversight of governance, risk management, internal and external audit and the Annual Governance Statement. The Chief Finance and Section 151 Officer has responsibility for the proper administration of the Council's financial affairs and reports financial matters to members.

Overall responsibilities for financial governance are consistent with the prior years and we have not identified a risk of significant weakness in arrangements.

Financial Monitoring and Outturn

The Council continued to integrate financial and performance monitoring during 2025/26. Budget and performance information was reported to Cabinet together, supported by a Budget and Performance Board. Cabinet received formal financial monitoring reports covering April to July 2025 and August to November 2025, with the final position reported through the year-end outturn.

We reviewed the July 2025 monitoring report which forecasted that net expenditure would remain within the approved General Fund budget of £15.6m. By November 2025, the forecast had changed to an overspend of £0.2m, which was proposed to be funded by repurposing earmarked reserves. The November report also identified that £0.4m of approved efficiency savings was no longer considered deliverable, including £0.3m relating to 2025/26. Cabinet was therefore asked to remove those savings and approve changes to reserves and the capital programme. This demonstrates that monitoring identified emerging pressures and resulted in proposed corrective action, although the

removal of previously approved efficiencies indicates delivery risk in the Council's savings programme.

Cabinet considered the outturn in June 2026 and approved movements and repurposing within earmarked reserves. Cabinet also approved £1.518m of non-committed capital carry-forwards above £50,000, noted other carry-forwards approved under delegated authority, and referred the overall financing of capital expenditure and Minimum Revenue Provision determination to Full Council. These arrangements were consistent with the respective responsibilities of Cabinet, the Chief Finance Officer and Full Council.

Other recommendation:

The level of capital carry-forwards indicates that delivery of the capital programme remains an area requiring management attention. Carrying forward approved resources preserves funding for delayed schemes, but repeated slippage could affect the timing of service benefits, create delivery-capacity pressures and reduce the usefulness of the original programme as a forecast of annual expenditure.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

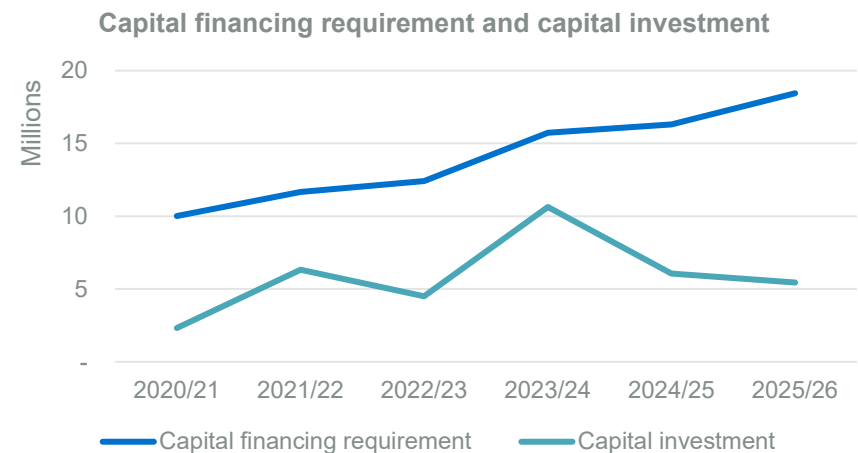
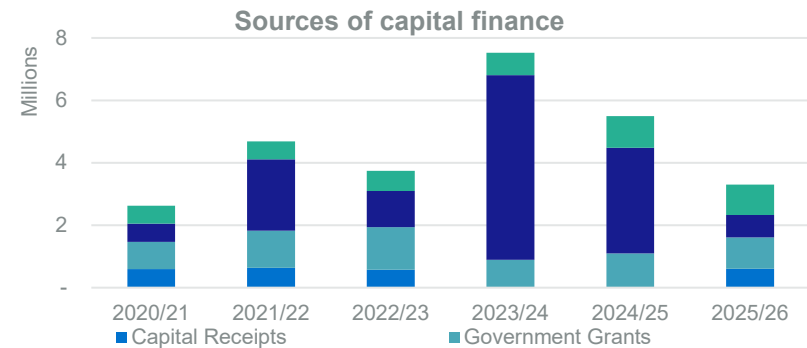
Capital Financing and Investment

The draft Statement of Accounts records capital expenditure of £5.5m in 2025/26, compared with £6m in 2024/25 and £10.6m in 2023/24. Capital financing in 2025/26 totalled £3.3m, comprising £0.601m of capital receipts, £1m of government grants, £0.724m of other grants and contributions, and £0.967m of Minimum Revenue Provision. External grants and contributions remained an important source of funding, although they were lower than in the previous two years. Capital receipts were used in 2025/26 after no use was recorded in 2023/24 or 2024/25. The Capital Financing Requirement increased from £16.3m to £18.5m, an increase of £2.2m or 13.2%. External borrowing remained broadly unchanged at £10.8m. The growing difference between the Capital Financing Requirement and external borrowing indicates that the Council financed part of its borrowing requirement internally from available cash balances and reserves.

The Minimum Revenue Provision (MRP) is a charge that the Council makes in its financial statements for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt i.e. the Capital Financing Requirement - CFR). We have confirmed that the Council's 2025/26 MRP Policy Statement was approved by full Council in March 2025 in line with statutory requirements. The Council's MRP charge represents 5.9% of the closing CFR in 2025/26. This is slight decrease from 6.2% in 2024/25, but still at a high enough level to not suggest understatement.

The Capital Investment Strategy for 2026/27 to 2030/31 links capital planning to corporate priorities, asset management, the Medium-Term Financial Plan and treasury management. It states that borrowing should be tightly controlled because the associated debt costs must be met from an already constrained revenue budget. The Council's financing hierarchy prioritises external grants and contributions, followed by capital receipts, borrowing, leasing where applicable, and revenue contributions

We have not identified evidence from this review alone of a significant weakness in the Council's arrangements for capital expenditure and financing. Overall, the Council has appropriate arrangements for approving, financing and monitoring capital investment. Nevertheless, the increasing underlying borrowing requirement, planned additional borrowing and use of finite capital receipts should continue to be reviewed through capital monitoring, treasury management reporting and benefits realisation arrangements.



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Budget Setting and Medium-Term Financial Planning

The Council's Constitution requires the Leader to present a draft Budget and Performance Plan to Cabinet by 21 February, setting out budget priorities, growth and proposed efficiencies. Cabinet considers the proposals before the final budget is presented to Full Council. For 2026/27, Cabinet considered the General Fund Revenue Budget, capital programme and treasury management arrangements on 19 February 2026, with the final budget and Council Tax presented to Full Council on 4 March 2026.

The 2026/27 revenue budget sets out the framework for financial control and incorporates government funding, taxation assumptions, service developments, efficiencies and the Medium-Term Financial Plan. The budget strategy includes principles that emerging pressures should be managed within overall resources, expenditure should be aligned with corporate priorities, and income should only be included where supported by robust and deliverable proposals.

The Medium-Term Financial Plan covers five years and brings together forecast expenditure, Council Tax, government funding, efficiencies, reserve movements and capital financing implications. Separate capital and treasury reports support alignment between revenue, capital and borrowing decisions. The capital programme and strategy are assessed through prudential indicators intended to demonstrate affordability, prudence and sustainability, while the treasury management strategy sets borrowing and investment limits for approval by Full Council.

The budget-setting process therefore includes suitable arrangements for officer preparation, Cabinet consideration and Full Council approval, supported by medium-term financial planning and separate consideration of capital and treasury implications.

Overall, the Council has an established financial governance framework with defined member and officer responsibilities, regular financial reporting and appropriate approval routes. No significant weakness has been identified from this work, but the financial pressures identified mean that effective monitoring, timely corrective action and robust savings governance remain important.

Reserves

The Council's revenue reserves provide a reasonable level of short-term resilience, with the unallocated General Fund balance remaining materially above the Council's assessed minimum level. However, the latest 2026/27 Medium-Term Financial Plan forecasts significant use of the General Fund balance from 2027/28. The balance is forecast to reduce to £3.9m at 31 March 2028 and £1.8m at 31 March 2029, before reaching the assessed minimum level by 31 March 2030. The reserves position should therefore be considered alongside the Council's continuing structural funding gap and savings requirement, rather than as a long-term solution to those pressures.

Financial year	Net budget requirement (£000s)	Resources before General Fund balance movement (£000s)	Use of / (contribution to) General Fund balance (£000s)	Year-end General Fund balance (£000s)	Minimum required balance (£000s)	Headroom above minimum (£000s)
2026/27	16,882	17,062	(180)	5,670	1,266	4,404
2027/28	18,433	16,662	1,771	3,898	1,383	2,515
2028/29	18,816	16,770	2,045	1,853	1,411	442
2029/30	17,719	17,195	524	1,329	1,329	-
2030/31	17,341	17,313	29	1,301	1,301	-

Other recommendation:

To avoid unsustainable planned use of reserves to bridge funding gaps in the medium-term financial plan, the Council should continue to develop and implement a sufficiently detailed medium-term financial recovery plan. This should include a realistic assessment of whether services can be delivered within the cost envelope, followed by a thorough review of transformation and efficiency programme to ensure the general fund balance remains robust.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Reserves - continued

We reviewed the Council's General Fund, earmarked reserves and usable capital reserves using the draft 2025/26 Statement of Accounts and the 2025/26 outturn report. At 31 March 2026, the Council held £21.4m of total usable reserves, compared with £18.4m at 31 March 2025, an increase of £3m or 16.3%. This comprised £5.7m of unallocated General Fund reserves, £7.9m of earmarked General Fund reserves and £7.8m of usable capital reserves. The increase in total usable reserves was therefore attributable to capital reserves, which increased by £3.3m, while total General Fund reserves reduced slightly from £13.9m to £13.6m.

The unallocated General Fund balance increased by £0.4m, from £5.3m to £5.7m. The outturn report records a closing balance of £5.7m, £0.4m higher than the revised estimate of £5.2m. This arose principally from higher business rates and grant income than forecast. This provides increased short-term capacity to manage unforeseen expenditure and volatility.

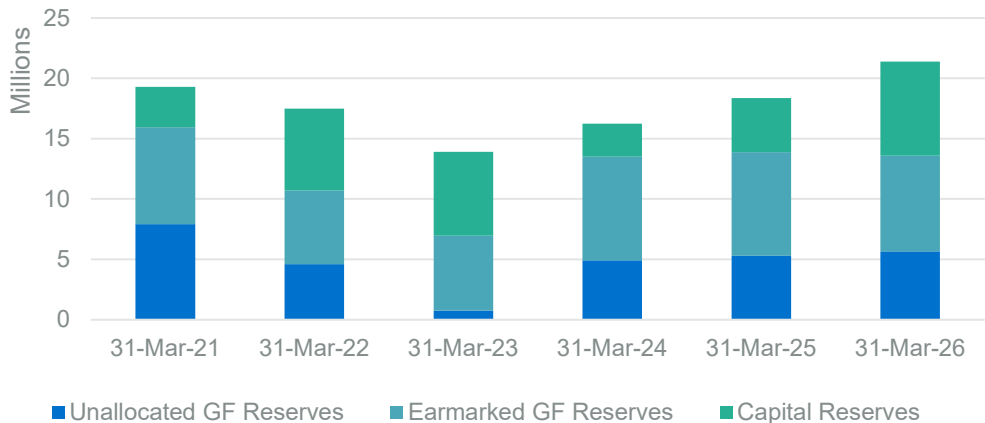
Earmarked reserves reduced from £8.6m to £7.9m, a reduction of £0.7m. The outturn report records net use of £0.7m, compared with planned use of £0.8m. Earmarked reserves are held for identified purposes and risks and should not therefore be regarded as fully available to support the underlying revenue position.

The Council has arrangements to monitor reserves through its budget monitoring and outturn process. During 2025/26, Cabinet received monitoring reports at periods 4 and 8, and the year-end movements in earmarked reserves were reported to and approved by Cabinet.

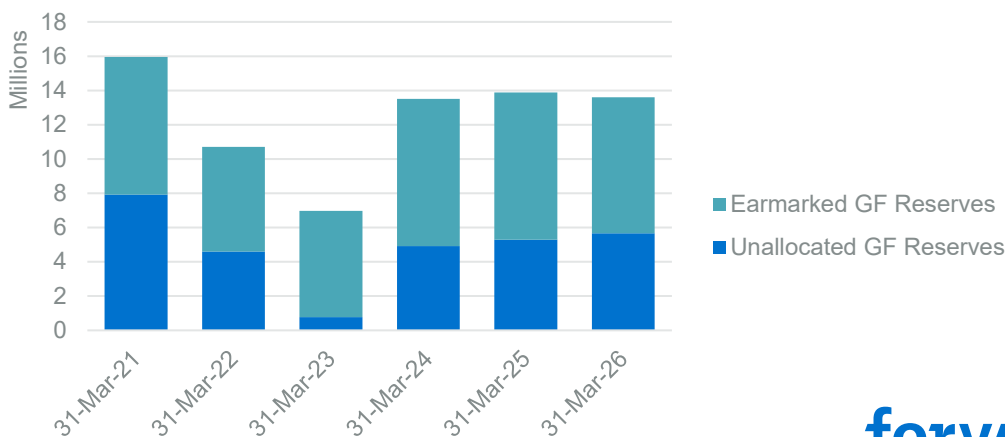
Overall, the Council's reserves position at 31 March 2026 provides mitigation against short-term financial pressures and does not, in isolation, indicate a significant weakness in arrangements. Continued monitoring is required to ensure that reserves are used for planned and sustainable purposes and are not relied upon as a recurring solution to the Council's underlying funding gap.

Based on the above considerations we have not identified evidence of a significant weakness in the Council's arrangements for securing Financial Sustainability for the year ended 31 March 2026

Total Usable Reserves: Gedling Borough Council



Usable Revenue Reserves: Gedling Borough Council



VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

There were no significant weaknesses in the Council's governance arrangements carried forward from the previous year.

Arrangements over the operation of internal controls

Internal control and internal audit

The Council's internal audit function is provided by an external provider and operates under a risk-based annual plan approved by the Audit Committee. The 2025/26 plan was completed and included reviews of risk management, main financial systems and fraud, asset management, cyber security, People Services, corporate governance and freedom of information and complaints.

The Head of Internal Audit concluded that the Council's risk-management, control and governance arrangements were "generally satisfactory, with improvements required in some areas." This was similar to the level of assurance provided in the previous year.

From our review of the Internal Audit Annual Opinion and reports raised in the year, we have not identified evidence that the internal audit findings, individually or collectively, indicate a significant weakness in arrangements. However, the Council should continue to strengthen the monitoring and escalation of overdue internal audit actions.

Counter-fraud and whistleblowing arrangements

Fraud and misconduct risks are incorporated into the Council's corporate risk-management arrangements and are supported by fraud risk assessments, internal audit work, participation in the National Fraud Initiative and regular reporting to the Audit Committee.

In June 2026, the Council produced a new Anti-Fraud and Corruption Strategy. This is supported by a fraud response plan, an anti-money laundering policy and an action plan for 2026/27. The strategy sets out the Council's arrangements for preventing, detecting, investigating and responding to fraud and corruption and reflects relevant CIPFA guidance and the reasonable-procedures principles associated with the failure-to-prevent-fraud offence. The Council also refreshed its Whistleblowing Policy.

These developments address the substance of our prior-year recommendation around making sure the Council's counter-fraud documents are kept updated. Continued attention is required to implement the action plan, complete staff awareness and training activity and monitor the effectiveness of the revised arrangements, but we have not identified evidence of a significant weakness.

Budget setting and budgetary control

Based on our meetings with officers and review of key documentation, the Council follows an annual budget-setting process governed by its Constitution and Financial Regulations. The process includes updating the base budget and Medium-Term Financial Plan for funding, inflation, pay, demand and service pressures; assessing revenue and capital proposals; reviewing efficiencies; and obtaining the Chief Finance Officer's statutory assessment of the robustness of estimates and adequacy of reserves.

Financial performance is monitored during the year through the Council's management arrangements and formal reports to Cabinet. These reports cover revenue and capital expenditure, reserves, efficiencies, performance and virements. The 2025/26 monitoring process identified emerging service pressures and £0.4m of approved efficiencies that were no longer considered deliverable. Management removed those efficiencies and developed replacement proposals rather than continuing to rely on savings that were unlikely to be achieved.

The final 2025/26 General Fund outturn remained within the net Council budget of £15.6m after approved reserve movements. The General Fund balance at 31 March 2026 was approximately £5.7m, compared with the revised estimate of £5.2m. Although the overall position was balanced, individual services experienced significant variances, particularly Environmental Services, which were offset by favourable movements elsewhere. However we do not consider this to indicate a risk of significant weakness in arrangements as we confirmed through our review of budgetary control procedures that these were tracked through the financial year.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Arrangements for decision-making

The Council's Constitution sets out the responsibilities of Full Council, Cabinet, the Audit Committee, Overview and Scrutiny Committee, regulatory committees, statutory officers and senior management. Reports to decision-making bodies follow a standard format setting out the purpose of the report, recommendations, alternative options and relevant financial, legal, equality, sustainability and Local Government Reorganisation implications. We reviewed Council and committee agendas, reports and minutes, the Constitution, the Local Code of Corporate Governance and the draft 2025/26 Annual Governance Statement. These provided evidence that members received relevant information to support decisions and that opportunities existed for member scrutiny and challenge. Internal audit's 2025/26 Corporate Governance review assessed the design of controls as substantial and their operational effectiveness as moderate. Internal audit observed key governance meetings and reported that these generally operated effectively, including oversight of significant programmes, budgetary management and risk management.

The Council's Local Code of Corporate Governance is reviewed annually and is based on the CIPFA/SOLACE Delivering Good Governance in Local Government Framework, including the May 2025 addendum applicable to Annual Governance Statements from 2025/26.

Audit Committee

The Council has an established Audit Committee responsible for oversight of risk management, internal control, internal and external audit, counter-fraud arrangements and the Annual Governance Statement. During 2025/26 the Committee received quarterly corporate risk reports, internal audit progress reports, individual internal audit findings, external audit updates and governance and counter-fraud reports.

We attended meetings and reviewed the reports and minutes available for 2025/26. The Committee met regularly, received reports covering its core responsibilities and demonstrated evidence of member challenge. We have not identified evidence that the Committee was unable to discharge its responsibilities adequately.

Risk-management arrangements

The Council maintains a corporate risk-management framework, supported by a Risk Management Framework, risk-appetite arrangements and the Ideagen system. Corporate risks are considered by the Corporate Risk Board and Senior Leadership Team and reported quarterly to the Audit Committee. The corporate risk register records risk scores, responsible officers, mitigating controls, planned actions and quarterly management updates.

Internal audit's Risk Management review assessed the design of controls as substantial and operational effectiveness as moderate. It found that arrangements provided a sound framework, although improvements were identified in the wording and documentation of controls recorded in Ideagen.

We examined the quarter four corporate risk register which identified continuing risks relating to financial sustainability, service capacity, procurement and contractual partnerships, infrastructure assets, fraud, ICT and information governance. The register also recorded management actions and changes in risk exposure. We found no evidence that significant risks were omitted from the Council's monitoring or that identified risks were not being reported through the established governance structure

Based on the above considerations we have not identified evidence of a significant weakness in the Council's arrangements in relation to Governance for the year ended 31 March 2026

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

There are no indications of a significant weakness in the Council's arrangements carried over from the previous year.

Performance management

The Council monitored delivery of its corporate priorities through the Gedling Plan 2023-27 and the 2025/26 Annual Delivery Plan. The delivery plan contained actions and milestones across customer experience and communities, smarter working, depot modernisation, Gedling growth, leisure transformation and the governance control framework. Performance was recorded in Ideagen and reviewed through service-management arrangements, the Budget and Performance Board, Senior Leadership Team and Cabinet.

Quarterly performance reports brought together information on Annual Delivery Plan milestones, performance indicators, complaints and compliments. The reports were designed to provide early warning where planned actions or performance targets might not be achieved and included explanations and management responses for areas of weaker performance.

From our review of key reports, at the end of 2025/26, 155 Annual Delivery Plan milestones had been completed, representing 82% of the number originally planned. A further 15% were incorporated into the 2026/27 delivery plan and 3% were cancelled because they were no longer required. Of the 39 performance indicators reported at year end, 14 met or exceeded target, eight were slightly below target, three missed target, 11 were tracking indicators and data was unavailable for three. The indicators missing target included the time taken to process new Housing Benefit and Council Tax Reduction claims, the time taken to process changes in circumstances and working days lost to sickness absence.

The performance report identified the causes of weaker performance and the actions being taken. These included restructuring and recruitment within the benefits service, absence-management training, customer-system improvements and service-specific action plans. We therefore found evidence that there were arrangements in place to identify performance matters and the ability to take action.

Procurement

Procurement is governed by the Council's Contracts and Procurement Rules and Procurement Strategy 2025-27 and is supported by the In-tend e-procurement portal. The arrangements are intended to promote compliance, value for money, proportionate competition, social value and effective contract management.

The Council approved a Social Value Policy during 2025/26. Its corporate risk register nevertheless identified capacity pressures affecting the shared procurement service and delays in the delivery of contract-management training. Management planned to review the shared-service arrangements and complete training during 2026/27.

We found evidence that procurement and contract-management risks were identified and monitored. The capacity pressures and delayed training require continued oversight, but we did not identify evidence of significant financial loss, widespread non-compliance or failure to secure the expected benefits from a major procurement or outsourced service.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

Partnerships and contractual arrangements

The Council works with other local authorities, public bodies, community organisations and business groups to deliver services and strategic priorities. Partnership activity includes shared services, procurement, housing and homelessness, economic development, community safety, health and wellbeing, and preparations for Local Government Reorganisation.

Partnership and contractual risks are incorporated into the Council's corporate risk-management framework. The corporate risk register includes a specific contractual-partnerships risk covering the cost, capacity and performance of partnership and contractual delivery. The quarter four assessment identified procurement capacity as a developing risk and recorded mitigating actions, including review of the shared-service arrangements and contract-management training.

We reviewed relevant committee reports, risk information, procurement arrangements and performance reporting. We found no evidence that a significant partnership failed to deliver its principal objectives or caused the Council a material financial loss during 2025/26.

Local Government Reorganisation

Local Government Reorganisation represents a significant strategic and operational issue for the Council. It affects medium-term financial planning, workforce capacity, asset management, service continuity, governance, data and systems, and the achievability of transformation and efficiency programmes.

During 2025/26, Nottinghamshire councils developed and submitted proposals to government. The Council participated in the local governance and engagement arrangements and continued to assess the effect of reorganisation on its corporate plans, financial forecasts, workforce and service-delivery arrangements. The 2026/27 budget and Gedling Legacy Plan recognise reorganisation as a central planning assumption, while the corporate risk register identifies associated capacity and delivery risks.

The Council's 2026-28 Asset Management Strategy was also prepared with reorganisation in mind.

Its objectives include maintaining safe and fit-for-purpose assets, limiting new acquisitions unless previously approved, prioritising high-maintenance assets for disposal and supporting the transfer of clear and well-managed asset information into the new arrangements.

At the time of our assessment, the final form, timetable and financial consequences of reorganisation remained uncertain. The Council will therefore need to continue to:

- maintain clear governance and decision-making arrangements for its participation in the reorganisation programme;
- identify and monitor transition costs and funding;
- manage staff capacity, retention, wellbeing and succession risks;
- maintain service continuity while contributing resources to transition work;
- consider the effect on major investments, asset decisions and transformation projects;
- maintain appropriate information-governance, cyber-security and systems arrangements; and
- coordinate decisions with partner councils where these could affect the future authorities.

We found evidence that the Council had recognised these risks and had incorporated them into its corporate planning and risk-management arrangements. We did not identify evidence that the Council had failed to discharge its responsibilities or that its arrangements were inadequate. The position will remain under review as the reorganisation programme develops.

Based on the work performed, we have not identified evidence of a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness for the year ended 31 March 2026.

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power 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 the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

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. We did not receive any such objections or questions.

Reporting to the group auditor

Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor for the WGA, requires us to carry out work and provide a WGA Assurance Statement in respect of the Council's consolidation data. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

Contact

Forvis Mazars

Mark Surridge
Key Audit Partner
Mark.Surridge@mazars.co.uk

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Disclosure to third parties cannot be made without the prior written consent of Forvis Mazars LLP.

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Audit Strategy Memorandum
Gedling Borough Council – Year ending 31 March 2026

October 2026

20th October 2026

I am pleased to present our Audit Strategy Memorandum (“ASM”) for Gedling Borough Council for the year ended 31 March 2026. This document will be presented at the Audit Committee meeting on 20th October 2026. If you would like to discuss any matters in more detail, please contact me on Mark.Surridge@Mazars.co.uk

This report provides an overview of the planned scope and timing of our audit, including the significant and enhanced audit risks we have identified. In addition, as it is a fundamental requirement that we are, and are seen to be, independent of Gedling Borough Council this report also summarises our considerations and conclusions on our independence.

Two way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of our audit and our respective responsibilities,
- Sharing information to assist each of us with fulfilling our respective responsibilities,
- Providing you with constructive observations arising during our audit, and
- Ensuring that we gain an understanding of your attitude and views in respect of the risks facing the Council which may affect our audit, including the likelihood of those risks materialising and how they are monitored and managed.

This report, which we have prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach.

Providing a high-quality service is extremely important to us and we strive to provide technical

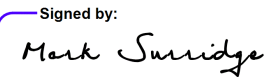
excellence with the highest level of service quality, together with continuous improvement to meet your expectations.

During the meeting, we would be grateful for your views/ knowledge on the following specific matters:

- Whether you have identified any other risks (business, laws & regulation, fraud, going concern, etc.) that may result in material misstatements in the financial statements.
- If there are any matters that you consider warrant particular attention during our audit and/ or any areas where you would like additional procedures to be undertaken.

Subject to our prior written agreement or as required by any applicable law or regulation, this report is considered confidential and is intended solely for Audit Committee and should not be disclosed to any other party, used or quoted for any other purpose.

Yours faithfully,

Signed by:

D6A6AF908BD047D...

Mark Surridge
Forvis Mazars LLP

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This document is to be regarded as confidential to Gedling Borough Council. It has been prepared for the sole use of Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents.

Your audit team



Mark Surridge
Engagement Lead/Partner
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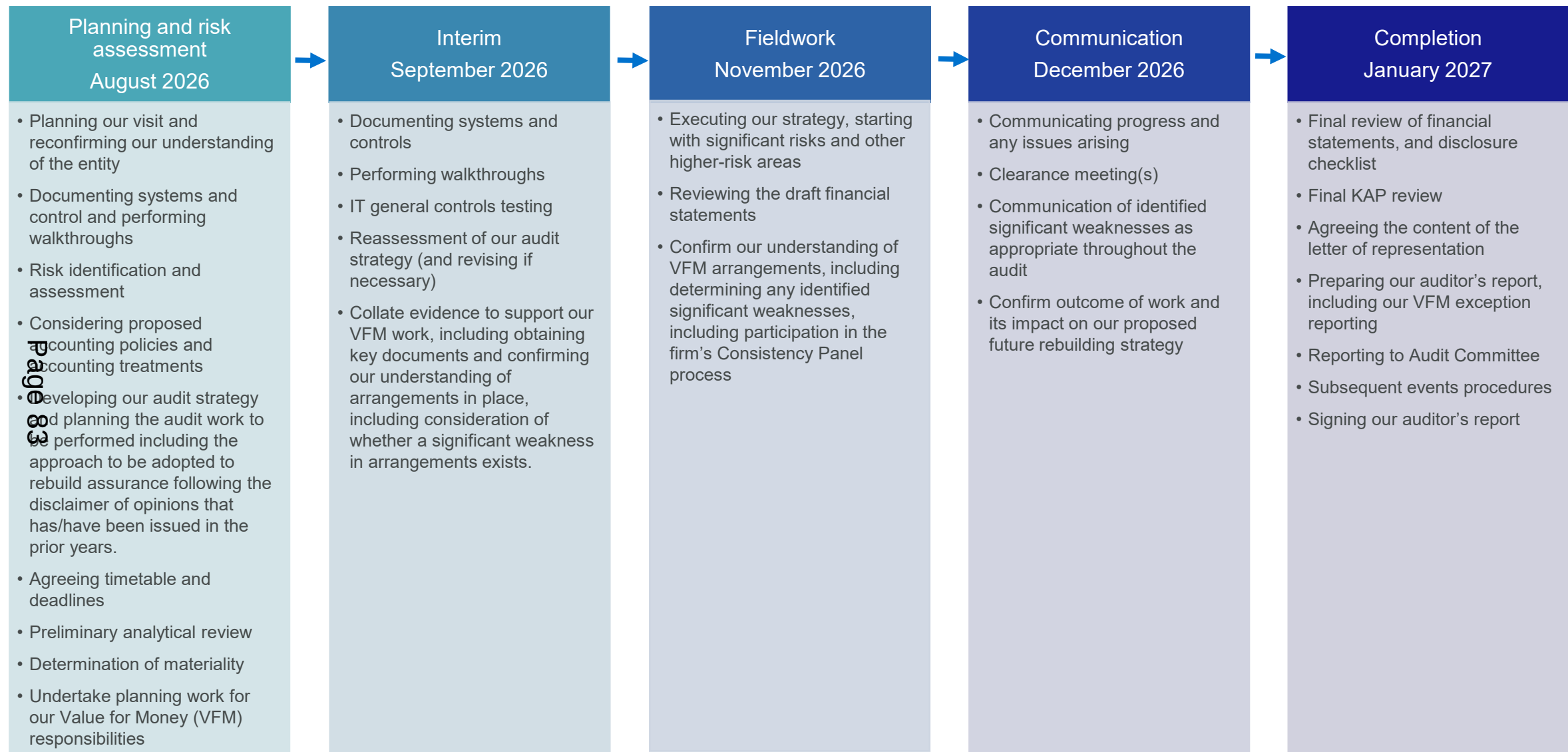
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Audit scope, approach, and timeline



Audit risks and other significant matters

Significant risks

In this section, we have set out the significant and enhanced audit risks we have identified and our planned response. If we identify additional risks or change our risk assessment during our audit, we will report this to you. Refer to Appendix A for definitions. We have also set out in this section of the report any other significant matters that we consider should be brought to your attention.

Risk	Description	Our planned response
Management override of controls	Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we are required by auditing standards to identify a significant risk of management override of controls on our audit.	• Consider the design and implementation of key financial controls, including relevant IT general controls, where they are relevant to our audit approach. • Test the appropriateness of journals and other adjustments made in the preparation of the financial statements, using data analytics to identify journals exhibiting characteristics associated with fraud risk.
Valuation of Land and Buildings	The Council's Balance Sheet includes material property balances, including Land and Buildings of £28.4m, Investment Properties of £4.3m and Assets Held for Sale £1.8m at 31 March 2026. Property assets are measured using valuations prepared by management's experts and involve significant judgement regarding assumptions, market evidence, asset condition, useful lives and valuation methodologies. In addition, 2025/26 is the first year of implementation of the revised CIPFA Code requirements relating to the measurement and disclosure of property, plant and equipment, increasing the risk of material misstatement within property valuations and related disclosures.	• Evaluate the competence, capabilities and objectivity of the Council's valuers. • Obtain an understanding of, and assess, the valuation methodologies and key assumptions used by management's experts. • Test the key inputs and assumptions in the valuation calculations • Consider whether there have been any indicators of impairment or significant movements in value requiring revaluation. • Assess the Council's implementation of any changes arising from the 2025/26 CIPFA Code requirements relating to property valuations.

Audit risks and other significant matters

Significant risks - continued

Risk	Description	Our planned response
Valuation of the Defined Benefit Pension/Asset Page 85	The Council participates in the Local Government Pension Scheme and reports a net defined benefit pension liability of £6m as at 31 March 2026. The gross pension liabilities of £96.7m and pension assets of £108.5m are also material disclosures to the financial statements. The valuation of the pension position involves significant estimation uncertainty arising from actuarial assumptions including discount rates, inflation, salary growth, mortality rates and the application of the asset ceiling. For 2024/25 and 2025/26, the impact of the asset ceiling also had material effect on the reported pension position. Given the materiality of the balances involved and the complexity of the underlying assumptions and actuarial calculations, we have identified the valuation of the defined benefit pension asset/liability as a significant audit risk.	• Use our auditor's actuarial specialists to assess the reasonableness of key actuarial assumptions and the application of the asset ceiling. • Test the accuracy and completeness of the employee and financial data provided to the actuary. • Reconcile the pension fund assets and liabilities disclosed in the accounts to actuarial reports and supporting records. • Assess the reasonableness of disclosures relating to the pension scheme and significant actuarial judgements.

Re-building assurance

Background

A range of factors have led to delays in local authority financial reporting and audit over a number of years. Legislation passed by government in 2024, the Accounts and Audit (Amendment) Regulations 2024, addresses the backlog by introducing a series of ‘backstop dates’ by when local authorities or similar bodies must publish financial statements, even if the audit is not completed.

On 25th February 2026, we disclaimed our opinion on the Council’s 2024/25 financial statements. This followed on from disclaimed opinions issued previously in respect of the Council’s 2023/24, 2022/23 and 2021/22 financial statements. We issued a disclaimer of opinion because there was not sufficient time to complete all required audit procedures in advance of the backstop date to enable us to form an opinion on the financial statements. As a result, we do not have assurance over all opening balances for the 2025/26 financial statements. This absence of assurance relating to previous years presents particular challenges in relation to reserve balances as these reflect transactions posted in earlier years, including transactions which maintain the split between usable and unusable reserves that is required to comply with the local authority financial reporting framework. We have summarised in the table below the opinions we have issued since the Amendment Regulations came into effect.

Opinions issued since The Accounts and Audit (Amendment Regulations) came into effect			
Financial Year	Opinion Type	Date of Opinion	Commentary
2021/22 & 2022/23	Disclaimed	13 December 2024	Our work was paused during the audit of the 2021/22 financial statements due to a police investigation of a former member of the Council’s finance team. This investigation was not concluded until October 2024. The identified fraud delayed our work and increased audit risk, particularly relating to the Council’s ledger system. We therefore we unable to obtain sufficient assurance by the first backstop date in December 2024.
2023/24	Disclaimed	26 February 2025	Between the conclusion of the 2021/22 & 2022/23 audits noted above and the second backstop date in February 2025, we did not have sufficient time to complete the necessary procedures to gain assurance over the Council’s 2023/24 statement of accounts.
2024/25	Disclaimed	26 February 2026	Due to the previously disclaimed opinions for 2021/22, 2022/23 and 2023/24, we did not have assurance over the opening balances into the 2024/25 audit year. NAO guidance on how to approach rebuilding assurance for authorities in Gedling’s position was published in June 2025. Internal guidance and our initial risk assessment on the work required meant there was not sufficient time to complete the necessary procedures before the third backstop date in February 2026. From the value for money work performed, we were able to conclude that there was evidence that the previously identified significant weakness in internal control had been satisfactorily addressed

Re-building assurance

Our planned work on the financial statements for 2025/26

We are currently in the process of updating our initial risk assessment procedures in relation to rebuilding assurance at the Council. For 2025/26 it is anticipated that we will be able to undertake initial procedures to support the full rebuilding approach to be applied in 2026/27. The focus of our work in 2025/26 will be on:

- Closing balances as at 31 March 2026 for key elements of net assets and net liabilities on the Balance Sheet.
- Reviewing the design and implementation of controls relating to journal entry testing and IT General Controls
- Reviewing the design and implementation of controls relating to identified significant risk areas

We have determined that we should focus on these areas as they will support the rebuilding of assurance in subsequent years. We will continue to work with Management to develop our timetable and strategy for rebuilding assurance in 2026/27 and future years in line with guidance issued by the National Audit Office.

The success of our programme of work to rebuild assurance will depend on management adhering to the agreed timeline for this work and recognising that it will be necessary to provide prompt responses to audit queries relating to the current year and previous financial years. The table below sets out an illustrative example of how the type of audit opinion given could change over the coming financial years following the successful completion of our planned work to rebuild assurance. We will provide regular updates on our rebuilding progress to the Audit Committee through our Audit Progress Reports and will report the outcome of this work in our Audit Completion Report, which is anticipated to be presented to the Audit Committee later this year.

Potential future opinion based on planned rebuilding programme			
Financial Year	Opinion Type	Publication Deadline	Notes
2025/26	Disclaimed	30 January 2027	Subject to the satisfactory conclusion of planned procedures in the agreed timeline, we will have gained assurance over the majority of the closing balances as at 31 March 2026. However, we will not have sufficient assurance over the brought forward balances not audited in previous years. We will also not have sufficient assurance over in year movements and the Comprehensive Income and Expenditure Statement.
2026/27	Qualified	30 November 2027	The auditor has assurance over the closing balances plus in-year movements in the current period, but still does not have sufficient assurance over the prior year comparators.
2027/28	Qualified	30 November 2028	The opinion is still qualified as, with the exception of the Balance Sheet, the auditor cannot express an opinion on the comparability of amounts reported in the current period's primary statements with the corresponding figures for the prior year reported in those statements. However, for the following audit period, whether for Gedling as a standalone entity or as part of a larger unitary as part of LGR, the position will be resolved.

Materiality

We consider gross revenue expenditure on a surplus/deficit on provision of services level to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using this as the benchmark.

We expect to set financial statement materiality as 2% of gross revenue expenditure as reported in the Council's draft 2025/26 statement of accounts, as set out in the table adjacent.

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

We will accumulate misstatements identified during our audit that are above the reporting threshold set out in the table adjacent, i.e., any misstatements that we identify that are above the reporting threshold will be reported to you and management. Any misstatements that we identify that are below that amount would not need to be reported because we expect that the accumulation of such amounts would not have a material effect on the financial statements. If you have any queries about our reporting threshold, please raise these with me.

Each misstatement above our reporting threshold that we identify will be classified as **adjusted** (corrected by management), or **unadjusted** (not corrected by management). We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to you as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and our audit opinion

Misstatements also cover qualitative misstatements and quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

	2025-26 £'000s
Overall materiality	1,025
Performance materiality	615
Clearly trivial	30

Fees

Audit fees and other services provided by Forvis Mazars LLP

Our fees (exclusive of VAT) for the audit of the financial statements for the year ended 31st March 2026, and for any non-audit assurance services or other non-audit services provided by Forvis Mazars LLP in the period, are outlined in the table adjacent.

Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

The proposed fee reflects the scale fee determined by PSAA and information on how the scale fee is set can be found on PSAA's website. Where an auditor is required to undertake substantially more or less work to deliver their responsibilities a fee variation may be proposed which is subject to approval by PSAA. Examples compiled by PSAA of circumstances that may trigger a fee variation are available on the PSAA [website](#).

Any threats to our independence arising from the provision of non-audit services and the associated safeguards we have identified and/ or put in place are set out on the in the 'Our independence' section of this report.

Nature of service	2025-26 proposed fee*	2024-25 actual fee
Statutory audit work to comply with the NAO Code of Audit Practice	£146,129	£142,149
Adjusted scale fee: • Planning and disclaiming accounts, including modified audit report • VFM	£115,000	£70,137
Fee for VFM risk of significant weaknesses	*	£7,820
Costs of dealing with public correspondence	*	£3,482
Total audit fees	£115,000*	£81,439

*Subject to adjustment and PSAA approval based on the outcome of audit procedures performed.

Our independence

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 that 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 context of 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 and complete annual ethics training,
- All new partners and staff are required to complete an independence confirmation,
- Rotation policies covering audit engagement partners and other key members of the audit team, and
- 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 Forvis Mazars LLP, the engagement team and others in the firm as appropriate, are independent and comply with relevant ethical and independence 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.

We have not identified any threats to our independence in connection with the services we have provided to the Council . As indicated on the previous slide, we do not anticipate that we will be providing any non-audit services in the current audit period. We will update our independence assessment if this changes and inform you of the outcome as part of subsequent reporting to you.

Value for money

The framework for Value for money work

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.

We undertake our VFM work in accordance with the 2024 Code of Audit Practice (the Code). Our responsibility, under the Code, is 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.

Specified reporting criteria

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

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **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.

Our approach

Our work falls into three primary phases as outlined opposite. We gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified, we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle, and we are not expected to wait until issuing our overall commentary to do so.

Planning	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: • NAO guidance and supporting information • Information from internal and external sources including regulators • Knowledge from previous audits and other audit work undertaken in the year • Interviews and discussions with staff and members
Additional risk- based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements which forms part of the Auditor's Annual Report. Our commentary will also highlight: • Significant weaknesses identified and our recommendations for improvement; and • Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council

Appendix A: Other communications

Audit scope and approach

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements. Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are driven primarily by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we identify.

If we conclude that appropriately designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or if we decide that it would be more efficient, we may take a wholly substantive approach to our audit testing if, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence.

Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required by UK auditing standards to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the '*Materiality*' section of this report.

Appendix A: Other communications

Responsibilities

We are appointed to perform the external audit of Gedling Borough Council (the Council) for the year to 31 March 2026. 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: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the CIPFA Code of Practice on Local Authority Accounting.

Our audit does not relieve management or Audit Committee, as those charged with governance, of their responsibilities.

The s151 Officer is responsible for the assessment of Gedling Borough Council's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the s151 Officer's use of the going concern basis of accounting in the preparation of the financial statements.

Internal control

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

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gedling Borough Council's internal control.

Value for money

We are also 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 further in the 'Value for Money' section of this report.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, 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 you, key management personnel and internal audit, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks.

In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

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 that are unique to the audit of local authorities in the United Kingdom.

We also report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

Appendix A: Other communications

Required communications

This section of our report sets out the matters that we are required to report to you by UK auditing standards, including which form of our communications satisfy, or will satisfy, those requirements.

Required communication	Where addressed
Our responsibilities in relation to our audit of the company’s financial statement and the responsibilities of management and those charged with governance.	Audit Strategy Memorandum and engagement letter
The planned scope and timing of our audit, including any limitations (specifically with respect to significant risks and key audit matters, if applicable).	Audit Strategy Memorandum
Page 94 With respect to misstatements: Uncorrected misstatements and their effect on our audit opinion, The effect of uncorrected misstatements related to prior periods, A request that any uncorrected misstatement is corrected, and In writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: • Inquiries with you to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the company, • Any fraud that we have identified or information we have obtained that indicates that fraud may exist, and • A discussion of any other matters related to fraud.	Audit Completion Report and discussion at Audit Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)
Significant matters arising during our audit in connection with the entity’s related parties including, when applicable: • Non-disclosure by management, • Inappropriate authorisation and approval of transactions, • Disagreement over disclosures, • Non-compliance with laws and regulations, and • Difficulty in identifying the party that ultimately controls the entity.	Audit Completion Report

Appendix A: Other communications

Required communications

Required communication	Where addressed
Significant findings from our audit, including: • Our view about the significant qualitative aspects of accounting practices, including accounting policies, accounting estimates, and financial statement disclosures, • Significant difficulties, if any, encountered during our audit, • Significant matters, if any, arising from our audit that were discussed with management or were the subject of correspondence with management, • Written representations that we are seeking, • Expected modifications to our auditor's report, and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified during our audit that we believe are relevant to those charged with governance in the context of fulfilling their responsibilities.	Audit Completion Report
Significant deficiencies in internal controls identified during our audit.	Audit Completion Report
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.	Audit Completion Report
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 you into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that you may be aware of.	Audit Completion Report and Audit Committee meeting(s)
With respect to going concern, events or conditions identified that may cast significant doubt on the company's ability to continue as a going concern, including: • Whether the event or condition constitutes a material uncertainty, • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements, and • The adequacy of related disclosures in the financial statements.	Audit Completion Report

Appendix A: Other communications

Required communications

Required communication	Where addressed
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, key steps to assess and conclude on our firm’s system of quality management, including: • Ensuring there is an appropriate assignment of responsibilities, • Establishing and reviewing quality objectives each year, ensuring our firm’s quality objectives align with our strategies and priorities, • Identifying, reviewing, and updating quality risks each quarter, taking into consideration multiple input sources (such as FRC/ ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.), • Identifying, designing, and implementing responses to strengthen our firm’s internal control environment and overall quality, and • Evaluating our quality responses and remediating control gaps or deficiencies. We perform an evaluation of our system of quality management on an annual basis. We publish the details of our annual evaluation, and our conclusion, in our Transparency Report, which can be accessed on our website at: https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports.	Audit Strategy Memorandum (the communication adjacent satisfies this requirement)
We are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include: • Significant delays in management providing information that we require to perform our audit. • An unnecessarily brief time within which to complete our audit. • Extensive and unexpected effort to obtain sufficient, appropriate audit evidence. • Unavailability of expected information. • Restrictions imposed on us by management. • Unwillingness by management to make or extend their assessment of the company’s ability to continue as a going concern when requested. We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor’s report).	Audit Completion Report, discussion at Audit Committee meeting(s), and audit clearance meeting(s)

Appendix A: Other communications

Definitions

Term	Definition
Materiality	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. 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 company. 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 you (reporting threshold). 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 provide 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. 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. 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.

Appendix A: Other communications

Definitions

Term	Definition
Significant risk	A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by UK auditing standards), including management override of controls and revenue recognition.
Enhanced risk	An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to: • Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement, and • Risks relating to other assertions and arising from significant events or transactions that occurred during the period.
Standard risk	A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.
Key audit matter	A matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement (whether due to fraud or error) we identified, including those which had the greatest effect on our overall audit strategy, the allocation of resources in our audit, and directing the efforts of our engagement team. It is important that you understand and have the opportunity to discuss with us why something is being communicated as a key audit matter and the way it is described. This report highlights which of the significant and other risks are expected, at this stage, to be determined as key audit matters. It should be noted, however, that other audit areas may be determined as key audit matters during our audit.

Appendix A: Other communications

Definitions

Term	Definition
Key audit partner	(a) An individual who is eligible for appointment as a statutory auditor and who is designated by our firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of our firm. (b) In the case of a group audit, any of the following: (i) an individual who is eligible for appointment as a statutory auditor and who is designated by our firm as being primarily responsible for carrying out the statutory audit of the consolidated accounts of the group on behalf of our firm; (ii) an individual who is eligible to conduct the audit of the accounts of any subsidiary undertaking determined by us to be a ‘material subsidiary’ and who is designated as being primarily responsible for that audit. (c) An individual who is eligible for an appointment as a statutory auditor and who signs the audit report.

Appendix B: Current year updates, forthcoming accounting & other issues

HM Treasury changes to non-investment asset valuation

Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the “Code”)

Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to its requirements for the valuation frequency, valuation methodology and classification of non-investment property assets. The changes are effective from 1 April 2025 as set out in the 2025-26 Code and include:

- A change to the requirements regarding revaluation frequency. Rather than adhering to paragraph 34 of IAS 16 which requires an asset to be revalued whenever its carrying value differs materially from its current value, entities will be required to revalue assets on a quinquennial basis, i.e. every five years, supplemented by annual indexation in the intervening years. This requirement can be adhered to either as part of a full revaluation or as part of a rolling programme. The Code requires bodies to use the best index available to them. Should management determine that there is no appropriate index to use, then the quinquennial valuation is supplemented by a valuation in the third year.
- Revaluations carried out prior to 2025/26, in line with former requirements of the Code, remain valid throughout the transition period (being 1 April 2025 to the date the next revaluation is due for a given asset). During the transition period, the maximum period between revaluations must not exceed five years.
- The requirement to consider indicators of impairment under IAS 36 remains, so management will still be required to undertake an annual assessment of whether there are indicators of impairment, and where these are present, it may be necessary to undertake valuations outside of the 5-yearly valuation programme.

Whilst management will no longer need to consider annually whether it is necessary to revalue non-investment assets, they will need to be satisfied that they have appointed a suitably qualified valuer to undertake the valuation of assets whenever they fall due either as part of a full valuation or a rolling programme. If local indices are used, management will need to have sufficient evidence to demonstrate these indices are appropriate and relevant to the entity’s circumstances, and to provide this evidence to the auditor.

Appendix B: Current year updates, forthcoming accounting & other issues

Effective for accounting periods beginning on or after 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements

The standard was UK-adopted in December 2025, and the date of incorporation into the Code is not confirmed, though expected to be within the 2028/29 financial year. It is not yet confirmed what interpretations and adaptations HMT will determine are necessary for implementation in the public sector. We have provided an outline of the main changes arising from IFRS 18 as unadapted and without interpretation and will provide an update on the expected impact on the Gedling Borough Council as and when detail is available as to when and how the standard is incorporated into the Code.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements.

New categories and subtotals for inclusion within the statement of profit or loss

- Income and expenses are to be classified into three new defined categories: operating, investing and financing, in addition to the income taxes and discontinued operations categories.
- All companies are to present new defined subtotals – operating profit and loss, and profit or loss before financing and income taxes.

New reporting requirements on Management Performance Measures (MPMs)

New requirements are introduced for management-defined performance measures (MPMs), which may also be called Alternative Performance Measures (APMs). These are described as subtotals of income and expenses that an entity: (a) uses in public communications outside financial statements; (b) uses to communicate to users of financial statements management's view of an aspect of the financial performance; and (c) are not listed within IFRS 18 or specifically required to be presented or disclosed by another IFRS Accounting Standard.

All MPMs are required to be disclosed in a single note in the financial statements setting out:

- an explanation of why the MPM is reported, and
- a reconciliation to a directly comparable GAAP measure within IFRS 18 or another IFRS Accounting Standard.

Enhanced requirements for aggregation & disaggregating information

- Enhanced requirements are set out for the aggregation and disaggregation of items based on similar and dissimilar characteristics. Items that have dissimilar characteristics must be disaggregated when the resulting information is material. Guidance is also included on how to describe items within the financial statements, requiring an entity to label items presented or disclosed as 'other' only if a more informative label cannot be found.
- New guidance is provided on whether information should be reported in the primary financial statements or the notes. This includes guidance on presentation and disclosure of expenses classified in the operating category, alongside introducing more prescribed requirements for an entity that classifies expenses by function as well as the requirement to disclose expenses by nature in a single note for certain amounts - depreciation, amortisation, employee benefits, impairment and write-downs of inventories

Many principles and requirements have been brought forward from IAS 1 to IFRS 18 such as frequency of reporting, comparative information, offsetting, capital disclosures and the requirements for the statement of financial position and for the statement of changes in equity.

Contact

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Report to Audit Committee

Subject: Statement of Accounts and Annual Governance Statement 2025-26

Date: 20 October 2026

Author: Chief Finance and Section 151 Officer

1 Purpose

To present the Council's Statement of Accounts for 2025-26 for information following publication on the Council's website, and to present the Annual Governance Statement 2025-26 for any further comments or discussion. The Statement of Accounts and Annual Governance Statement will be brought back to the Audit Committee for formal consideration and approval on 26 January 2027, ahead of the statutory backstop date of 31 January 2027.

Recommendations:

THAT:

1. Members note the Council's unaudited Statement of Accounts for 2025-26 and the key financial matters set out in this report.
2. Members consider the Annual Governance Statement 2025-26 and provide any further comments or matters for discussion.
3. Members note that the Statement of Accounts and Annual Governance Statement will be presented to the Audit Committee for formal consideration and approval on 26 January 2027, ahead of the statutory backstop date of 31 January 2027.

2 Background

- 2.1 The preparation and publication of local authority accounts is governed by the Accounts and Audit Regulations 2015, as amended. The Council is required to prepare its annual Statement of Accounts in accordance with proper accounting practices and to publish the unaudited accounts on its website, thereby supporting transparency and accountability for the use of public funds.

- 2.2 The Government introduced statutory backstop arrangements as part of the programme to reset and recover the local audit system in England. The relevant backstop dates are:
- 2024-25 – 27 February 2026;
 - 2025-26 – 31 January 2027;
 - 2026-27 – 30 November 2027; and
 - 2027-28 – 30 November 2028.
- The unaudited Statement of Accounts for 2025-26 was published on the Council's website before 1 July 2026. The period for the exercise of public inspection rights ran from 1 July to 11 August 2026. The accounts remain subject to external audit and may be amended before they are formally approved.
- 2.3 The Statement of Accounts comprises the Narrative Report, Statement of Accounting Policies, Statement of Responsibilities, the core financial statements and supporting notes, the Collection Fund accounts and the accompanying Annual Governance Statement. The Narrative Report, at pages 3 to 18 of the Statement of Accounts, comments on the Council's financial performance and its economy, efficiency and effectiveness in the use of resources.
- 2.4 The accounts are presented to the Audit Committee for information at this stage. Formal consideration and approval of the Statement of Accounts and Annual Governance Statement will take place on 26 January 2027, ahead of the statutory backstop date of 31 January 2027.

3 Economic and Financial Context

- 3.1 During 2025-26, inflationary pressures continued to moderate, although prices, pay and borrowing costs remained above historic levels. Economic growth remained subdued and public finances continued to operate within a constrained fiscal environment. For local government, increases in funding did not fully remove the impact of service demand and cost pressures, requiring continued prudent financial management and a sustained focus on financial resilience.
- 3.2 The Council continues to monitor the external environment and refine its financial strategies in response to risks affecting expenditure, income and investment returns. Its reserves and established financial-management arrangements provide resilience, although significant financial and organisational challenges remain.

- 3.3 The unaudited accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for 2025-26. The accounting policies, standards issued but not yet adopted, critical judgements and areas of estimation uncertainty are set out in the notes to the accounts.

4 Statement of Accounts 2025-26

4.1 Financial Performance

The General Fund outturn for 2025-26 was reported to Cabinet in June 2026 and the associated budget carry-forwards and capital financing arrangements were subsequently considered by Full Council on 30 September 2026. The Council managed the year-end position within the approved net revenue budget of £15.584m. The Narrative Report confirms that the Net Council Budget was balanced at year-end, after portfolio variances were offset through movements to and from earmarked reserves. The General Fund balance increased to £5.672m at 31 March 2026, with earmarked reserves of £7.921m available to support specific future commitments and risks.

4.2 Capital Outturn 2025-26

The revised capital programme for 2025-26 was £7.181m, with actual expenditure of £5.448m and requests for carry-forward to 2026-27 totalling £1.518m. Major areas of investment included Disabled Facilities Grants, temporary accommodation, the vehicle replacement programme, digital transformation, Hillcrest Business Park extensions, the waste management system, Microsoft Office licences and Ouse Dyke repair works. At 31 March 2026, capital grants and contributions received but not yet applied totalled £2.218m. The Capital Financing Requirement increased to £18.443m, reflecting the Council's underlying need to borrow for capital purposes. No new PWLB borrowing was taken during 2025-26 and total external debt remained £10.812m, meaning the Council continued to operate in an internally borrowed position.

4.3 Collection Fund

The Council collects Council Tax for its own services and, as billing authority, on behalf of Nottinghamshire County Council, the

Nottinghamshire Police and Crime Commissioner, the Combined Fire Authority and parish councils. In 2025-26 the Council planned to collect around £101.0m of Council Tax and retained £7.770m for its own services. Council Tax collection was 97.3% against a target of 98.5%. The Council was also due to collect business rates income of £27.4m, with Gedling's share amounting to £10.9m; Business Rates collection was 97.67% against a target of 98.80%. The Collection Fund recorded a Council Tax surplus of £0.470m and an NDR deficit of £2.669m at 31 March 2026, with Gedling's attributable shares reflected in the Balance Sheet and supporting notes.

4.4 Balance Sheet

The Balance Sheet sets out the Council's financial position at 31 March 2026. Net assets reduced from £39.537m at 31 March 2025 to £37.743m, largely due to the increase in the pension liability, partly offset by increases in long-term assets. Long-term assets increased to £43.263m, including Property, Plant and Equipment of £36.613m, investment property of £4.325m and intangible assets of £1.415m. Current assets were £24.621m, including cash and cash equivalents of £6.107m and short-term investments of £4.976m. Long-term liabilities increased to £22.797m, principally reflecting the pension liability of £6.029m, long-term borrowing of £10.812m and capital grants and contributions received in advance of £4.094m.

4.5 Pensions

The pension position is based on actuarial assumptions and movements in the present value of defined-benefit obligations and the fair value of fund assets. Gedling's pension liability increased from £1.536m to £6.029m during 2025-26. The increase principally reflects annual IAS 19 actuarial remeasurements and a higher asset-ceiling adjustment, together with changes in demographic assumptions and experience losses on the defined benefit obligation. Although these accounting movements reduce the Council's reported net worth, they do not represent an immediate call on cash resources or an immediate deterioration in the Pension Fund's cash funding position.

4.6 Short-term Creditors and Debtors

The year-end balances for short-term creditors, receipts in advance and short-term debtors, together with the movements from 2024-25, are set out in notes 19 and 21 to the unaudited accounts. Short-term debtors

reduced from £13.972m to £13.319m and short-term creditors and receipts in advance reduced from £8.959m to £7.342m. These balances reflect the timing of sums due to and from the Council at 31 March 2026, including amounts relating to government departments, other local authorities, other entities and individuals, and statutory debtor and creditor balances.

4.7 Earmarked Reserves

Earmarked reserves are held for specific risks, commitments and future expenditure. The Movement in Reserves Statement and note 10 show that earmarked reserves reduced from £8.594m at 31 March 2025 to £7.921m at 31 March 2026, after transfers out of £1.790m and transfers in of £1.117m. The reserves include amounts held for transformation, housing and housing benefits, insurance, asset management, efficiency and innovation, leisure strategy, earmarked grants, Section 106 and other specific service or risk-based purposes. The General Fund balance at 31 March 2026 was £5.672m, giving total General Fund and earmarked reserves of £13.593m.

4.8 Significant Issues Arising in 2025-26

Chief Finance Officer certified the unaudited Statement of Accounts on 30 June 2026 as presenting a true and fair view of the Council's financial position at 31 March 2026 and its income and expenditure for the year then ended. The accounts highlight the balanced revenue position, active management of the capital programme, continued use of internal borrowing, the increase in the pension liability, the impact of Collection Fund movements and the need to maintain financial resilience in the context of inflation, demand pressures, savings delivery, local government funding reform, the business rates reset and Local Government Reorganisation. The accounts remain subject to external audit, and any material amendments arising from the audit will be reported when the statements return for approval.

4.9 Audit of Accounts Process

The accounts are subject to external audit by Mazars. At the date of this report, the audit remains in progress and no approval of the accounts, the Annual Governance Statement or a letter of representation is sought at this meeting. Any significant issues arising, proposed amendments, the auditor's report and the documents requiring approval will be presented to the Audit Committee on 26 January 2027, ahead of the statutory backstop date of 31 January 2027.

5 Annual Governance Statement

- 5.1 The Annual Governance Statement 2025-26 was considered by the Audit Committee on 23 June 2026. At that meeting, it was agreed that the Statement would be brought back to the Committee to provide Members with a further opportunity for discussion before formal approval. It is therefore included with this report for any further comments or discussion before it is presented for approval on 26 January 2027.

6 Financial Implications

- 6.1 The Council's financial performance and position for 2025-26 are set out in the unaudited Statement of Accounts and the final outturn report. There are no additional financial implications arising directly from noting the accounts or considering the Annual Governance Statement.

7 Legal Implications

- 7.1 The preparation, publication, audit and approval of the Statement of Accounts are governed by the Accounts and Audit Regulations 2015, as amended. The planned approval by the Audit Committee on 26 January 2027 follows the statutory process and is intended to enable publication by the 31 January 2027 backstop date.

8 Equalities Implications

- 8.1 There are no equalities implications directly arising from this report.

9 Carbon Reduction/Environmental Sustainability Implications

- 9.1 There are no carbon reduction or environmental sustainability implications directly arising from this report.

10 Local Government Reorganisation

- 10.1 On 16 July 2026, the Government announced its decision, subject to Parliamentary approval, to implement a two-unitary model for Nottingham and Nottinghamshire. This would replace the existing councils, including Gedling Borough Council. On 7 September 2026, the Government announced a national review of Local Government Reorganisation and confirmed that the Nottingham and Nottinghamshire programme was among those paused while the review is undertaken. No revised timetable has been confirmed.

- 10.2 In the short term, there is no change to the Council's statutory responsibilities or the delivery of services. Gedling Borough Council remains responsible for maintaining proper financial records and preparing, publishing and securing approval of its Statement of Accounts. The 2025-26 accounts have therefore been prepared on a going concern basis.
- 10.3 The Council will continue to monitor the Government's review and work with partner councils and the Ministry of Housing, Communities and Local Government. Any future transition arrangements may have accounting and governance implications, including for the treatment or transfer of assets, liabilities, reserves, balances and ongoing financial commitments. Material implications will be assessed and reported once the Government's next steps and the required legislation are confirmed.

11 Appendices

1. Unaudited Statement of Accounts 2025-26
2. Annual Governance Statement 2025-26

Statutory officer Approval: Drafted by: Chief Finance Officer Date: To be confirmed Approved by: Monitoring Officer Date: To be confirmed

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2025/2026

Gedling Borough Council

Annual Statement of Accounts

2025/2026

Unaudited

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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GEDLING BOROUGH COUNCIL
ANNUAL STATEMENT OF ACCOUNTS 2025/26
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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 2025/26

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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 £15.584m and a revised capital budget of £7.181m, the Council provides a wide range of services for its residents as detailed in the 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 2025/26, the performance achieved against those plans and a look forward to 2026/27 and beyond are given in the following sections.

2. Gedling's Plans for 2025/26

The Gedling Annual Delivery Plan 2024/25 was agreed by Cabinet in March 2025 and set out 52 actions across six delivery themes. Although the plan related to 2024/25, progress against its actions and milestones was reported during 2025/26 and informed the Council's continuing delivery activity. The Plan supported the wider Gedling Plan 2023-27 by focusing on the actions most critical to financial sustainability, efficient service delivery, effective risk management and preparation for Local Government Reorganisation. The Plan recognised the need to align activity with available organisational capacity and resources, while continuing to deliver the Council's mission of "Serving People, Improving Lives".

- ❖ Customer Experience and Communities Programme – improving how residents access services, strengthening community engagement, supporting digital inclusion and ensuring services are responsive to local needs.
- ❖ Smarter Working Programme – using technology, data and modern working practices to improve efficiency, customer access and organisational resilience.
- ❖ Depot Modernisation Programme – supporting more efficient environmental services, improved operational resilience and preparation for future waste and recycling requirements.
- ❖ Gedling Growth – progressing regeneration, planning, housing, local economic development and place-based investment that support sustainable growth across the borough.
- ❖ Leisure Transformation – progressing key leisure projects and service changes that support health, wellbeing, financial sustainability and long-term community benefit.
- ❖ Governance Control Framework – strengthening governance, compliance, financial management, programme oversight and risk management arrangements.

2025/26 Budget Highlights

On 30 October 2024, the Chancellor of the Exchequer presented the Autumn Budget 2024 to Parliament. The Budget announced additional funding for local government services in 2025/26, including funding to be distributed through the Local Government Finance Settlement, alongside wider support for areas such as special educational needs and disabilities, homelessness, local roads maintenance and the Extended Producer Responsibility for packaging scheme.

The provisional Local Government Finance Settlement for 2025/26 was published in December 2024 and the final settlement was published in February 2025. The settlement included a one-off Recovery Grant, targeted towards authorities with higher levels of need and lower ability to raise income locally, and confirmed the government's intention to reform the local government finance system from 2026/27.

The government also confirmed its intention to introduce the first multi-year Local Government Finance Settlement in a decade from 2026/27, alongside reforms to the assessment of relative needs and resources and the business rates retention system. These reforms are expected to include a reset of business rates income and updated funding formulae, with transitional arrangements to manage the impact on individual authorities.

The Spending Review 2025 was presented to Parliament on 11 June 2025 and set the overall departmental spending plans for the period ahead. For local government, the government reaffirmed its intention to move towards longer-term funding certainty, simplify funding arrangements and support wider reforms to local government structures and devolution.

Whilst the move towards multi-year settlements may improve medium-term planning certainty, the impact of the Fair Funding Review, business rates reset and wider local government reform remains uncertain. These changes will therefore continue to represent a significant financial planning risk for the Council from 2026/27 onwards.

The 2025/26 Settlement sets out the level of Revenue Support Grant payable to each local authority in England and confirms the Baseline Funding Level for business rates. The actual level of business rates income retained by the Council will continue to be affected by the amount of rates collected locally and movements in the business rates base, in accordance with the business rates retention scheme.

Although the 2025/26 Settlement provides funding certainty for the year, the absence of a multi-year settlement at that point continued to limit medium-term financial planning. This uncertainty remains a significant issue for the Council, particularly in the context of ongoing demand pressures, inflationary costs and the forthcoming reforms to local government funding from 2026/27.

The 2025/26 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	4,938,500			
2016/17	1,415,700	2,815,500	4,231,200	(707,300)	-14.3%	-14.3%
2017/18	780,500	2,873,000	3,653,500	(577,700)	-13.7%	-26.0%
2018/19	384,900	2,959,300	3,344,200	(309,300)	-8.5%	-32.3%
2019/20	0	3,027,100	3,027,100	(317,100)	-9.5%	-38.7%
2020/21	0	3,076,400	3,076,400	49,300	+1.6%	-37.7%
2021/22	0	3,076,400	3,076,400	0	0%	-37.7%
2022/23	500	3,076,400	3,076,900	500	0%	-37.7%
2023/24	117,500	3,191,600	3,309,100	232,200	+7.5%	-33.0%
2024/25	125,300	3,321,100	3,446,400	137,300	+4.1%	-30.2%
2025/26	146,100	3,355,400	3,501,500	55,100	+1.6%	-29.1%

The increase in Revenue Support Grant reflects the consolidation of grant funding previously received outside the Settlement process, principally Council Tax Administration Subsidy. This does not represent additional funding for the Council, as an equivalent adjustment has been reflected within the core revenue budgets. The movement in business rates reflects changes to Baseline Funding Levels arising from the wider revaluation of the business rates system.

The total cumulative settlement reductions equate to 29.1% or £1.44m in cash terms over the periods from 2016/17 to 2025/26 compared to the base position of 2015/16.

SFA is reduced to 22% of Gedling's net budget for 2025/26, before accounting for new required efficiency targets, compared to 40% in 2015/16.

3. Gedling's Performance in 2025/26

a. Financial Performance

During 2025/26, 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 2024/25.

Capital Outturn

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

Capital Outturn	Revised Estimate 2025/26 £000	Actual 2025/26 £000	Variance 2025/26 £000
Capital Expenditure:			
Lifestyles, Health & Wellbeing	73	45	(28)
Public Protection	1,229	1,007	(222)
Environment Services	1,754	1,259	(495)
Climate Change & Natural Habitat	401	222	(179)
Sustainability Growth & Economy	1,663	1,664	1
Corporate Resources & Performance	2,061	1,251	(810)
Total Capital Expenditure	7,181	5,448	(1,733)
Financing:			
Capital Receipts	(571)	(601)	(30)
Capital Grants and Contributions	(2,026)	(1,415)	520
General Fund Revenue Contribution	(158)	(131)	27
Developer Contributions	(93)	(184)	0
Borrowing	(4,333)	(3,117)	1,217
Total Financing	(7,181)	(5,448)	1,733

Requests for carry forward of budgets to 2026/27 totalled £1.518m.

Major investments in services during the year included:

- ❖ £1.006m provided for Disabled Facilities Grants.
- ❖ £0.975m on temporary accommodation.
- ❖ £0.877m on the vehicle replacement programme.
- ❖ £0.851m on digital transformation.
- ❖ £0.505m on the Hillcrest Business Park extensions.
- ❖ £0.127m on the waste management system.
- ❖ £0.123m on IT licences – Microsoft Office.
- ❖ £0.119m on Ouse Dyke repair works.

At the end of the year capital grants and contributions received but not yet applied to capital expenditure totalled £2.218m. 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 £18.444m at 31 March 2026. No PWLB loans matured during 2025/26 and no additional PWLB loans were taken out in the year. Total external debt as at 31 March 2026 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:

Revenue Outturn	Estimate 2025/26 £000	Actual 2025/26 £000	Variance £000
Portfolio:			
Communities & Place	70	65	(5)
Lifestyles, Health & Wellbeing	2,616	2,154	(462)
Public Protection	1,448	1,745	297
Environmental Services	4,953	5,432	479
Climate Change & Natural Habitat	2,138	2,572	434
Sustainable Growth & Economy	1,821	1,260	(561)
Corporate Resources & Performance	4,489	3,028	(1,461)
Net Portfolio Budget	17,535	16,256	(1,279)
Transfer (from)/to Earmarked Reserves	(1,951)	(672)	1,279
Net Council Budget	15,584	15,584	0
Financing:			
Business Rates	(5,891)	(6,185)	(294)
Council Tax	(7,770)	(7,770)	0
Extended Producer Responsibility			
Revenue Support Grant	(146)	(146)	0
National Insurance			
Recovery Grant	(49)	(49)	0
Funding Floor	(14)	(14)	0
New Homes Bonus	(525)	(525)	0
Transfer (from)/to General Fund Balance	(56)	378	435
Total Financing	(15,584)	(15,584)	0

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

The General Fund balance at 31 March 2026 was £5.671m and remains available to support future revenue expenditure. In addition, earmarked reserves, which are held to fund specific future commitments and expenditure plans, totalled £7.921m at 31 March 2026, compared with £8.594m at 31 March 2025.

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 £101.0m and retaining only its own £7.7m for spend on services in 2025/26. Gedling's element of the council tax was

increased by £5.65 for a Band D equivalent property in 2025/26 and, during the year, 97.3% 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 £27.4m in 2025/26 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 2025/26 and this impact will continue for a number of years. Gedling's share of business rates income amounted to £10.9m in 2025/26.

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 2026 was £3.354m, of which Gedling's share under the scheme was £1.342m. This represents an increase in Gedling's share of £0.733m from the position at 31 March 2025.

During the year, 97.67% of the business rates due was collected against a target of 98.80%.

Balance Sheet

The Council's net worth decreased from a net asset of £39.537m to £37.743m at 31 March 2026. The movement is largely due to an increase in the pension liability offset an increase in long term assets.

❖ 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 increased by £4.5m to £6.0m during 2025/26. This was mainly due to actuarial losses on pension assets and liability assumptions. This figure includes an asset ceiling figure of £17.8m. Whilst this has a significant impact on the Council's net worth, the increase in pension liability will be made good by 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 £1.6m during 2025/26.

❖ Short Term Debtors

The value of short-term debtors decreased by £0.7m during 2025/26.

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 people's 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

- ❖ Cabinet has approved Ambition Arnold's RIBA stage 2 plans for a new leisure centre, arts centre (including theatre and cinema) and library, and outline business case in readiness for future funding bid submissions or opportunities. Ambition Arnold sets a future vision to revitalise Arnold town centre and addresses its long-term sustainability.
- ❖ We have completed 20 projects funded by the UK Shared Prosperity Fund (UKSPF) with significant support to residents across the borough in the areas of employment, skills, and business development, including:
- ❖ More than 200 Gedling residents took part in the Inspire Learning programme, with over 140 completing digital skills training, and over 30 completing English for Speakers of Other Languages (ESOL) courses to improve their 'Everyday English' skills.
- ❖ Over 100 socially excluded residents have taken part in the 'Transform Your Future' Programme with 102 people benefiting from tailored employability support to help them overcome barriers and access basic skills training.

Business support also remains strong including:

- ❖ Five Business Support Network events were delivered across the year proving an opportunity for local businesses to share best practice and hear from key industry speakers.
- ❖ B-Global and Notts County Council have hosted small business advice surgeries, twice a month with an average 6 businesses receiving support each session.
- ❖ The Business Grant programme delivered by Nottinghamshire County Council has been highly successful, with the full £100,000 funding allocation being awarded to support 49 local businesses.
- ❖ A nine-month Market Management project, which has led to increased market visibility, stronger community engagement, and greater product diversification. Footfall in Arnold Town Centre continues to be higher on market days compared to non-market days, underlining the market's ongoing role as a key driver of town centre activity.

- ❖ The council has also supported the introduction of monthly markets in Ravenshead shopping precinct.

Community:

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

Key Achievements

- ❖ We have moved the Carlton Active development into a more detailed design stage, setting out plans to create a modern, sustainable leisure centre at Richard Herrod site that brings together health, wellbeing, and community services under one roof. The project will improve access to sport and physical activity across Gedling.

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
- ❖ The 10th Pride of Gedling Awards, with more than 321 nominations received.
- ❖ The Arnold Summer Fair
- ❖ Arnold Remembrance Event.
- ❖ Multiple Civic events.
- ❖ Gedling Borough Council proudly commemorated the 80th anniversary of Victory in Europe (VE) Day with a poignant ceremony at Arnot Hill Park on Wednesday 8th May. The event, held outside the Civic Centre, brought together councillors, service personnel and community representatives to reflect on this historic milestone.
- ❖ International Women's Day – The theme in 2025 was 'Give to Gain' and highlighted women in our communities making a difference including the Arnold Food Bank, Calverton Core and St George's Centre.
- ❖ The Council has worked closely with Waste Investigations Support and Enforcement (WISE) to agree clear operating standards and practices to increase enforcement activity for offences such as littering, dog fouling and fly-tipping. The partnership is designed to support cleaner neighbourhoods, protect the local environment and improve the quality of public spaces for residents.
- ❖ A mental health partnership project led to new investment in youth-focused activities in Gedling, thanks to funding from the Police and Crime Commissioner's (PCC) Situational Crime Prevention Fund, working alongside Gedling Borough Council.
- ❖ Digital Inclusion Grant Fund (UKSPF) launched in November to help residents access technology and offer practical support to improve their skills and confidence and to promote safety online.
- ❖ Finally, Car Park Resurfacing in Colwick, Defibrillator installation across the borough and the Gedling fountain restoration works have also been delivered.

Place:

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

Key Achievements

- ❖ The Government confirmed their approval to the Greater Carlton Neighbourhood Board's 10-year Regeneration Plan and 4-year Investment Plan as part of the Pride in Place programme. Delivery will be overseen by the independent Greater Carlton Neighbourhood Board, with Gedling Borough Council acting as the accountable body and a wide range of partners supporting long-term change.
- ❖ The council continues to review and improve the standard of temporary accommodation available to those at risk of homelessness. Over the past 12 months we have successfully purchased additional units within the borough to reduce our reliance on expensive and unsuitable accommodation while providing better local options for residents in need.
- ❖ Following council intervention we have succeeded in remediating 182 rented households with health and safety hazards that fall below the minimum legal standard.

Working with partners to secure funding to improve play parks in the area including:

- ❖ £100,000 FCC Communities Foundation funding announced for Church Lane play area in Arnold.
- ❖ £100,000 FCC Communities Foundation funding announced for Onchan Park in Carlton.
- ❖ £98,000 FCC Communities Foundation funding announced for Jackie Bell's Field play area in Netherfield.
- ❖ Conway Park tennis courts reopen in Carlton after a £113,000 refurbishment.
- ❖ Four Gedling borough parks achieve Green Flag status again: Arnot Hill Park retains the award for the 19th consecutive year, Gedling Country Park for the 10th year in a row, and Burton Road Jubilee Park for the 10th time. Breck Hill Park also received the award for the 4th year in a row.
- ❖ Gedling Country park celebrated its 10th anniversary. A free event took place in September 2025 with environmentally themed activities, interactive music workshops, community stalls and opportunities to learn more about the park's history and future.
- ❖ Following public consultation, the Council has designated a new conservation area for Gedling Village. Conservation areas help protect the special character of places with historical or architectural importance. Gedling Village, which is mentioned in the Domesday Book, now joins other areas like Lambley and Papplewick with this protected status.

The Council:

To be a high performing, efficient and effective council.

Key Achievements

- ❖ We improved our telephony system to help residents reach the right service more quickly and easily, supporting a better customer experience and more efficient call handling.

- ❖ We launched a new, more accessible council website to help residents find information more easily and complete tasks online. Since its launch, the site has received more than half a million unique visitors.
- ❖ A new waste management system is now live, supported by in-cab technology. This is enabling better use of data to identify performance trends, improve route planning and support more efficient waste collection services for the residents of Gedling Borough.
- ❖ We also began preparing for the introduction of the forthcoming government changes around waste, including the new 'Simpler Recycling' requirements, ensuring the Council is well placed to respond to forthcoming changes and support implementation.
- ❖ A new customer relationship management (CRM) technology has been implemented to improve how we manage resident contact and respond to service requests. In 2026/27, this will support the introduction of citizen account functionality, making it easier for residents to access services online.
- ❖ Other council websites such as Pride of Gedling, Heritage and Pet Crematorium have also adopted the new corporate infrastructure, design and branding, creating a more consistent and user-friendly digital experience.
- ❖ As part of the Council's efficiency programme, we continued to encourage residents to make greater use of online services where appropriate. Following the launch of the new online garden waste subscription process, more than 18,000 residents have signed up so far, with over 76% completed online. A new bin calendars and reminder service has also been implemented, with more than 18,500 subscribers to date benefiting.
- ❖ A new Social Value Policy was agreed to ensure the Council maximises the wider benefits delivered through its spending and procurement activity, not just the core service outcomes. The policy supports delivery of the Council's priorities, secures additional community benefits and improves overall value for money for residents.
- ❖ We introduced new governance arrangements to strengthen oversight, accountability and performance monitoring across the Council's programmes and projects.

Actions:

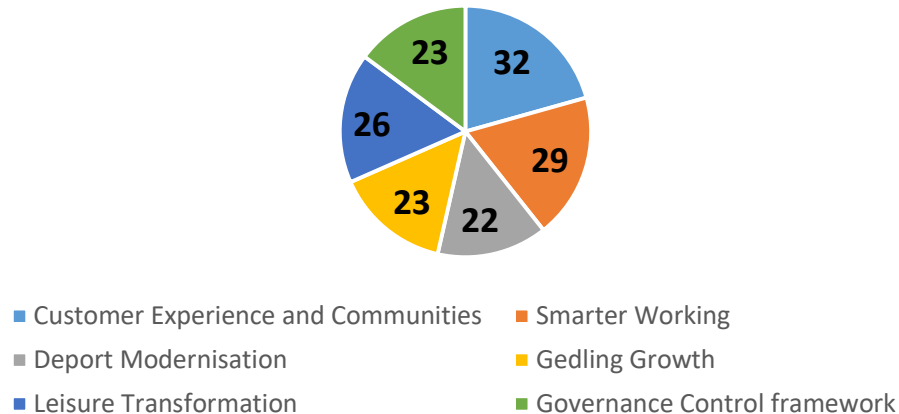
In March 2025 Cabinet agreed the Annual Delivery Plan 2024/25, which included 52 actions spanning six themes:

- ❖ Customer Experience and Communities Programme
- ❖ Smarter Working Programme
- ❖ Depot Modernisation Programme
- ❖ Gedling Growth
- ❖ Leisure Transformation
- ❖ Governance Control Framework

Milestones were identified under each action to support monitoring of progress against the Annual Delivery Plan. A total of 189 milestones were originally set across all themes.

By the end of the year, 155 milestones had been completed, representing a cumulative completion rate of 82% against the original number set. A further 15% were incorporated into the Annual Delivery Plan for 2025/26 and 3% were cancelled.

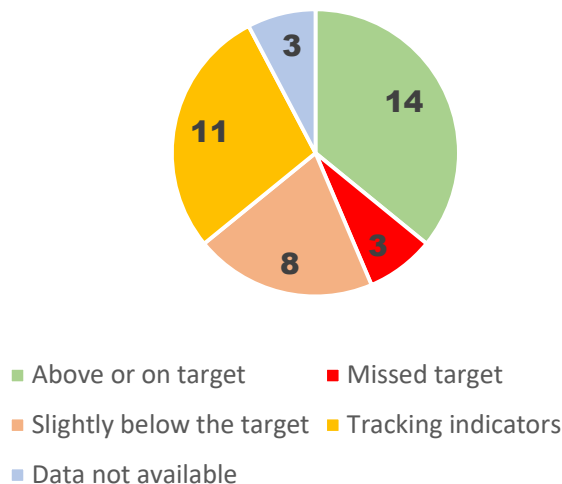
2025/26 Milestones Completed Against Theme



Performance Indicators:

In addition to the 30 performance indicators monitored on a quarterly basis in 2025/26, 9 indicators were reported annually. The chart below shows the year-end performance position for all 39 indicators: 14 indicators met or exceeded their target, 8 were slightly below target, 3 missed their target, 11 were tracking-only indicators and data was not available for 3 indicators.

Performance indicators in 2025/26



What we did well - 14 indicators were above or on target. Examples of particularly positive results, either in terms of performance against target or when compared with previous years, are shown below:

- ❖ Number of visits to leisure centres was 1,373,697 against a target of 1,315,000.
- ❖ Membership of the Council's DNA leisure services membership scheme was 4,846 against a target of 4,500.
- ❖ Number of affordable homes delivered (gross) was 97 against a target of 95.
- ❖ Percentage of calls to the contact centre answered, or call back made, was 95.9% against a target of 94.0%.
- ❖ Number of school-age work experience placements hosted by Gedling Borough Council was 14 against a target of 4.

- ❖ Number of rented households with health and safety hazards falling below the minimum legal standard that were remediated following the Council's intervention was 182 against a target of 50.
- ❖ Percentage of major planning applications processed within 13 weeks was 100% against a target of 92%.
- ❖ Percentage of other planning applications processed within 8 weeks was 92.59% against a target of 80.00%.

Where we need to improve - whilst overall performance is positive, 3 indicators missed their target, and 8 indicators are only slightly below their annual target:

- ❖ Housing Benefit / Council Tax Reduction Scheme time taken to process new claims was 24.9 days against a target of 15 days.
- ❖ Working Days Lost Due to Sickness Absence (rolling 12-month total) was 14.2 days against a target of 9.0 days.
- ❖ Housing Benefit / Council Tax Reduction Scheme time taken to process changes in circumstances was 12.4 days against a target of 5 days.
- ❖ Percentage of customers satisfied with overall customer service was 86.8% against a target of 94%.
- ❖ Net additional homes provided was 575 against a target of 631.
- ❖ Percentage of calls to customer service answered within SLA (40 seconds) was 83.9% against a target of 85%.
- ❖ Number of long-term empty homes in the borough returned to use as a result of Gedling Borough Council intervention was 67 against a target of 70.
- ❖ Percentage of fly-tipping incidents removed within 10 working days was 96.05% against a target of 98%.
- ❖ Percentage of Council Tax collected was 97.3% against a target of 98.5%.
- ❖ Percentage of Business Rates collected was 97.67% against a target of 98.80%.
- ❖ Average number of swim school members was 4,051 against a target of 4,200.

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

The Council's medium-term financial position remains challenging. Although the 2025/26 Local Government Finance Settlement provided funding certainty for the year, future funding levels remain uncertain due to the planned reforms to the local government finance system from 2026/27, including the Fair Funding Review, the business rates reset and wider local government reorganisation.

The Government has confirmed its intention to introduce the first multi-year Local Government Finance Settlement in a decade from 2026/27. This may improve medium-term planning certainty, but the distributional impact of the new funding formulae, updated assessment of relative needs and resources, and reset of business rates income remains uncertain. These reforms could materially affect the resources available to the Council and will therefore continue to represent a significant financial planning risk.

The total cumulative settlement reductions equate to 29.1% or £1.44m in cash terms over the period from 2016/17 to 2025/26, compared with the base position in 2015/16.

The Council has taken, and will continue to take, a proactive approach to managing financial pressures by identifying savings, efficiencies, service improvements and opportunities to generate income. The Gedling Plan 2023-27 continues to provide the strategic framework for this work and is focused on the following priorities:

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

Since 2014/15, the Council has approved six separate efficiency programmes totalling £7.5m net of risk provision. Delivery of these programmes has supported the Council in responding to reductions in funding and managing cost pressures while continuing to prioritise services for residents.

Progress in delivering the current efficiency programme has been positive, with budget reductions achieved broadly in line with the profiled estimates. However, continued delivery will remain important in the context of ongoing inflationary pressures, service demand, funding uncertainty and the need to maintain financial resilience.

The Council will continue to review its efficiency programme and Medium Term Financial Plan to ensure that savings assumptions remain deliverable and that risks are identified and managed at an early stage.

It is recognised that there continue to be risks in delivering the full level of planned savings, particularly where proposals depend on changes to demand, income generation, service redesign or wider transformation.

Even in the face of these financial challenges, the Council remains ambitious for its residents, businesses and taxpayers. The three-year capital investment plan for 2026/27 to 2028/29, detailed below, includes schemes to support affordable housing, replace vehicles, invest in leisure and community facilities, maintain essential assets and improve the local environment.

The capital programme set out below reflects the Council's planned investment priorities over the next three years and is aligned to the Gedling Plan 2023-27 and the Annual Delivery Plan. The programme is presented by portfolio and totals £10.194m in 2026/27, with further planned investment of £4.696m in 2027/28 and £4.562m in 2028/29. Key areas of investment include leisure and wellbeing facilities, public protection, environmental services, climate change and natural habitat schemes, sustainable growth and economy projects, and corporate resources and performance improvements.

Financing of the programme is expected to be funded through a combination of capital receipts, direct revenue financing, grants and contributions, and borrowing.

Capital Plan	Three Year Plan		
	2026/27 £000	2027/28 £000	2028/29 £000
Lifestyles, Health & Well-being	2,670	380	0
Public Protection	2,058	1,400	1,400
Environment	2,065	343	720
Climate Change & Natural Habitat	267	222	222
Sustainable Growth & Economy	1,056	1,786	1,655
Corporate Resources & Performance	2,076	565	565
Total Expenditure	10,194	4,696	4,562
Financing			
Use of Capital Receipts	(707)	(125)	(125)
Direct Revenue Financing	(1,423)	(22)	(22)
Grants and Contributions	(4,160)	(3,336)	(3,205)
Borrowing	(3,904)	(1,213)	(1,210)
Total Financing	(10,194)	(4,696)	(4,562)

In addition to reductions in Government grant funding, the key strategic financial risks facing the Council over the medium term are set out below.

- **Inflation, pay and service demand pressures** – The Council continues to face financial pressure from inflation, pay awards, contract costs and increased demand across key services. These pressures affect both the revenue budget and the affordability of the capital programme and will require continued active monitoring through the Medium Term Financial Plan.
- **Local government funding reform** – The Government has confirmed its intention to reform the local government finance system from 2026/27, including the Fair Funding Review, updated assessments of relative needs and resources, and the first multi-year Local Government Finance Settlement in a decade. Whilst this may improve planning certainty, the distributional impact for individual authorities remains uncertain and could materially affect the resources available to the Council.
 - The Council will continue to assess the potential impact of funding reform and will respond to consultation and implementation proposals where appropriate, to ensure that Gedling's financial position, local circumstances and service pressures are properly represented.
- **Business rates reset and income volatility** – The planned reset of business rates income from 2026/27 creates uncertainty over the level of income that may be retained locally in future years. Business rates income also remains exposed to wider economic conditions, changes in the rating list, successful appeals, reliefs and collection performance.
- **Local Government Reorganisation** – The emerging proposals for local government reorganisation in Nottinghamshire create financial, operational and governance risks. These include the need to maintain effective service delivery during transition, support timely decision-making, manage capacity pressures and ensure that financial planning takes account of potential changes to organisational structures and responsibilities.
- **Capital programme affordability** – The Council's capital programme includes important investment in services, assets and infrastructure. Delivery will need to be managed carefully in the context of construction inflation, borrowing costs, available capital receipts, grant funding and the impact of internal borrowing on cash flow and investment income.
- **Savings delivery and transformation** – The Council's Medium Term Financial Plan relies on the continued delivery of savings, efficiencies and service transformation. There is a risk that savings may take longer to deliver or may not be achieved in full where proposals depend on demand management, income generation, digital change, workforce capacity or wider partnership delivery.

The Council has a strong record of budget management and financial planning and has consistently sought to identify savings and efficiencies early. However, the scale of medium-term uncertainty means that continued delivery of the efficiency programme, careful management of reserves and close monitoring of emerging risks will remain essential. Working with partners, responding to local government reorganisation and maintaining focus on the Gedling Plan will be critical to protecting financial resilience while continuing to deliver the Council's aim of "Serving People, Improving Lives".

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, properly accounted for and used economically, efficiently and effectively. In discharging this responsibility, the Council has put in place governance arrangements to support the effective exercise of its functions, including arrangements for the management of risk. The Council has approved and adopted a Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE Framework, *Delivering Good Governance in Local Government*, and meets the requirements of the Accounts and Audit Regulations 2015.

For the year ended 31 March 2026, BDO, as the Council's internal audit provider, presented its Internal Audit Annual Report and Head of Internal Audit Opinion for 2025/26 to Audit Committee in June 2026. The report provided BDO's opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes, within the scope of the internal audit work undertaken during the year. BDO's opinion was that the Council's internal controls were "generally satisfactory with improvements required in some areas". This reflects the revised wording introduced following implementation of the Global Internal Audit Standards and is broadly equivalent to the Moderate assurance opinion provided in the prior year.

The Annual Governance Statement assesses the effectiveness of the Council's governance arrangements up to 31 March 2026. The review identified a number of actions to be progressed during 2026/27 to address control and risk issues and to support continuous improvement. These include strengthening the assessment and monitoring of risks and assumptions underpinning the Medium Term Financial Plan, monitoring workforce capacity risks linked to delivery of the Gedling Plan and governance compliance, reviewing emergency planning and business continuity arrangements, continuing to monitor compliance with the CIPFA Financial Management Code, and improving the monitoring and timely implementation of internal audit actions by management.

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 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 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 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 operations are funded by taxation and grant income, or from recipients of services provided by the authority. Investing activities represent the extent to which the cash outflows have been made for resources that are intended to contribute to the authority’s future service delivery. Cash flows from financing activities are useful when predicting claims on future cash flows to the Council by providers of capital, i.e. 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.

6. Summary

The Council’s financial and non-financial position at the end of 2025/26 remains sound, despite the continuing financial challenges facing local government. The revenue outturn demonstrates that the Council has managed within its approved net budget, while the capital programme has been actively reviewed and managed during the year. The Council continues to hold reserves and balances that provide financial resilience for 2026/27 and the medium term; however, this resilience will need to be carefully managed in the context of ongoing inflationary and demand pressures, local government funding reform, the business rates reset and local government reorganisation. The Medium Term Financial Plan also includes significant efficiencies that will need to be delivered over the medium term, and delivery of these savings and transformation plans will be critical to maintaining the Council’s financial resilience. The Council will therefore continue to focus on strong financial management, effective governance and delivery of the Gedling Plan 2023-27, while maintaining its commitment to “Serving People, Improving Lives”.

No material events took place between the reporting date of 31 March 2026 and the date the Statement of Accounts was authorised for issue by the Chief Financial Officer.

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STATEMENT OF ACCOUNTING POLICIES

FOR GEDLING BOROUGH COUNCIL

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. The Authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015, as amended, and proper accounting practices. For 2025/26, these proper accounting practices principally comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025/26 Code), supported by International Financial Reporting Standards (IFRS), together with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended.

The Statement of Accounts has been prepared on the historical cost basis, modified by the valuation of certain categories of non-current assets and financial instruments. In particular, Property, Plant and Equipment is measured in accordance with the basis applicable to each asset class, with infrastructure assets, community assets and assets under construction carried at depreciated historical cost and other operational assets carried at current value, determined as existing use value or, where appropriate, depreciated replacement cost. Investment property is measured at fair value, financial instruments classified at fair value are measured accordingly, and pension fund assets are measured at fair value.

The Statement of Accounts has been prepared on a going concern basis. As required by IAS 1, 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.

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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 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

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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.

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 2025/26, 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.

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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 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.

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- 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 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

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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 2025/26.

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 measured 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.

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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 or credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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 are charged to the Comprehensive Income and Expenditure Statement; however, for qualifying pooled investment funds acquired before 1 April 2024, a statutory override effective until 31 March 2029 requires these gains and losses to 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 2025/26.

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.

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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 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 and are subsequently 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 and 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.

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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.

13. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using an appropriate costing method that reflects the nature of the inventory held. Where, for practical reasons, the latest purchase price is used as an approximation of cost for stocks and stores, this is only applied where the effect is not material to the Statement of Accounts. Work in progress is measured at the lower of cost and 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 accounted for in accordance with IFRS 16, which applies to local authorities from 1 April 2024. The Authority assesses its contractual arrangements to determine whether they contain a lease and, where applicable, recognises lease transactions in accordance with the Code and the requirements of IFRS 16.

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STATEMENT OF ACCOUNTING POLICIES

The Authority as Lessee:

As lessee, the Authority recognises a right-of-use asset and a corresponding lease liability at the commencement date of a lease, except for short-term leases of 12 months or less without a purchase option and leases of low-value assets, where the recognition exemptions available under IFRS 16 are applied. Rentals payable in respect of exempt leases are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease term, or another systematic basis if more representative of the pattern of benefit.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability adjusted for lease payments made at or before commencement, any lease incentives received, initial direct costs incurred and any provision for dismantling or restoration obligations. Unless the Code requires an alternative basis, right-of-use assets are subsequently measured using the cost model and are depreciated over the shorter of the asset's useful life and the lease term, unless ownership transfers to the Authority at the end of the lease term.

The lease liability is initially measured at the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease where that can be readily determined, or otherwise the Authority's incremental borrowing rate. The lease liability is subsequently remeasured where there is a change in the lease term, a reassessment of a purchase option, a change in amounts expected to be payable under residual value guarantees, or a change in future lease payments resulting from a change in an index or rate. Any such remeasurement is recognised as an adjustment to the right-of-use asset, unless the carrying amount of that asset has been reduced to nil, in which case any further adjustment is recognised in the Comprehensive Income and Expenditure Statement.

Right-of-use assets are subject to depreciation, revaluation and impairment requirements in accordance with the Code and the accounting policies applied to the relevant underlying asset class. Statutory arrangements apply to ensure that these accounting charges do not fall directly on the General Fund Balance, with the required adjustments made through the Movement in Reserves Statement.

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 an 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

A lease is classified as a finance lease where it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

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

ANNUAL STATEMENT OF ACCOUNTS 2025/26

STATEMENT OF ACCOUNTING POLICIES

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 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.

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STATEMENT OF ACCOUNTING POLICIES

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 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.

Indexation

The Authority's approach to indexation aligns with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and associated CIPFA guidance. Assets measured at current value are subject to full valuation at least every five years, or as part of a five-year rolling programme, with indexation applied in the intervening years using appropriate indices and available market evidence to ensure that carrying amounts remain materially in line with current value at the reporting date.

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STATEMENT OF ACCOUNTING POLICIES

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amounts are not materially different from current value at the year-end. Full valuations are undertaken at least every five years, or as part of a five-year rolling programme, with indexation applied in the intervening years using appropriate indices having regard to the nature of the asset and available market evidence. Where no suitable index is available, a desktop valuation may be used in accordance with CIPFA guidance. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may 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);
- 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).

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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 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.

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STATEMENT OF ACCOUNTING POLICIES

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.

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

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STATEMENT OF ACCOUNTING POLICIES

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 interests.

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;

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STATEMENT OF ACCOUNTING POLICIES

- 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, 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'.

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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 2026 and its income and expenditure for the year then ended.

Signed:



T Adams ACMA CGMA
Chief Financial Officer

Date: 30/06/2026

Financial Statements

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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.

2024/25			2025/26		
Gross Exp £000s	Gross Inc £000s	Net Exp £000s	Gross Exp £000s	Gross Inc £000s	Net Exp £000s
Net Cost of Services:					
552	(192)	360	61	0	61
6,120	(4,590)	1,530	6,681	(4,693)	1,988
4,290	(2,671)	1,619	3,302	(1,651)	1,651
6,504	(2,094)	4,410	7,365	(2,153)	5,212
3,224	(964)	2,260	3,409	(914)	2,495
5,270	(2,685)	2,585	3,972	(2,819)	1,153
25,677	(20,480)	5,197	24,262	(18,542)	5,720
51,637	(33,676)	17,961	49,052	(30,772)	18,280
Cost of Services					
Other Operating Expenditure:					
921	0	921	981	0	981
39	0	39	39	0	39
49	0	49	58	0	58
4	(62)	(58)	127	(422)	(295)
1,013	(62)	951	1,205	(422)	783
Financing and Investment I&E:					
359	0	359	371	0	371
(17)	0	(17)	(181)	0	(181)
0	(1,055)	(1,055)	0	(750)	(750)
508	(712)	(204)	352	(381)	(29)
0	0	0	0	0	0
0	(17)	(17)	0	0	0
0	(206)	(206)	0	(226)	(226)
850	(1,990)	(1,140)	542	(1,357)	(815)
Taxation and Non Specific Grants:					
0	(8,330)	(8,330)	0	(8,714)	(8,714)
0	(7,149)	(7,149)	0	(5,900)	(5,900)
0	(1,082)	(1,082)	0	(2,007)	(2,007)
0	(4,323)	(4,323)	0	(4,364)	(4,364)
0	(20,884)	(20,884)	0	(20,985)	(20,985)
53,500	(56,612)	(3,112)	50,799	(53,536)	(2,737)
(Surpl)/Def on Provision of Services					
	(655)	(655)			(1,068)
	(2,435)	(2,435)			5,599
	(3,090)	(3,090)			4,531
	(6,202)	(6,202)			1,794
Total Comprehensive Income and Expenditure					

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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 2026 is £5.672m.

2025/26 Statement

Balance at 1 April 2025 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 2025/26

Balance at 31 March 2026 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
5,292	8,594	13,886	250	4,238	18,374	21,163	39,537
2,737	0	2,737	0	0	2,737	(4,531)	(1,794)
(3,030)	0	(3,030)	(177)	3,474	267	(267)	0
(293)	0	(293)	(177)	3,474	3,004	(4,798)	(1,794)
673	(673)	0	0	0	0	0	0
380	(673)	(293)	(177)	3,474	3,004	(4,798)	(1,794)
5,672	7,921	13,593	73	7,712	21,378	16,365	37,743

2024/25 Comparatives

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
5,292	8,594	13,886	250	4,238	18,374	21,163	39,537

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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-Mar-25			31-Mar-26		
£000s	£000s		£000s	£000s	
25,848		Property, Plant & Equipment (note 13)	28,372		
3,609		Land and Buildings	3,815		
585		Vehicles, Plant and Equipment	776		
1,878		Infrastructure	1,850		
1,232		Community Assets	0		
1,800		Assets Under Construction	1,800		
	34,952	Assets Held for Sale		36,613	
	4,513			4,325	
	118	Investment Property (note 14)		1,415	
	894	Intangible Assets (note 15)		894	
	11	Long Term Investments		16	
	40,488	Long Term Debtors (note 18)		43,263	
		LONG TERM ASSETS			
3,090		Short Term Investments	4,976		
165		Inventories	219		
13,972		Short Term Debtors (note 19)	13,319		
8,115		Cash and Cash Equivalents (note 20)	6,107		
	25,342	CURRENT ASSETS		24,621	
(2)		Short Term Borrowing (under 1year)	(2)		
(8,959)		Short Term Creditors (note 21)	(7,342)		
	(8,961)	CURRENT LIABILITIES		(7,344)	
(708)		Provisions over 1 year (note 22)	(1,442)		
(10,812)		Long term Borrowing (PWLb)	(10,812)		
(1,536)		Net Pensions Liability (note 32)	(6,029)		
(3,891)		Capital Grants & Contributions Received in Advance (note 11)	(4,094)		
(385)		Revenue Grants & Contributions Received in Advance (note 11)	(420)		
	(17,332)	LONG TERM LIABILITIES		(22,797)	
	39,537	NET ASSETS / (LIABILITIES)		37,743	

ANNUAL STATEMENT OF ACCOUNTS 2025/26

BALANCE SHEET

31-Mar-25	
£000s	£000s
	39,537
5,292	
8,594	
250	
4,238	
	18,374
0	
7,205	
(106)	
(1,536)	
16,089	
79	
(178)	
(390)	
	21,163
	39,537

NET ASSETS / (LIABILITIES) AS ABOVE

Usable Reserves (MiRS p39)

General Fund
Earmarked Reserves (note 10)
Capital Receipts Reserve
Capital Grants and Contributions Unapplied

Unusable Reserves (note 24)

Deferred Capital Receipts
Revaluation Reserve
Pooled Investment Funds Adjustment Account
Pensions Reserve
Capital Adjustment Account
Collection Fund Adjustment Account - CTax
Collection Fund Adjustment Account - NDR
Short-term Accumulating Compensated Absences Account

TOTAL RESERVES

31-Mar-26	
£000s	£000s
	37,743
5,672	
7,921	
73	
7,712	
	21,378
0	
8,273	
(106)	
(6,029)	
15,642	
41	
(1,086)	
(370)	
	16,365
	37,743

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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.

2024/25		2025/26
£000s		£000s
3,112	Net Surplus / (Deficit) on the Provision of Services per the Comprehensive Income and Expenditure Statement	2,845
(482)	Total of adjustments to net Surplus/(Deficit) on Provision of Services for non-cash movements	4,378
(5,269)	Total of adjustments to the net Surplus/(Deficit) on Provision of Services for items that are investing and financing activities	(5,839)
(2,639)	Net cash flow from operating activities (see note 25)	1,384
9,290	Investing activities (see note 26)	(284)
(2,479)	Financing activities (see note 27)	(3,108)
4,172	Net Increase / (Decrease) in Cash & Cash Equivalents	(2,008)
3,943	Cash and Cash Equivalents at the beginning of the reporting period	8,115
8,115	Cash and Cash Equivalents at the End of the Reporting Period	6,107

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 2025	31 March 2026
£000s	£000s
420	(508)
5	5
7,690	6,610
8,115	6,107.00

ANNUAL STATEMENT OF ACCOUNTS 2025/26

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Please refer to the full Statement of Accounting Policies 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.

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2026/27 Code). This means that only the standards listed in paragraph 9 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024

It is likely there will be limited application of items a) to d), although authorities will need to consider their individual circumstances in case any of these standards apply. Further details on these changes to the Code can be found in the 2026/27 Code Consultation.

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 2026 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 2025/26 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 2025/26 Accounts are subject to MVU

An impairment review of property values at the balance sheet date was completed at 31 March 2026. Any material differences have been reflected in value compared to the carrying amount.

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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 £3.880m in the pension liability and a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.284m. 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 2025/26.	As the Actuary has confirmed that no MVU declarations have been made in 2025/26, 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 £221,505. 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 2025/26

NOTES TO THE FINANCIAL STATEMENTS

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

Provisions	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 £3,353,844 of which the Council's share as billing authority is £1,341,538.	A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £167,700. Of this, the Council's share as billing authority would be £67,080. See note 22 on page 70 for further details on Provisions.
Arrears	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 2026 is £1,680,433. 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.	If collection rates were to deteriorate, a 10% increase on the impairment amount would require an additional £168,043 to be set aside as an allowance.

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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.

2024/25				2025/26		
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
			Net Cost of Services:			
362	(2)	360	Communities and Place	65	(4)	61
1,591	(61)	1,530	Lifestyles, Health and Wellbeing	2,154	(166)	1,988
1,590	29	1,619	Public Protection	1,739	(88)	1,651
4,482	(72)	4,410	Environmental Services	5,432	(220)	5,212
2,120	140	2,260	Climate Change and Natural Habitat	2,571	(76)	2,495
2,642	(57)	2,585	Sustainable Growth and Economy	1,260	(107)	1,153
4,264	933	5,197	Performance	4,313	1,407	5,720
17,051	910	17,961	Cost of Services	17,534	746	18,280
			Other Operating Expenditure:			
921	0	921	Payment of Precepts to Parishes	981	0	981
39	0	39	Drainage Board Levy	39	0	39
0	49	49	Pensions Administration Cost	0	58	58
5	(63)	(58)	(Gain)/Loss on disposal of PPE	129	(424)	(295)
965	(14)	951		1,149	(366)	783
			Financing and Investment I&E:			
359	0	359	Interest Payable on Debt	371	0	371
0	(17)	(17)	Net Pensions Interest Cost	0	(181)	(181)
(995)	(60)	(1,055)	Interest Receivable & similar income	(750)	0	(750)
(229)	25	(204)	Inc & Exp re. Investment properties & changes in their fair value	(218)	189	(29)
0	0	0	(Gain)/Loss on disposal of Inv't Assets	0	0	0
0	(17)	(17)	(Gain)/Loss on Pooled Investm't Funds	0	0	0
(206)	0	(206)	Mvt on Impairment Loss Allowances	(226)	0	(226)
(1,071)	(69)	(1,140)		(823)	8	(815)
			Taxation and Non Specific Grants:			
(8,253)	(77)	(8,330)	Council Tax Income	(8,752)	38	(8,714)
(7,979)	830	(7,149)	Non Domestic Rates	(6,808)	908	(5,900)
(1,082)	0	(1,082)	Non Ring-fenced Government Grants	(2,007)	0	(2,007)
0	(4,323)	(4,323)	Capital grants and contribs (note 11)	0	(4,364)	(4,364)
(17,314)	(3,570)	(20,884)		(17,567)	(3,418)	(20,985)
(369)	(2,743)	(3,112)	(Surpl)/Def on Prov'n of Services	293	(3,030)	(2,737)
£000s			Opening General Fund Balance	£000s		
(13,517)			(Surplus)/Deficit on General Fund	(13,886)		
(369)				293		
(13,886)			Closing General Fund Balance	(13,593)		

ANNUAL STATEMENT OF ACCOUNTS 2025/25

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.

2025/26

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	(4)	0	(4)
Lifestyles, Health and Wellbeing	(167)	1	(166)
Public Protection	(83)	(5)	(88)
Environmental Services	(224)	4	(220)
Climate Change and Natural Habitat	(66)	(10)	(76)
Sustainable Growth and Economy	(112)	5	(107)
Corporate Resources and Performance	(326)	(16)	1,407
Cost of Services	(982)	(21)	746
Other income and expenditure from the Expenditure and Funding Analysis	(123)	523	(3,776)
Difference between the General Fund (surplus)/deficit and the CIES (surplus)/deficit on the Provision of Services	(1,105)	502	(3,030)

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	(3)	1	(2)
Lifestyles, Health and Wellbeing	(67)	6	(61)
Public Protection	(32)	61	29
Environmental Services	(87)	15	(72)
Climate Change and Natural Habitat	(30)	170	140
Sustainable Growth and Economy	(53)	(4)	(57)
Corporate Resources and Performance	(233)	10	933
Cost of Services	(505)	259	910
Other income and expenditure from the Expenditure and Funding Analysis	32	691	(3,653)
Difference between the General Fund (surplus)/deficit and the CIES (surplus)/deficit on the Provision of Services	(473)	950	(2,743)

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 2025/25

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

Communities and Place
Lifestyles, Health and Wellbeing
Public Protection
Environmental Services
Climate Change and Natural Habitat
Sustainable Growth and Economy
Corporate Resources and Performance

2024/25	2025/26
£000s	£000s
0	0
260	258
13	15
645	669
446	437
73	86
(131)	(72)
1,306	1,393
0	0
(4,338)	(4,473)
(908)	(816)
(1,680)	(1,890)
(771)	(769)
(899)	(1,056)
(1,360)	(1,813)
(9,956)	(10,817)

External Income from Customers

Communities and Place
Lifestyles, Health and Wellbeing
Public Protection
Environmental Services
Climate Change and Natural Habitat
Sustainable Growth and Economy
Corporate Resources and Performance

ANNUAL STATEMENT OF ACCOUNTS 2025/25

NOTES TO THE FINANCIAL STATEMENTS

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

	2024/25	2025/26
	£000s	£000s
Employee benefits expenses	17,180	18,042
Other service expenses	32,508	28,554
Depreciation, amortisation & revaluation losses	1,981	2,334
Interest payments	359	371
Precepts and levies	959	1,020
Costs associated with the disposal of fixed assets	4	0
Expenditure on investment properties and reductions in fair value	509	352
Losses on pooled investment funds	0	126
Total Expenditure per CIES	53,500	50,799
Fees, charges and other service income	(9,956)	(10,817)
Interest and investment income	(1,055)	(749)
Income from council tax and NDR	(15,480)	(13,368)
Government grants and other contributions	(29,125)	(27,572)
Income from the disposal of assets	(62)	(422)
Income from investment properties and increases in fair value	(712)	(382)
Income from gains on pooled investment funds	(17)	0
Decreases on Impairment Loss Allowances	(206)	(226)
Total Income per CIES	(56,613)	(53,536)
(Surplus)/Deficit on the Provision of Services	(3,113)	(2,737)

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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.

2025/26

Adjustments primarily involving the Capital Adjustment Account (note 24)

Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):

Charges for depreciation & impairment of non-current assets

General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Mov't on Usable Reserves	Mov't on Unusable Reserves
£000s	£000s	£000s	£000s	£000s
1,876	0	0	1,876	(1,876)

Revaluation losses/(reversals) on Property Plant and Equipment

384	0	0	384	(384)
-----	---	---	-----	-------

Movement in fair value of investment properties

145	0	0	145	(145)
-----	---	---	-----	-------

Amortisation of intangible assets

117	0	0	117	(117)
-----	---	---	-----	-------

Capital grants & contributions applied

(93)	(601)	0	(694)	694
------	-------	---	-------	-----

Revenue Expenditure Funded from Capital Under Statute

513	0	0	513	(513)
-----	---	---	-----	-------

Carrying Amounts debited as part of the gain or loss on disposals of non-current assets

0	0	0	0	0
---	---	---	---	---

Use of Capital Receipts Reserve to finance new capital expenditure

0	0	(420)	(420)	420
---	---	-------	-------	-----

Capital Receipts Applied

(423)	423		0	0
-------	-----	--	---	---

Insertion of items NOT debited or credited to the CIES:

Statutory provision for the financing of capital investment (Minimum Revenue Provision)

(966)	0	0	(966)	966
-------	---	---	-------	-----

Capital expenditure charged against General Fund Balance

(131)	0	0	(131)	131
-------	---	---	-------	-----

Adjustments primarily involving the Capital Grants Unapplied Account

Capital grants and contributions unapplied, credited to the CIES

(4,271)	0	4,271	0	0
---------	---	-------	---	---

Application of grants to capital financing transferred to the Capital Adjustment Account

		(377)	(377)	377
--	--	-------	-------	-----

Adjustments primarily involving the Pooled Investment Funds Adjustment Account

Transfer of the gain/loss on pooled investments

0	0	0	0	0
---	---	---	---	---

Sub-total of items adjusted

(2,849)	(178)	3,474	447	(447)
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ANNUAL STATEMENT OF ACCOUNTS 2025/26

NOTES TO THE FINANCIAL STATEMENTS

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

<u>2025/26 (Continued)</u>	Usable Reserves			Total Mov't on Usable Reserves	Mov't on Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied		
	£000s	£000s	£000s	£000s	£000s
Sub-total of adjustments from prev. page	(2,849)	(178)	3,474	447	(447)
<u>Adjustments primarily involving the Capital Receipts Reserve</u>					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (PPE)	0	0	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
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0
<u>Adjustments primarily involving the Deferred Capital Receipts Reserve</u>					
Transfer of interest on deferred capital receipt	0	0	0	0	0
<u>Adjustments primarily involving the Pensions Reserve</u>					
Reversal of items relating to retirement benefits debited or credited to the CIES	1,706	0	0	1,706	(1,706)
Employers pension contributions and direct payments to pensioners payable in the year	(2,812)	0	0	(2,812)	2,812
<u>Adjustments primarily involving the Collection Fund Adjustment A/C</u>					
Amount by which Council Tax & NDR income credited to the CIES differs to that income calculated for the year in accordance with statutory requirements	946	0	0	946	(946)
<u>Adjustments primarily involving the Accumulated Absences Account</u>					
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	(20)	0	0	(20)	20
Total Net adjs between Accounting basis and Funding basis under regulation (per Movement in Reserves Statement on p39)	(3,029)	(178)	3,474	267	(267)

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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.

2024/25 Comparatives

Adjustments primarily involving the Capital Adjustment Account (note 24)

Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):

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

Insertion of items NOT debited or credited to the CIES:

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)

Adjustments primarily involving the Capital Grants Unapplied Account

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

Adjustments primarily involving the Pooled Investment Funds Adjustment Account

Transfer of the gain/loss on pooled investments

(17)

0

0

(17)

17

Sub-total of items adjusted

(2,999)

(373)

2,064

(1,308)

1,308

ANNUAL STATEMENT OF ACCOUNTS 2025/26

NOTES TO THE FINANCIAL STATEMENTS

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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 2024/25 and 2025/26.

	Balance 31 Mar 2024	Transfers out during 2024/25	Transfers in during 2024/25	Balance 31 Mar 2025	Transfers out during 2025/26	Transfers in during 2025/26	Balance 31 Mar 2026
<u>Reserve:</u>	£000s			£000s			£000s
Financial Transparency	0	0	24	24	0	20	44
IT Equip't Replacement & Investment	794	(88)	117	823	(184)	0	639
Community and Crime	261	0	0	261	(3)	31	289
Risk Mgt & Budget Red'n	16	(13)	15	18		0	18
Housing and Housing Benefits	132	(102)	54	84	(74)	0	10
Insurance	255	(135)	35	155	0	40	195
Efficiency & Innovation	441	(26)		415	(94)	0	321
Asset Management	500	(53)	107	554	(99)	96	551
Local Plan Reserve	214	(168)	(16)	30	(30)	0	0
S106 Revenue	232	(53)	132	311	(52)	0	259
Earmarked Grants	1,417	(563)	384	1,238	(57)	364	1,545
Joint Use Maintenance	133	(17)	11	127	(53)	0	74
CCTV	102	0	33	135	0	0	135
Apprentices	36	0	0	36	0	0	36
NDR Pool	1,681	(448)	967	2,200	(200)	508	2,508
Transformation	1,652	(420)	91	1,323	(944)	0	379
Economic Development	81	0	0	81	0	0	81
Leisure Strategy	248	0	0	248	0	0	248
Property Management	64	0	0	64	0	0	64
Selective Licencing	331	0	136	467	0	58	525
Additional Restrictions Grant (ARG)	14	(14)	0	0	0	0	0
Total Earmarked Reserves per Balance Sheet p40-41	8,604	(2,100)	2,090	8,594	(1,790)	1,117	7,921
Net Movement in Year per MiRS p39		(10)			(673)		

Financial Transparency Reserve - to provide adequate resource 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 2025/26

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 2025/26

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.

	2024/25	2025/26
	£000s	£000s
<u>Credited to Taxation and Non-Specific Grant Income:</u>		
Revenue Support Grant	(125)	(133)
New Homes Bonus	(710)	(525)
Extended Producer Responsibility (EPR) Funding	0	(1,157)
Lower Tier Services Grant	(21)	0
Funding Guarantee	(226)	(192)
Non Ring-fenced Grants	(1,082)	(2,007)
Community Infrastructure Levy (CIL)	(1,114)	(2,822)
DFG - DCLG Funding	(329)	(832)
UKSPF - Various	(732)	(482)
FCC Communities	0	(99)
Section 106 Developer Contributions	(213)	(93)
Lawn Tennis Association - Conway Road	(81)	(32)
Football Foundation - Lambley Lane Pavillion	(87)	(5)
DEFRA - Domestic Food Waste	(1,104)	0
D2N2 - Hillside Industrial Units	(643)	0
Greenwood Community Forest Initiative	(20)	0
Capital Grants and Contributions	(4,323)	(4,365)
S31 Grants included in Non Domestic Rates income	(4,504)	(3,997)
Local Tax Income Guarantee included in Non Domestic Rates Income	0	0
Local Tax Income Guarantee included in Council Tax Income	0	0
Total Non Ring-fenced Grants included in CIES on page 38	(9,909)	(10,369)
<u>Credited to Services:</u>		
Housing Benefits	(18,575)	(16,333)
Grants for Revenue Expenditure funded from Capital	(1,658)	(710)
Other Grants & Contributions	(1,985)	(1,758)
Total grants & contributions credited to Services	(22,218)	(18,801)
Total Grants, Contributions and Donated Assets	(32,127)	(29,170)

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 2025/26

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

2024/25	2025/26
£000s	£000s
(3,891)	(4,094)
(3,891)	(4,094)

Revenue

Developers' Section 106 Contributions

(385)	(420)
(385)	(420)

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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.

	2024/25	2025/26
	£000s	£000s
Opening Capital Financing Requirement (CFR)	15,729	16,293
Additions:		
Property, Plant & Equipment (note 13)	3,171	3,077
Investment Properties	572	0
Intangible Assets	118	1,148
Revenue expenditure funded from capital under statute (REFCUS)	2,202	1,223
Total Capital Investment	6,063	5,448
Financing:		
Capital receipts	0	(601)
Government Grants	(1,095)	(1,006)
Other Grants and Contributions	(3,388)	(724)
Minimum Revenue Provision (MRP)	(1,016)	(967)
Total Sources of Finance	(5,499)	(3,298)
Closing Capital Financing Requirement (CFR)	16,293	18,443
Explanation of movements in the year:		
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	564	2,150
Increase/(Decrease) in Capital Financing Requirement (CFR)	564	2,150

ANNUAL STATEMENT OF ACCOUNTS 2024/25

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT & EQUIPMENT

Movements in 2025/26

Cost or Valuation:

	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 2025	26,394	10,765	1,504	8,810	1,232	1,800	50,505
Additions	1,656	1,013	247	161	0	0	3,077
Revaln incr/(decr) recognised in the Revaluation Reserve	52	0	0	0	0	0	52
Revaln incr/(decr) recognised in the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition-Disposals	0	(303)	0	0	0	0	(303)
Indexation	(373)	0	0	0	0	0	(373)
Other movements in cost or valuation	946	0	(2)	41	(1,232)	0	(247)

As at 31 March 2026

Accumulated Depreciation and Impairment:

As at 1 April 2025	(546)	(7,156)	(919)	(6,932)	0	0	(15,553)
Depreciation Charge	(804)	(788)	(54)	(230)	0	0	(1,876)
Depreciation written out to the Revaluation Reserve	536	0	0	0	0	0	536
Depreciation written out to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition-Disposals	0	303	0	0	0	0	303
Indexation	511	0	0	0	0	0	511
Other movements in Depreciation	0	(19)	0	0	0	0	(19)

As at 31 March 2026

Net Book Value 31/3/25	25,848	3,609	585	1,878	1,232	1,800	34,952
Net Book Value 31/3/26	28,372	3,815	776	1,850	0	1,800	36,613

28,372	3,815	776	1,850	0	1,800
0	0	0	0	0	0

ANNUAL STATEMENT OF ACCOUNTS 2024/25

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT & EQUIPMENT (Continued)

Comparative Movements in 2024/25

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 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

As at 31 March 2025

Accumulated Depreciation and Impairment:

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

As at 31 March 2025

Net Book Value 31/3/24

Net Book Value 31/3/25

(546)	(7,156)	(919)	(6,932)	0	0	(15,553)
24,393	3,663	644	2,008	496	1,800	33,004
25,848	3,609	585	1,878	1,232	1,800	34,952

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 2025/26

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 2025/26 were completed by the Council's in-house valuer, E. Wimble MRICS, a chartered surveyor.

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. 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 2025/26 Accounts are subject to MVU. Vehicles, Plant and Equipment are valued on a depreciated historic cost basis as a proxy for Current Value.

Indexation

Indexation is now required in between scheduled valuations. The indexes used for indexation are determined by the Council's valuers which are shown below along with their monetary impact:

	Average Change	Valuation Change
	%	£000's
MSCI Standard Industrial	4.00%	93
MSCI Standard Office	-2.74%	(124)
RICS BCIS All-in	2.24%	169
Total indexation applied in 2025/26		138

Capital Commitments

At 31 March 2026 there were a number of capital contracts that had been entered into but not fully completed. The majority of these are linked to the UK Shared Prosperity funding and will be completed in 2026/27 inline with the grant conditions.

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.

	2024/25	2025/26
	£000s	£000s
Rental from Investment Property	(235)	(239)
Direct operating expenses arising from Investment Property	6	21
Net (Gain)/Loss	(229)	(218)

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 2025/26 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 2025/26 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 2025/26

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

2024/25	2025/26
£000s	£000s
3,967	4,513
572	0
0	0
(26)	(188)
4,513	4,325

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 £117,544 charged to revenue in 2025/26 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

Transferred from PPE

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

2024/25	2025/26
£000s	£000s
1,183	1,301
(1,081)	(1,183)
102	118
118	1,148
0	266
0	0
0	0
(102)	(117)
118	1,415
1,301	2,715
(1,183)	(1,300)
118	1,415

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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 2025/26

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 2025/26 were car loans and bike loans to employees. It is the Council's view that the outstanding sum of £16k 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 2025/26

ANNUAL STATEMENT OF ACCOUNTS 2025/26

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS (Continued)

The Council's Financial Instruments at 31 March 2026

(a) Financial Liabilities at Amortised Cost:

- (i) **Long and Short Term Borrowing** - Total long term debt outstanding on the balance sheet on 31 March 2026 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 £6.547m (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 £3.315m. The exit price for the outstanding PWLB loans including the penalty discount would therefore be £7.497m (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 £3,315m to £4.331m and the exit price from £7,497m to £6,481m (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 £4.516m. Short-term creditors outstanding at 31 March 2025, which are classed as financial instruments, totalled £5.493m.

(b) Financial Assets at Amortised Cost

- (i) **Short Term Investment** - Investments held at 31 March 2026 amounted to £4.977m, 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 2026 is £16k, 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 2026, which are classed as financial instruments, totalled £6,666m net of impairment provisions for doubtful debts (see note 19).

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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 2026 totalled overdrawn £0.527m 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 £6,107 in hand, including a total of £6,610m 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 2026 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 decreased from £893,994 at 31 March 2025 to £893,935 at 31 March 2026. The loss of £59 was credited 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 £106,064.

Dividends received in respect of the property fund investment totalled £41,032 in 2025/26. 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 2026 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

31/3/25	31/3/26
£000s	£000s
(10,812)	(10,812)
(2)	(2)
(4,275)	(4,516)
(4,741)	(5,493)
(19,830)	(20,823)
3,090	4,976
12	15
6,181	6,666
8,115	6,107
894	894
18,292	18,658

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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 £227k in the Council's impairment loss allowances for financial instruments during 2025/26 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 2026 is 0.012%, and would amount to an expected credit loss provision of circa £600. 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 2025/26

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	31/3/25
£000s	£000s
0	0
(2)	(2)
(2)	(2)
0	0
0	0
(681)	(681)
(10,131)	(10,131)
(10,812)	(10,812)

18. LONG TERM DEBTORS

Car Loans
Other - Cycle Scheme

Total Long Term Debtors per Balance Sheet

2023/24	2023/24
£000s	£000s
11	13
0	3
11	16

ANNUAL STATEMENT OF ACCOUNTS 2025/26

NOTES TO THE FINANCIAL STATEMENTS

19. SHORT TERM DEBTORS

	2024/25			2025/26		
	Financial Instrum'ts	Statutory Debts	Total	Financial Instrum'ts	Statutory Debts	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Central Government Departments	1,580	2,234	3,814	1,297	342	1,639
Other Local Authorities	255	3,530	3,785	186	4,026	4,212
Other Entities and Individuals	6,254	2,534	8,788	6,863	2,907	9,770
Total Short Term Debtors	8,089	8,298	16,387	8,346	7,275	15,621
Less Impairment Loss Allowance	(1,907)	(508)	(2,415)	(1,680)	(622)	(2,302)
Net Short Term Debtors per Balance Sheet	6,182	7,790	13,972	6,666	6,653	13,319

Amounts in respect of council tax and business rates are outside the scope of financial instruments, being "statutory debtors". The balance has decreased at 31 March 2026.

In accordance with IFRS9, the reduction on the impairment loss allowance for financial instruments between 2024/25 and 2025/26 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:

	31/03/25	31/03/26
	£000s	£000s
Cash balance at bank and cash in transit	420	(508)
Imprest Accounts	5	5
	425	(503)
Call Accounts	7,690	6,610
Total Cash and Cash Equivalents per Balance Sheet	8,115	6,107

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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.

	2024/25			2025/26		
	Financial Instrum'ts	Statutory Creditors	Total	Financial Instrum'ts	Statutory Creditors	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Central Government Departments	0	(2,202)	(2,202)	0	(437)	(437)
Other Local Authorities	(1,800)	(1,400)	(3,200)	(2,513)	(798)	(3,311)
Other Entities and Individuals	(2,941)	(616)	(3,557)	(2,980)	(614)	(3,594)
Total Short Term Creditors per Balance Sheet	(4,741)	(4,218)	(8,959)	(5,493)	(1,849)	(7,342)

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 2025

Additional Provisions made in 2025/26

Used in 2025/26

Reversed in 2025/26

Balance at 31 March 2026

Transf'd Stock Env. Warranties	Transf'd Stock Repairs	NDR Appeals	Total Provisions
£000s	£000s	£000s	£000s
(50)	(50)	(608)	(708)
0	0	(311)	(311)
0	0	491	491
0	0	(914)	(914)
(50)	(50)	(1,342)	(1,442)

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 £1,342,000 has been made, representing the Council's estimated share of such liabilities at 31 March 2026.

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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	
Revaluation Reserve	
Pooled Investment Funds Adjustment Account	
Capital Adjustment Account	
Pensions Reserve	
Collection Fund Adjustment Account - Council Tax	
Collection Fund Adjustment Account - Non Domestic Rates	
Accumulated Absences Account	

31/03/25	31/03/26
£000s	£000s
0	0
7,205	8,273
(106)	(106)
16,089	15,642
(1,536)	(6,029)
79	41
(178)	(1,086)
(390)	(370)
21,163	16,365

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

Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services

Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services

Difference between fair value depreciation and historic cost depr'n Indexation

Amount written off to the Capital Adjustment Account

Balance at 31 March

2024/25	2025/26
£000s	£000s
6,795	7,205
781	908
(125)	(87)
656	821
(246)	0
0	247
(246)	247
7,205	8,273

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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 2026 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 2025/26 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

2024/25	2025/26
£000s	£000s
(123)	(106)
17	0
(106)	(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.

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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

2024/25	2025/26
£000s	£000s
14,552	16,089
(1,786)	(1,876)
(93)	(384)
(102)	(117)
(544)	(513)
0	0
(2,525)	(2,890)
246	0
(2,279)	(2,890)
0	420
440	694
2,419	377
1,016	966
(33)	131
3,842	2,588
(26)	(145)
16,089	15,642

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.

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NOTES TO THE FINANCIAL STATEMENTS

24. UNUSABLE RESERVES (Continued)

	2024/25	2025/26
	£000s	£000s
Balance at 1 April	(4,458)	(1,536)
Actuarial gains or (losses) on pensions assets and liabilities	2,435	(5,599)
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	(2,073)	(1,706)
Employer's pension contributions and direct payments to pensioners payable in the year	2,560	2,812
Balance at 31 March	(1,536)	(6,029)

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:

	2024/25	2025/26
	£000s	£000s
Balance at 1 April	2	79
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	77	(38)
Balance at 31 March	79	41

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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

2024/25	2025/26
£000s	£000s
652	(178)
(830)	(908)
(178)	(1,086)

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

2024/25	2025/26
£000s	£000s
(338)	(390)
338	390
(390)	(369)
(52)	21
(390)	(369)

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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
 Impairment and downward revaluations
 Amortisation
 Increase / (Decrease) in revenue creditors
 (Increase) / Decrease in revenue debtors
 (Increase) / Decrease in stocks and works in progress
 Pension liability
 Carrying amount of non current assets sold
 Other non-cash items charged to net surplus/(deficit) on provision of services

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

Net cash flow from Operating Activities per Cash Flow Statement on p42

2024/25	2025/26
£000s	£000s
3,112	2,845
1,786	1,876
93	276
102	117
1,137	(1,633)
(3,037)	3,980
23	(53)
(487)	(1,106)
0	0
(99)	921
(482)	4,378
(5,269)	(5,839)
(2,639)	1,384

Cash flows for operating activities include the following items:

Interest Received
 Interest Paid

2024/25	2025/26
£000s	£000s
(1,157)	(794)
534	377

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NOTES TO THE FINANCIAL STATEMENTS

26. CASH FLOW STATEMENT - INVESTING ACTIVITIES

Purchase of property, plant and equipment, investment property and intangible assets	(2,782)	(2,937)
Purchase of short term and long term investments	0	0
Other payments for investing activities	(6)	(21)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	0	0
Proceeds from short-term and long term investments	7,520	(1,930)
Capital grants & contributions	235	239
Other receipts from investing activities	4,323	4,365

Net cash flows from Investing Activities per Cash Flow Statement on p42

2024/25	2025/26
£000s	£000s
(2,782)	(2,937)
0	0
(6)	(21)
0	0
7,520	(1,930)
235	239
4,323	4,365
9,290	(284)

27. CASH FLOW STATEMENT - FINANCING ACTIVITIES

Receipt of short-term and long-term borrowing	0	0
Other receipts from financing activities	5	6
Movement on NDR debtor with preceptors and CLG	(1,302)	(275)
Movement on Council Tax debtors with Preceptors	(384)	(951)
Community Infrastructure Levy held for Parishes	(797)	(1,877)
Grants & contributions held for other principal parties	(1)	(1)
Other payments for financing activities	0	(10)

Net cash flows from Financing Activities per Cash Flow Statement on p42

2024/25	2025/26
£000s	£000s
0	0
5	6
(1,302)	(275)
(384)	(951)
(797)	(1,877)
(1)	(1)
0	(10)
(2,479)	(3,108)

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 2025/26

NOTES TO THE FINANCIAL STATEMENTS

28. MEMBERS' ALLOWANCES (Continued)

The authority paid the following amounts to Members of the Council during the year:

	2024/25	2025/26
	£000s	£000s
Allowances:		
Basic	191	195
Special Responsibility	131	131
Expenses:		
Conferences and subsistence	2	3
	324	329

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 2025/26, 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.

	2024/25	2025/26
	£	£
Audit services carried out by the appointed auditor (Mazars)	142,149	128,179
Additional fees to be paid to the appointed auditors in respect of previous years	112,789	(169,692)
Total fees for statutory audit services in the year	254,938	(41,513)
Fees for tax advisory services	0	0
Total fees paid to the appointed auditor	254,938	(41,513)

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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 2025/26, and in 2024/25 for comparison, is detailed in the table below.

Senior Employees in receipt of a basic salary exceeding £50,000:

2025/26

	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	127,676	174	0	0	127,850	26,491	154,341
Director of Transformation	50,150	0	0	0	50,150	0	50,150
Director of Operations	80,468	0	0	0	80,468	17,477	97,945
Director of Place	81,844	275	0	0	82,119	17,730	99,849
Deputy Chief Executive & Monitoring Officer	94,980	0	0	0	94,980	20,510	115,490
Chief Finance Officer & S151 Officer	80,681	0	0	0	80,681	17,486	98,167

2024/25

Chief Executive	139,204	255	0	0	139,459	25,669	165,128
Director of Transformation (Started May 2025)	45,074	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

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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

2024/25 Number	2025/26 Number
10	9
5	9
3	4
4	4
0	1
2	0
24	27

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.

Twelve compulsory redundancies were made during 2025/26. There was six terminations agreed for reasons other than redundancy. Incurring total liabilities of £298,134. 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 £	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
0 to 20,000	2	6	5	6	7	12	68,164	104,011
20,001 to 40,000	1	4	0	0	1	4	27,479	95,300
40,001 to 60,000	0	2	0	0	0	2	0	98,824
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
	3	12	5	6	8	18	95,643	298,135

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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 2025/26

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 2025/26.

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.

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023.

These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

Our standard assumption for GMP is that the fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we assume that the fund will be required to pay the entire inflationary increase. Therefore, our assumption is consistent with the consultation outcome and we do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above outcome

The Goodwin case highlighted discriminatory practices in survivor pensions for same-sex spouses and civil partners, and as such the government proposes amendments to align LGPS regulations with principles of equality. The Goodwin ruling identified that male survivors of members in same sex relationships received less favourable pension benefits compared to their counterparts in opposite-sex relationships, contravening equality laws. The draft amendments seek to eliminate disparities in survivor benefits, ensuring that all eligible survivors, regardless of the member's or survivor's sex or the nature of their relationship, receive equitable treatment. This includes standardising the calculation of survivor pensions and death grants to reflect a uniform approach, thereby addressing past discrimination and fostering inclusivity within the LGPS.

Employers may see an increase to their LGPS defined benefit obligations resulting from any backdated benefit awards to members. The value of these possible payments are uncertain, because of the historical nature of these benefit awards to members. We are not provided with data which will allow us to make an assessment of the cost of the Access and Fairness changes to the Scheme. The overall costs are not anticipated to be significant, and we therefore expect that any such awards will not be material to an average LGPS employer.

Comprehensive Income and Expenditure Statement (CIES):

Cost of Services:

a) Service cost comprising:

Current service cost

Past service cost

Reconciliation Adjustments

b) Other Operating Expenditure:

Administration Cost

c) Financing & Investment Income & Expenditure:

Net Interest Cost

Total Post Employment benefits charged to the Surplus or Deficit on the Provision of Services

Re-measurement of the net defined liability comprising:

Return on plan assets less interest (gain) / loss

Other actuarial (gains) / losses

Actuarial (gains) and losses on changes in financial assumptions

Actuarial (gains) and losses on changes in demographic assumptions

Experience (gains) and losses on the defined benefit obligation

Changes in Impact of asset ceiling

Total Re-measurements (See Comprehensive Income and Expenditure Statement on page 38)

Total Post Employment benefits charged to the Comprehensive Income and Expenditure Statement

Movement in Reserves Statement:

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)

2024/25	2025/26
£000s	£000s
2,028	1,829
13	0
0	0
49	58
(17)	(181)
2,073	1,706
1,313	(6,271)
0	1,240
(14,612)	(3,634)
(269)	3,339
(276)	5,227
11,409	5,698
(2,435)	5,599
(362)	7,305
(2,073)	(1,706)

Actual amount charged against the General Fund Balance for pensions in the year

Employer's contributions payable to the scheme

Discretionary payments (added years, pension strain etc)

Total

2024/25	2025/26
£000s	£000s
2,442	2,534
118	278
2,560	2,812

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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:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000s	£000s	£000s	£000s	£000s
Present value of the funded defined benefit obligation	143,998	99,657	100,906	89,443	95,779
Fair value of assets	(94,617)	(90,731)	(97,489)	(100,209)	(108,465)
Net liability arising from the funded defined benefit obligation (LGPS)	49,381	8,926	3,417	(10,766)	(12,686)
Impact of asset ceiling	0	0	0	11,409	17,763
Present value of the unfunded obligation (Discretionary Benefits)	1,436	1,130	1,041	893	952
Net Pension Liability on the Balance Sheet	50,817	10,056	4,458	1,536	6,029

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. These total £96.731m, including funded and unfunded obligations.

The net pension liability of £6.029m has a substantial impact on the net worth of the authority, as recorded in the Balance Sheet, reducing it by 13.8%. 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	2,028	1,526
Interest Cost	4,964	4,860
Change in financial assumptions	(14,612)	(3,634)
Change in demographic assumptions	(269)	3,339
Experience loss/(gain) on defined benefit obligation	(276)	5,227
Estimated Benefits Paid (net of transfers in)	(4,095)	(5,938)
Past Service Cost including curtailments	13	303
Contributions by Scheme Participants	745	817
Unfunded Pension Payments	(108)	(105)

Closing defined benefit obligation

	2024/25	2025/26
	£000s	£000s
Opening defined benefit obligation	101,946	90,336
Current service cost	2,028	1,526
Interest Cost	4,964	4,860
Change in financial assumptions	(14,612)	(3,634)
Change in demographic assumptions	(269)	3,339
Experience loss/(gain) on defined benefit obligation	(276)	5,227
Estimated Benefits Paid (net of transfers in)	(4,095)	(5,938)
Past Service Cost including curtailments	13	303
Contributions by Scheme Participants	745	817
Unfunded Pension Payments	(108)	(105)
Closing defined benefit obligation	90,336	96,731

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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:

Opening fair value of scheme assets

Interest on assets

Return on plan assets in excess of interest

Other actuarial gains/(losses)

Administration expenses

Contributions by Employer including Unfunded Benefits

Contributions by Scheme Participants

Estimated Benefits paid including Unfunded Benefits

Adjustment for rounding (see offsetting adjustment on liabilities)

Closing fair value of scheme assets

2024/25	2025/26
£000s	£000s
97,489	100,209
4,981	5,697
(1,313)	6,271
0	(1,240)
(49)	(58)
2,560	2,812
745	817
(4,203)	(6,043)
(1)	0
100,209	108,465

The table below provides a reconciliation to the asset Ceiling

Opening Impact of asset ceiling

Interest on impact of asset ceiling

Actuarial Gains/ (Losses)

Closing Impact of asset ceiling

2024/25	2025/26
£000s	£000s
0	(11,409)
0	(656)
(11,409)	(5,698)
(11,409)	(17,763)

LGPS assets allocated to Gedling Borough Council

by asset class:

Public Equities

Gilts

Other Bonds

Property

Cash and Temporary Investments

Inflation-linked Pooled Fund

Infrastructure

Private Equities

Total assets allocated to Gedling Borough Council

2023/24	2024/25	2025/26	
£000s	£000s	£000s	%
58,956	51,947	59,083	55
2,334	8,321	8,992	8
4,836	6,447	5,366	5
10,364	10,273	8,860	8
5,869	5,457	7,885	7
4,959	6,932	7,208	7
7,048	7,343	7,359	7
3,122	3,489	3,712	3
97,488	100,209	108,465	100

It is estimated that Gedling Borough Council's share of the total assets in the Fund is approximately 1.34%. Information regarding the detail of the total assets held in the Fund at 31 March 2026 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.

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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	1.0	0.0	1.0
	Overseas	4.0	0.0	4.0
Equities	UK	16.0	0.0	16.0
	Overseas	39.0	0.0	39.0
Property	All	0.0	8.0	8.0
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	4.0	4.0
	Cash/temporary investments	0.0	3.0	3.0
Total		68.0	32.0	100.0

(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 2026 (the next triennial valuation of the Fund will be carried out as at 31 March 2029, and will set contributions for the period from 1 April 2029 to 31 March 2032). The actuary's estimate for the duration of Gedling Borough Council's liabilities is 14 years.

Significant assumptions used by the actuary as at 31 March 2026 are as follows:

Expected return on assets:

The discount rate is the annualised yield at the 14-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 24	31 Mar 25	31 Mar 26
		Years	Years	Years
Retiring today-	Male	20.4	20.4	21.2
	Female	23.3	23.3	24.3
Retiring in 20 years-	Male	21.7	21.7	22.8
	Female	24.7	24.7	25.9

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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 2026

	31 Mar 24	31 Mar 25	31 Mar 26
	%	%	%
Discount rate for liabilities	4.90	5.80	6.10
Pension Increase (Consumer Price Index)	2.95	2.90	2.90
Retail Price Index	3.25	3.20	3.30
Salary Increase	3.95	3.90	3.90

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.

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NOTES TO THE FINANCIAL STATEMENTS

32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Sensitivity analysis:

Adjustment to discount rate:

Present value of total obligation

Projected service cost

Adjustment to long term salary increase:

Present value of total obligation

Projected service cost

Adjustment to pension increase and deferred revaluation

Present value of total obligation

Projected service cost

Adjustment to mortality age rating assumption

Present value of total obligation

Projected service cost

	£000s	£000s	£000s
+0.1%		0%	-0.1%
Present value of total obligation	95,447	96,731	98,044
Projected service cost	1,568	1,623	1,680
+0.1%		0%	-0.1%
Present value of total obligation	96,803	96,731	96,659
Projected service cost	1,623	1,623	1,623
+0.1%		0%	-0.1%
Present value of total obligation	98,052	96,731	95,773
Projected service cost	1,685	1,623	1,564
+ 1 Year		None	- 1 Year
Present value of total obligation	100,611	96,731	93,205
Projected service cost	1,681	1,623	1,567

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.

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 £17.8m.

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 2025/26

The actuary's estimate of the total pension expense for the year to 31 March 2026 is £1,969,000. Service cost is estimated to be £1,623,000, net interest on the defined liability £290,000, and administration expenses £56,000. Expected employer contributions are £2,534,000, and contributions for discretionary benefits are £278,000, as per the Council's own budget for 2025/26.

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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 2025/26 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 2025/26

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>
APSE	Elected Member is a Board member	(2)	35
Change Network Ltd	GBC Officer but not directly employed by GBC and is a shareholder/board member	0	79
CIPFA		0	12
Citizens' Advice Bureau	Elected Member has a management interest	0	40
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	105
Jigsaw Homes	Elected Members are board members and/or representatives	(651)	1
Mapperley Golf Club	Elected Member is a board member	(77)	0
Police & Crime Panel	Elected Member is a board member	(351)	0
		(30)	0
Redhill Academy Trust	Elected Member is a board member		
Other Local Authorities	Material employee relationships	(460)	650
Parish Councils	GBC Elected Members on parish councils	(65)	129

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

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 2025/26

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 2026, 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 2026 the total "non-cancellable" lease rental income due in future years in respect of these leases is approximately £5.8m (24/25 £3.3m) as shown below .

The Council leases out property under operating leases

The maturity analysis of these lease receivables is

	31/03/25	31/03/26
	£000s	£000s
Less than one year	441	785
One to five years	1,156	2,474
More than five years	1,738	2,583
	3,335	5,842

ANNUAL STATEMENT OF ACCOUNTS 2025/26

COLLECTION FUND STATEMENT

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 taxpayers, and distribution to local authorities and the Government, of Council Tax and Non Domestic Rates (NDR).

2024/25			2025/26		
Council Tax £000s	NDR £000s	Total £000s	Council Tax £000s	NDR £000s	Total £000s
INCOME:					
(94,335)	0	(94,335)	(100,908)	0	(100,908)
(97)	0	(97)	(125)	0	(125)
0	(26,245)	(26,245)	0	(27,356)	(27,356)
(94,432)	(26,245)	(120,677)	(101,033)	(27,356)	(128,389)
<u>Apportionment of previous year deficits</u>					
0	877	877	0	(41)	(41)
0	158	158	0	(7)	(7)
0	0	0	0	0	0
0	18	18	0	(1)	(1)
0	702	702	0	(33)	(33)
0	1,755	1,755	0	(82)	(82)
<u>Other Income to Collection Fund</u>					
0	(562)	(562)	0	88	88
0	(562)	(562)	0	88	88
EXPENDITURE:					
<u>Precepts, Demands and Shares</u>					
0	13,164	13,164	0	13,432	13,432
70,194	2,369	72,563	75,617	2,418	78,035
10,960	0	10,960	11,818	0	11,818
3,582	263	3,845	3,880	269	4,149
7,332	10,531	17,863	7,770	10,746	18,516
921	0	921	981	0	981
92,989	26,327	119,316	100,066	26,865	126,931

ANNUAL STATEMENT OF ACCOUNTS 2025/26
COLLECTION FUND STATEMENT (Continued)

2024/25			2025/26		
Council Tax £000s	NDR £000s	Total £000s	Council Tax £000s	NDR £000s	Total £000s
652	239	891	751	162	913
(67)	(61)	(128)	639	153	792
0	(269)	(269)	0	1,832	1,832
0	0	0	0	0	0
0	502	502	0	509	509
0	0	0	0	0	0
0	100	100	0	100	100
585	511	1,096	1,390	2,756	4,146
(858)	1,786	928	423	2,271	2,694
(35)	(1,388)	(1,423)	(893)	398	(495)
(893)	398	(495)	(470)	2,669	2,199

Other Charges to Collection Fund

Sums written off
Incr/(Decr) in Impairment Allowance
Incr/(Decr) in Provision for Appeals
Transitional Protection Pyts payable
Renewables
Miscellaneous Expenditure
Costs of Collection

Net Deficit/(Surplus) for Current Yr.

Add Balance BFwd from Previous Yr.

**Balance CFwd (Surplus) / Deficit
(notes 2 and 4 to the Collection Fund
Accounts)**

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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.	Band A*
	Band A
	Band B
	Band C
	Band D
	Band E
	Band F
	Band G
	Band H

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*.

2024/25	2025/26
Number	Number
10	12
6,530	6,614
9,711	9,889
8,067	8,204
6,305	6,419
4,805	4,910
1,980	2,016
1,405	1,444
150	156
38,963	39,664

Council Tax Base

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 £0.893m. By 31 March 2026, this had moved to a surplus of £0.470m.

Balance Sheet Deficit/(Surplus) Allocation:

Nottinghamshire County Council (Local Authority Debtors)
Nottinghamshire Police & Crime Commissioner (General Debtors)
Combined Fire Authority (General Debtors)

2024/25	2025/26
£000s	£000s
(675)	(356)
(105)	(55)
(34)	(18)
(814)	(429)
(79)	(41)
(893)	(470)

Council Tax Deficit attributable to Gedling BC

TOTAL

3. NON DOMESTIC RATES (NDR)

- (a) Non Domestic Rateable Value at 31 March
- (b) Multiplier for General Businesses
- (c) Multiplier for Small Businesses

2024/25	2025/26
67,586,625	68,026,876
54.6p	55.5p
49.9p	49.9p

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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 £0.398m. By 31 March 2026, this had moved to a Surplus of £2,669m.

Balance Sheet Deficit/(Surplus) Allocation:

Central Government
 Nottinghamshire County Council
 Combined Fire Authority

NDR (Surplus) / Deficit attributable to Gedling BC

TOTAL

2024/25	2025/26
£000s	£000s
199	1,335
36	240
4	27
239	1,602
159	1,067
398	2,669

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 2026 is £6,926,263, of which £1,341,538 and £309,599 represent Gedling's shares of NDR and Council Tax respectively.

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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 £684,309 to be set aside as an allowance, of which Gedling's share as billing authority would be approximately £31,253 for NDR and £30,937 for Council Tax. The collection rate for Council Tax in 2025/26 was 97.33%, and the rate has not varied by more than +/- 0.5% in any of the past five years. The collection rate for NDR in 2025/26 was 97.7% which represents an decrease of 0.85% on that for 2024/25.

(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 £3,353,844 of which the Council's share as billing authority is 40%, ie £1,341,538.

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 £167,692. Of this, the Council's share as billing authority would be 40%, ie. £67,077.

Audit Statements

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Accompanying Statements

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ANNUAL STATEMENT OF ACCOUNTS 2025/26

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; that public money is safeguarded, properly accounted for and used economically, efficiently and effectively; and that arrangements are in place to secure continuous improvement in the way its functions are exercised, having regard to economy, efficiency and effectiveness as required by the Local Government Act 1999.
- 1.2 The Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, supporting transparent and accountable decision-making, maintaining sound financial management and ensuring effective arrangements for risk management, internal control, audit and assurance.
- 1.3 The Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles set out in the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* and the May 2025 CIPFA/SOLACE addendum covering the annual review of governance and preparation of the Annual Governance Statement. This statement explains how the Council has complied with its Local Code and meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015, which requires relevant authorities to conduct an annual review of the effectiveness of their system of internal control and prepare an Annual Governance Statement. The Local Code of Corporate Governance is reviewed annually and approved by Audit Committee.

2. Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, culture, values and behaviours by which the Council is directed and controlled, through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of strategic objectives, consider whether services are being delivered in a cost-effective and sustainable way, and demonstrate accountability to residents, members, partners, regulators and other stakeholders.
- 2.2 The system of internal control is a significant part of the governance 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 therefore provides reasonable, rather than absolute, assurance of effectiveness. It is based on an ongoing process to identify and prioritise

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risks, evaluate their likelihood and impact, and manage them in a way that supports lawful, transparent, ethical and financially sustainable delivery.

- 2.3 The governance framework has been in place for the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts. The Council recognises that good governance is dynamic and must respond to changes in legislation, statutory guidance, financial sustainability, service demand, workforce capacity, digital and cyber risk, procurement reform, public expectations and the wider local government assurance environment.

3. The Governance Framework

- 3.1 The Council's Local Code of Corporate Governance is based on the seven core principles of good governance identified in the CIPFA/SOLACE Framework and reinforced by the 2025 addendum. These principles require the Council to demonstrate that it has arrangements in place to secure ethical leadership, stakeholder engagement, sustainable outcomes, effective interventions, organisational capability, robust risk and financial management, transparency, reporting and accountability. The seven principles are:

Principle	Description
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
B	Ensuring openness and comprehensive stakeholder engagement.
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 continuous evaluation and improvement. In line with the 2025 CIPFA/SOLACE addendum, the annual governance review has considered whether the Council's governance arrangements are fit for purpose, whether they operated effectively during 2025/26, whether significant governance issues have been identified, and what further improvements are needed to meet future organisational and community needs. The Audit Committee

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ANNUAL GOVERNANCE STATEMENT

considered the Local Code of Corporate Governance review at its meeting in February 2026. The Code had been reviewed by Senior Leadership team and Assistant Directors who also considered the Committee on Standards in Public Life recommendations for “Building Accountable Organisations” and identified any gaps. The Monitoring Officer also undertook 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 were incorporated into planned governance work for 2026/27. The review identified a number of governance improvements commencing or completed in 2025/26 as listed below:

- The creation of a new Corporate Legacy Plan for 2026-2028
- 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
- 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.

4. Governance Arrangements

- 4.1 The Council maintains a governance assurance framework through which it satisfies itself as to the effectiveness of its governance, risk management and internal control arrangements. The framework is aligned to the Council’s statutory responsibilities, Corporate Plan priorities, financial strategy, risk registers, performance management

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arrangements, internal audit programme, external audit findings, statutory officer assurances and management assurance statements.

- 4.2 The framework draws on a range of assurance sources, including first-line management controls, second-line corporate oversight and compliance activity, and third-line independent assurance from Internal Audit, External Audit and other review bodies. This approach is consistent with recognised good practice and supports a balanced assessment of whether governance arrangements operated effectively during the year.
- 4.3 The Council's governance arrangements are supported by a range of strategic documents, policies and frameworks, including:
- The Corporate Plan and 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 and Inclusion Policy;
 - The Counter Fraud and Corruption Strategy;
 - The Procurement Strategy and arrangements for compliance with the Procurement Act 2023;
 - Business Continuity, Emergency Planning and Cyber Security arrangements; and
 - The Constitution, Codes of Conduct, Scheme of Delegation and Member/Officer protocols.
- 4.4 These strategic documents are supported by plans, operational procedures and decision-making arrangements. The Constitution sets out how the Council operates, how decisions are made, the responsibilities of members and officers, and the procedures that support lawful, transparent, inclusive and accountable governance. The Council's publication scheme and website provide public access to key governance documents and information.
- 4.5 The Council's governance framework defines the roles and responsibilities of Council, Cabinet, Overview and Scrutiny, Audit Committee, Standards arrangements, statutory officers, Senior Leadership Team and service management. It supports effective challenge, transparent decision-making, management of conflicts of interest, compliance with legislation and clear accountability for delivery of corporate priorities.

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- 4.6 The Council acknowledges its responsibility to maintain an effective system of internal control over its resources, operations and decision-making. The system is designed to provide reasonable assurance that assets are safeguarded, transactions are authorised and properly recorded, risks are managed, performance is monitored and material errors, irregularities or governance weaknesses are prevented or detected in a timely manner.
- 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;
 - 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 and supported by a Corporate Risk Board in 2025/26 which is an officer board established to support the effective review and management of risk;
 - 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 supported by a Budget and Performance Board which is an officer board formed to ensure performance aligns with budget;

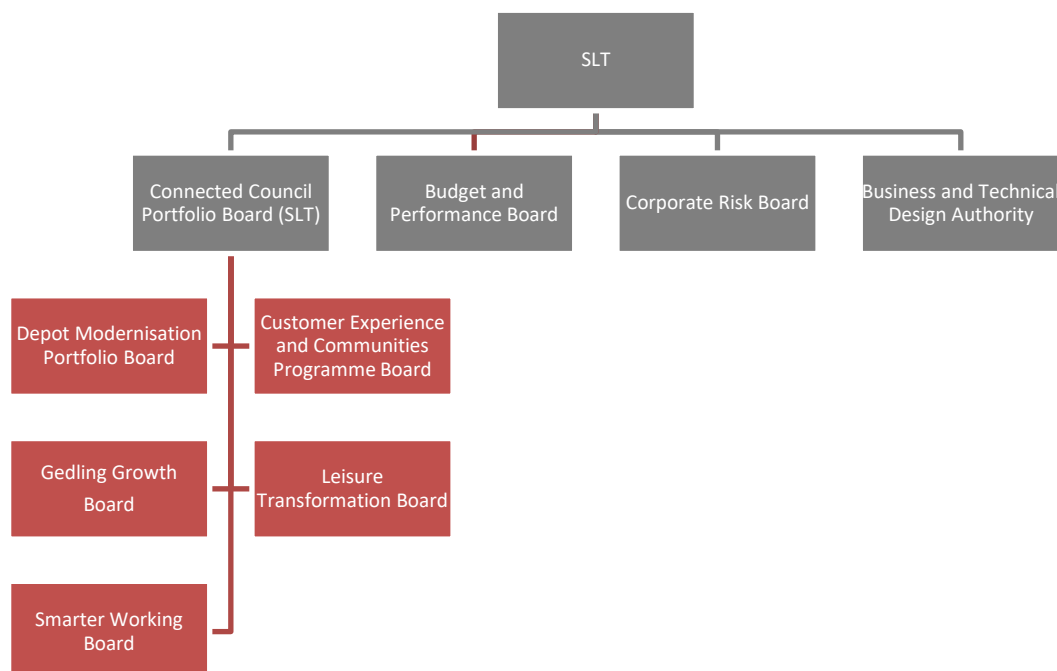
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- Facilitation of policy and decision making through the Constitution, Codes of Conduct and the decision-making process, Forward Plan and role of the Scrutiny Committee;
- The statutory roles of the Council's Head of Paid Service, Monitoring Officer 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 and Project Boards to ensure effective management of projects aligned to the Council's key priorities;
- 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.
- The internal governance structure for 2025/26 is shown below reflecting the enhanced oversight across the Council's operational and strategic functions.

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5. Financial Management

- 5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Chief Finance Officer, as the officer designated under section 151 of the Local Government Act 1972. The Chief Finance Officer has a key leadership role in promoting sound financial management, financial sustainability, stewardship of public funds and compliance with the CIPFA Financial Management Code.
- 5.2 Internal financial control is based on a framework of Financial Regulations, Contract Procedure Rules, procurement governance, budget monitoring, management information, segregation of duties, reconciliation processes, authorisation controls, management supervision and clear 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.

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5.4 The Council has considered the principles of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and the requirements of the CIPFA Financial Management Code. The Council can demonstrate that the Chief Finance 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;
- is professionally qualified and suitably experienced.

5.5 Internal Audit provides independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control. The Council has considered the role of the Head of Internal Audit and the requirement for internal audit to operate in accordance with relevant public sector internal audit standards and professional requirements.

- 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 The Council has undertaken an annual review of the effectiveness of its governance framework, including the system of internal control. The

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review has been informed by management assurance statements, statutory officer input, Internal Audit's annual opinion, External Audit findings, risk and performance reporting, Audit Committee oversight, policy and compliance reviews, and other relevant assurance sources.

6.2 The review has considered whether governance arrangements were operating effectively during 2025/26, whether they remain fit for purpose, whether any significant governance issues have arisen, and whether actions are required to strengthen governance in the year ahead. The Council is committed to maintaining arrangements 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, Directors, Assistant Directors and service managers have provided assurance on the operation of governance, risk management and internal control arrangements within their areas of responsibility. All managers are required to complete and sign internal control assurance forms confirming that they are fulfilling their corporate responsibilities and that appropriate arrangements are in place within their services. These assurances cover key controls, compliance with Council policies and procedures, the effective and efficient use of resources, service delivery, risk management, financial stewardship, information governance and decision-making arrangements. Managers are also required to identify any areas where controls require improvement, where governance arrangements have not operated as intended, or where risks require escalation. This process provides an important source of first-line management assurance and supports the Council's overall assessment of the effectiveness of its governance framework.

6.4 Assurance from Internal and External Audit

The Council receives important independent assurance from Internal Audit and External Audit. These sources provide assurance on governance, risk management, internal control, financial sustainability,

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value for money and the effectiveness of arrangements for securing economy, efficiency and effectiveness in the use of resources.

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 2026, the Head of Internal Audit's Annual Report and Annual Opinion for 2025/26 concluded:

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's risk management, control and governance processes. Our opinion is as follows:

- Generally satisfactory with improvements required in some areas.

Overall, the controls in the areas we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money.

However, there are some areas where weaknesses and/or non-compliance were identified and, therefore, may put the achievement of objectives at risk. No audits received no assurance ratings although we would draw attention to the People Services review which was the only limited assurance audit this year. Although, due to the Council's transition and change of governance structure, this was a known area of concern and action has been taken to improve controls in this area. In other areas, we provided Substantial assurance over the design and/or effectiveness of controls. This demonstrates strength in key processes and compliance with these controls.

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We have continued to experience strong levels of engagement from management and more broadly across the Council with internal audit, with the Council demonstrating a positive culture for improvement in controls. This was noted throughout the year on individual assignments and more generally, particularly during the audit planning phase where we engaged with Senior Leadership Team Members and Assistant Directors to prepare our risk-based internal audit plan.

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 and Improvement Actions 2025/26

7.1 The annual review has considered the effectiveness of governance arrangements during 2025/26 and whether any matters should be reported as significant governance issues. In making this assessment, the Council has considered the scale, impact, persistence and governance implications of each issue, including whether it affects statutory responsibilities, financial sustainability, service delivery, risk management, public accountability or confidence in the Council's arrangements.

7.2 Management Arrangements and Workforce Capacity

During 2025/26, the Council completed the implementation of its senior management restructure, including the recruitment of Assistant Directors. The revised structure is now embedded and provides clearer leadership capacity, strengthened accountability and improved alignment between strategic priorities, service delivery and operational management. Alongside the restructure, governance boards have been established to provide a more systematic approach to tracking and managing performance across the Council (see above for governance structure chart), supporting effective oversight of delivery, risk, resources and improvement activity. The new structure facilitates these arrangements by ensuring that issues can be considered at the right level, decisions are supported by appropriate senior leadership input, and progress against corporate priorities is monitored in a more consistent and joined-up way.

The Council will continue to monitor workforce capacity, prioritisation of corporate plan delivery, staff wellbeing and the effectiveness of revised governance structures to ensure that resources remain aligned to statutory duties, service demand and strategic objectives.

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7.3 Economic Growth / Cost of Living Crisis

During 2025/26, the Council continued to operate in a challenging and uncertain economic environment. Although inflationary pressures reduced from the exceptional levels experienced in previous years, inflation remained above the Bank of England's 2% target for much of the period and continued to affect pay, utilities, fuel, contractual commitments and the cost of commissioned services. Interest rates remained comparatively high, although they began to reduce during the year, with continued implications for treasury management, borrowing costs, investment income and wider economic confidence. These factors, alongside continuing cost of living pressures, increased demand for some services and support to vulnerable households, while also creating uncertainty around fees and charges income, council tax collection, business rate performance and local economic growth.

The Council has reflected these pressures in its budget monitoring, risk management and Medium Term Financial Plan assumptions. Financial sustainability will continue to require active monitoring, robust budget management, delivery of agreed efficiencies, review of income streams and reserves, and ongoing assessment of the impact of national economic conditions on local service demand and the Council's financial resilience.

The Council will continue to monitor these pressures through the Medium-Term Financial Plan, budget monitoring, risk management arrangements and delivery planning processes. Key risks include:

- Increased service demand and continuing cost of living pressures may affect service delivery, workforce capacity and the Council's ability to support vulnerable households.
 - Supply chain disruption, contractor capacity and market volatility may affect the cost, timing and delivery of services, capital schemes and commissioned activity.
 - Inflationary pressures, including pay, utilities, fuel and contract costs, may create budget pressures, while economic uncertainty may affect fees and charges income, council tax collection and business rates performance.
 - Local Government Reorganisation may create additional governance, financial planning, workforce, service continuity and programme management pressures during 2025/26 and beyond. The Council will need to maintain effective governance, risk management and decision-making arrangements while engaging with regional partners, assessing potential implications for services, assets, liabilities, staffing, systems and financial resilience, and ensuring that residents continue to receive effective services throughout any transition period.

7.4 The CIPFA Financial Management Code

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The Council has continued to assess its financial management arrangements against the principles and standards set out in the CIPFA Financial Management Code. The Code provides a framework for demonstrating that local authorities have effective arrangements in place to support financial sustainability, financial resilience, sound decision-making, accountability, value for money and the proper stewardship of public funds.

During 2025/26, the Council's arrangements continued to support compliance with the Code. Evidence includes the role of the Chief Finance Officer as a member of the Senior Leadership Team; established budget setting and budget monitoring arrangements; regular financial reporting to senior officers and members; maintenance of a Medium Term Financial Plan; review of reserves and balances; treasury management arrangements; financial procedure rules; internal financial controls; risk management arrangements; internal audit assurance; and consideration of financial implications within committee reports and decision-making processes.

The Council recognises that compliance with the Financial Management Code is an ongoing process, particularly in the context of continued financial uncertainty, inflationary pressures, increased service demand, workforce capacity issues and potential implications arising from Local Government Reorganisation. The Council will therefore continue to review its financial management arrangements, update its self-assessment where required, and monitor any improvement actions through its established financial governance arrangements. No material non-compliance with the Financial Management Code has been identified through the annual governance review. Areas for continued focus include maintaining a sustainable Medium Term Financial Plan, delivery of agreed efficiencies, strengthening financial resilience, reviewing fees and charges, monitoring reserves, and ensuring financial governance remains robust during any period of organisational change.

7.5 Fraudulent Activity

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.

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 being pursued through an insurance claim. At the time of writing this statement, the Council had received an offer from the insurance company which was under negotiation. The Council has undertaken a review of its Fraud Strategy in 2025/26 with the final framework to be submitted to cabinet in July 2026.

7.6 Contingent Liabilities and Contingent Assets

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The Council's contingent liability relates to the potential financial liability arising from Thurrock Council issuing legal proceedings against 23 council members of the Association for Public Service Excellence (APSE). Thurrock Council alleges that APSE provided negligent valuations of solar farm assets in which Thurrock invested. The claim is currently paused following an agreement between the parties to stay the proceedings, with the intention of allowing Thurrock Council to reach a final determination in a separate claim against the businessman who led the venture.

The Council also reports contingent assets in respect of the insurance claim relating to the fraudulent activity identified in July 2022. The truck cartel legal claim, which concerned potential damages and/or other relief in respect of loss suffered as a result of inflated pricing for medium and heavy trucks between 1997 and 2011, was agreed and finalised during 2025/26.

The fraud-related contingent asset relates to the remaining insurance claim for the unrecovered element of the quantified loss. The Council has received an initial offer of settlement from the insurance company, which is currently under negotiation. The Council will continue to monitor the remaining matter through legal, finance and risk management arrangements and will reflect any material changes in the Statement of Accounts and report to members as appropriate.

7.7 Action Plans

7.8 Review of Progress in 2025/26

The previous Annual Governance Statement identified a number of governance, control and risk matters for action. Progress against those actions is summarised below. Items highlighted require insertion of the final Gedling-specific progress update, evidence, completion status and any residual action required.

2025/26 AGS Actions:

- Sustainable Medium Term Financial Plan – Insert actual progress during 2025/26, including budget monitoring outcomes, savings delivery, MTFP refresh, reserves position, financial sustainability risks and any further action required.
- **Action: Chief Finance Officer/Senior Leadership Team – Completed March 2026 remains an Ongoing Action for 2026/27.**
- Workforce Capacity – A number of service restructures have taken place during 2025/26 to support service resilience, improve alignment of resources to priorities and strengthen management capacity. Work remains ongoing to mitigate workforce capacity issues, including vacancies, specialist skills shortages, service demand pressures and

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reliance on interim arrangements, particularly in the run-up to Local Government Reorganisation. The Council will continue to prioritise delivery activity, monitor capacity risks, support staff wellbeing and ensure that resources remain focused on statutory duties, corporate priorities and effective service delivery. A succession planning exercise has been undertaken by all service areas in 2025/26.

Action: Senior Leadership Team - Ongoing

- Emergency Planning Arrangements and Business Continuity Plans – During 2025/26, the Council reviewed its business continuity plans and arrangements and introduced a rota for on-call duty to strengthen resilience and ensure appropriate officer availability to respond to incidents. The review of emergency planning arrangements will be carried out during 2026/27.

Action: Deputy Chief Executive – Business Continuity Plans reviewed and updated during 2025/26, with an on-call duty rota introduced to strengthen resilience and officer availability. Emergency Planning review to be completed during 2026/27.

- Audit Committees in Local Authorities – Audit Committee members have received training to support their role and responsibilities, including awareness of CIPFA's Position Statement: Audit Committees in Local Authorities. The Council has appointed one independent member to the Audit Committee and will seek to recruit a further independent member during 2026/27 to further strengthen independent challenge, assurance and committee effectiveness.

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

- Financial Management Code Compliance Update – The Council has carried out an initial self-assessment against the CIPFA Financial Management Code and has concluded that it broadly complies with the principles of the Code. The assessment identified a small number of areas for ongoing development, including continued member training, further anti-fraud training, revision of the Counter Fraud and Corruption Strategy, and strengthening the Council's ability to evidence that improvements are fully embedded in practice. Progress against these areas will continue to be monitored through the Council's financial governance and assurance arrangements.

Action: Chief Finance Officer – Ongoing Counter fraud and Corruption Strategy review completed in 2025/26 with amended strategy to Cabinet in July 2026.

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- Internal Audit Actions Implementation – There has been a positive response to Internal Audit recommendations during 2025/26, with good engagement from officers and a clear commitment to strengthening controls, governance and service delivery. Progress against agreed recommendations has continued to be monitored through the Council's established management and audit reporting arrangements. A small number of recommendations are being further considered in light of Local Government Reorganisation, changing priorities and available resources. The Council will continue to engage with Internal Audit on these matters to determine whether any actions require amendment, reprioritisation or, where appropriate, should no longer be delivered in their original form. This will ensure that audit actions remain proportionate, deliverable and aligned to current organisational risks and priorities.
- Risk Management Strategy – This action has been completed. The Council has approved and implemented a Risk Management Framework, which is publicly available and brings together the Council's Risk Management Policy, Risk Management Strategy, Risk Appetite Statement and Risk Management Toolkit. The Framework sets out the Council's approach to identifying, analysing, evaluating, managing, monitoring and reporting strategic and operational risks. It supports risk-aware decision-making, clarifies roles and responsibilities, and integrates risk management with corporate planning, service planning, performance management, internal audit and governance reporting. The Framework is also in the process of being reviewed to ensure that corporate risks remain reflective of the organisation, its operating environment and emerging priorities. The framework was reviewed and update in December 2025.

Action: Chief Finance Officer and Deputy Chief Executive – Completed.

- Governance – A revised governance structure has been introduced, including the establishment of governance boards to provide clearer oversight, co-ordination and challenge across key areas of Council activity. The boards support more effective prioritisation, monitoring and delivery of corporate activity, provide a structured route for escalation of risks and issues, and help ensure that decisions are informed by appropriate financial, legal, performance, risk and resource considerations. The new arrangements strengthen accountability across the organisation, improve visibility of cross-cutting work programmes and support the Senior Leadership Team in maintaining grip and control over delivery, transformation and organisational resilience. The establishment of the Connected council Board which meets with Cabinet following every cabinet meeting ensures effective engagement with Cabinet Members on delivery of Council priorities.

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Action: Deputy Chief Executive and Chief Finance Officer – Completed.

- Fees and Charges – This action has been completed. The Council has reviewed its fees and charges process and introduced a new approach through the Fees and Charges Policy, which is publicly available. The policy provides a clearer framework for setting, reviewing and approving fees and charges, supporting consistency, transparency, cost recovery, affordability considerations and alignment with the Council's strategic priorities and Medium Term Financial Plan.

Action – Chief Finance Officer – Completed.

7.8 Forward Look and Actions for 2026/27

The 2025 CIPFA/SOLACE addendum expects the Annual Governance Statement to include a forward look, considering how governance may need to change to meet future needs. Based on the review of effectiveness, the Council will address the following governance, risk and control actions during 2026/27. Some actions may not individually represent significant governance issues, but are included to demonstrate a proactive approach to continuous improvement.

- Sustainable Medium Term Financial Plan – The Council will undertake a mid-year review of the Medium Term Financial Plan and report the outcome to Cabinet. This review will consider the further efficiencies and financial planning assumptions required to support a balanced and sustainable budget over the medium term, while also taking account of the potential financial, organisational and service implications of Local Government Reorganisation. The review will support informed decision-making, help maintain financial resilience during a period of change and ensure that resources remain aligned to statutory responsibilities, corporate priorities and effective service delivery.

Action: Chief Finance Officer/Senior Leadership Team – Ongoing

- Workforce Capacity – Monitor *the emerging risk that workforce capacity may restrict delivery of the Annual Plan and governance compliance. Prioritise Annual Plan actions to ensure alignment with available resources and maintain staff morale. Workforce capacity continues to be affected by increased service demand, shortages in the professional labour market, reliance on high-cost interim staffing arrangements, implementation of the management restructure and the continuing cost of living pressures affecting demand for support to vulnerable households. Whilst a succession planning exercise has been*

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completed, in 2026/27 service areas will ensure written processes and procedures are in place for roles to support succession planning. The level of resource required to support LGR will also need to be reviewed.

Action: Senior Leadership Team – Ongoing

- Good Governance – Complete a review of the Local Code of Corporate Governance and annual governance review process to ensure alignment with the 2025 CIPFA/SOLACE addendum, including clearer evidence, statutory officer input, assurance mapping and forward-looking governance assessment.

Action: Senior Leadership Team – March 2026 Completed and Ongoing

- Governance Arrangements – Complete the LGA Improvement and Assurance Framework self-assessment tool and use the findings to strengthen governance arrangements, corporate assurance and improvement planning.

Action: Senior Leadership Team – September 2026

- Emergency Planning Arrangements – Following the review of business continuity plans and arrangements during 2025/26, and the introduction of an on-call duty rota to strengthen resilience and officer availability, the Council will undertake a review of emergency planning arrangements during 2026/27. This will include emergency planning training, with particular focus on cyber risk and incident response.

Action: Deputy Chief Executive – October 2026

- Audit Committees in Local Authorities – Review and adopt the principles of CIPFA's Position Statement: Audit Committees in Local Authorities, including consideration of independent audit committee members and the delivery of 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. During 2026/27, the Council will seek to improve and further embed the self-assessment process, ensuring that it is supported by clear evidence, management input and identified improvement actions. The updated self-assessment will be

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reported to Audit Committee during the year to provide oversight, challenge and assurance on continued compliance with the Code.

Action: Chief Financial Officer – March 2027

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

Action: Chief Finance Officer – Completed

- External Funding – Review and update the Council's external funding policy and guidance, ensuring that any external funding applied for supports the Council's priorities and is deliverable within the Annual Plan. The Council's Financial Regulations have been amended to facilitate and support this revised approach. All External Funding applications must comply with the detailed guidance within the Financial regulations, there is no longer a separate policy approach. This was considered proportionate given the lack of opportunity for external funding on the run up to LGR.

Action: Deputy Chief Executive – Completed June 2026

- Procurement Act 2023 Implementation – Ensure procurement governance, contract management, officer training, transparency requirements and decision-making arrangements are fully embedded following implementation of the Procurement Act 2023.
Completed and Social Value Policy adopted in 2025/26
- Counter-Fraud, Whistleblowing and Economic Crime – Embed the refreshed anti-fraud and corruption strategy and whistleblowing policy, strengthen fraud risk assessment and ensure arrangements reflect relevant economic crime legislation and best practice.
- Ongoing – strategy to be presented to Cabinet July 2026.
- Cyber Security, Data Governance and Resilience – Continue to develop cyber resilience, information governance, business continuity and incident response arrangements, including training, testing and reporting to senior management and members.

Ongoing – cyber exercise undertaken by Senior Managers in April 2026
Member training and updates provided to Audit Committee and cabinet in 2025/26.

The Code also identifies work to be undertaken in 2026/27, 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

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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.

7.9 The Council is satisfied that, during 2025/26, it had appropriate governance arrangements in place and that these were generally operating effectively. The matters identified in this statement will be addressed through the improvement actions set out above and monitored through the Council's established governance, risk management, performance and audit arrangements. Progress will be reported through the appropriate officer and member governance channels and considered as part of the next annual governance review.

7.10 This statement has been prepared with reference to the Accounts and Audit Regulations 2015, the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework*, the 2025 CIPFA/SOLACE addendum on the annual review of governance and the Annual Governance Statement, the CIPFA Financial Management Code, CIPFA guidance on the role of the Chief Financial Officer, CIPFA guidance on audit committees in local authorities and relevant statutory, regulatory and professional standards. The Council has also had regard to emerging practice across the local government sector, including the clearer narrative, assurance mapping and forward-looking approach used by other authorities.

Mike Hill Chief Executive Date:	John Clarke Council Leader Date:
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Report to Audit Committee

Subject: Corporate Risk Management Review 2026/27

Date: 20 October 2026

Author: Chief Finance and Section 151 Officer

1. Purpose of the Report

To provide the Audit Committee with assurance on the operation of the Council's revised Risk Management Framework and to update Members on the Council's corporate risk profile for the current four-month reporting period.

Recommendations:

That Members:

- Note the operation of the revised Risk Management Framework, the current corporate risk position and the controls and mitigating actions identified within the Corporate Risk Register.
- Consider whether the assurance provided is sufficient and identify any matters requiring further review or escalation.

2. Background

In March 2024, Cabinet approved a new Risk Management Framework following a recommendation from the Audit Committee. The framework has driven changes to risk management processes across the organisation and has supported a more consistent approach to the identification, assessment, control and reporting of risk.

An internal audit of the risk management process undertaken in August 2025 provided substantial assurance over the design of the arrangements and moderate assurance over their effectiveness. A further review of the framework was completed in December 2025, taking account of the audit findings, experience of operating the arrangements and the changing environment in which the Council is working.

The Accounts and Audit Regulations 2015 require the Council to maintain a sound system of internal control, including effective arrangements for the management of risk. These arrangements are particularly important as the Council enters a period of significant change arising from Local Government Reorganisation and delivers the priorities set out in the Gedling Legacy Plan for 2026–28.

A review of the Council's governance arrangements concluded that closer alignment was required between the oversight of risk, budget and performance. A single Budget, Performance and Risk Board has therefore been established. The new combined officer board reviews these interdependent areas together, supports timely escalation to the Senior Leadership Team and strengthens the link between delivery of priorities, financial management, performance and risk.

Reporting arrangements have also been aligned with the budget monitoring cycle and will operate on a four-monthly basis. The revised Risk Management Framework reflects these governance and reporting changes and retains the Audit Committee's role in providing independent assurance on the effectiveness of risk management and the associated control environment.

3. Corporate Risk Register

The Corporate Risk Register has been reviewed by the Budget, Performance and Risk Board and the Senior Leadership Team to ensure that it reflects the principal risks currently facing the Council, including Local Government Reorganisation and other external factors. The number of corporate risks has reduced from 13 to 10. Related risk headings have been combined where this supports clearer ownership and more effective oversight; ICT and data security are now considered together, and performance is linked with projects and priorities.

A specific corporate risk has been added for Local Government Reorganisation. Although the Government has paused the current LGR process, it remains appropriate to retain this risk on the Corporate Risk Register because of the continuing uncertainty, the potential for the programme to resume or change, and the associated implications for the Council's capacity, resources, service delivery and future planning. The former standalone capacity risk has been removed because capacity is more appropriately recognised and managed as a potential cause or consequence across a number of other risks, including LGR. A new compliance risk has been introduced to bring together the Council's exposure to health and safety, procurement, data protection and other statutory and regulatory requirements.

The environment risk has also been broadened to cover external environmental and socio-economic events that may affect the Council, including climate change, emergency planning incidents, wider economic

pressures and international conflict. These changes provide a more focused corporate register and support proportionate monitoring of the risks most likely to affect delivery of the Gedling Legacy Plan.

While the report seeks to indicate movements since the previous reporting period, direct comparison is not straightforward because the Corporate Risk Register has been revised and a number of risks have been added, removed, combined or redefined. The movements reported below should therefore be treated as indicative and considered alongside the changes in the scope and composition of each risk.

Overall risk position for the reporting period: Of the 10 corporate risks reviewed, one has increased in score, four have decreased and five remain unchanged. Overall, the corporate risk profile is considered to be stable, with the principal changes relating to the risks set out below. The Budget, Performance and Risk Board will continue to monitor the position and ensure that any further changes, emerging issues or required mitigating actions are identified and escalated appropriately.

Individual corporate risk updates:

Risk 1 Financial Resilience – The financial resilience risk has increased for the period April to July 2026. Period 1 budget monitoring identified a number of significant pressures which are currently being assessed. Delays in the receipt of anticipated capital receipts have reduced the investment income available to support the revenue budget. In addition, expenditure on the transformation programme may need to be met from revenue resources rather than capital receipts, creating further pressure. The Medium Term Financial Plan is being reassessed to determine the scale of any additional efficiencies required to maintain a balanced position over the medium term. While most departmental financial risks remain within accepted levels, specific pressures relating to fuel costs and leisure income, together with the wider uncertainty around the Medium Term Financial Plan, have increased the overall risk assessment.

Risk 3 Partnerships, Contracts and Shared services – The scope of this risk has been revised to focus specifically on partnership arrangements and contracted-out services, rather than wider procurement and contract management activity. The residual risk score has reduced from 9 in the previous report to 4 in Period 1. This reflects the narrower scope of the revised risk and the established performance management arrangements across key contracts and shared services, including defined performance indicators and regular monitoring.

Risk 5 Legislative Changes – The residual risk score has reduced from 6 at the end of Quarter 4 to 4 in Period 1. The reduction reflects a delay to part of the Simpler Recycling implementation programme and the decision not to proceed with the proposed food waste trial at this stage. These changes have reduced the immediate implementation and resource

pressures, while preparations for the remaining requirements continue to be monitored.

Risk 6 Digital and Data – ICT and data risks have been combined into a single Digital and Data risk. The new combined risk has a residual score of 6. While the former ICT risk has reduced from 9 to 6, the former data risk was already scored at 6; the new score therefore reflects the revised scope of the combined risk but is not significantly different from the previous overall position.

Riak 7 Priorities, Projects and Performance (3Ps) – This combined risk has a residual score of 6, compared with a score of 9 for the former capacity and service delivery risk. The revised risk provides a broader assessment of the Council's ability to deliver its priorities, maintain performance and manage key projects. During Period 1, actions in the Annual Delivery Plan were largely completed, key projects remained on target and performance was satisfactory overall. Service capacity remains under review, with recruitment activity continuing in specific areas, including Revenues.

Risk 9 Compliance – This new corporate risk brings together a range of statutory and regulatory compliance matters, including health and safety, procurement and other legislative requirements. The risk assessment has decreased from the score of 9 previously reported for the former Health and Safety risk, reflecting improvements made during Period 1. Targeted training has been delivered to operational staff and further accredited training is planned for Period 2. Recent external inspections have provided additional assurance, with broadly positive findings and a small number of improvement actions identified. Delivery of these actions and the wider compliance position will continue to be monitored through the Council's established governance arrangements.

Risk 10 Local Government Reorganisation – This is a new corporate risk, introduced to provide clear oversight of the uncertainty and potential organisational impacts arising from Local Government Reorganisation. Although the Government has paused the current process, the risk has been included because future proposals or changes in timing could affect the Council's capacity, workforce, governance, financial planning, service delivery and ability to deliver the Gedling Legacy Plan. Keeping LGR on the Corporate Risk Register ensures that these impacts, together with the Council's preparedness and mitigating actions, remain subject to regular review and escalation.

The Council's overall risk appetite remains Moderate: tending towards exposure to only modest levels of risk in order to achieve acceptable outcomes. Each risk is assessed individually and, where justified by the benefits to be achieved, a higher level of residual risk may be accepted. Any such position should be transparent, supported by clear ownership and controls, and subject to appropriate review and escalation.

The updated Corporate Risk Register for the four-month period April – July 2026 is attached at Appendix 1. It sets out the gross and residual risk scores, the relationship to the Council's risk appetite, existing controls, identified control gaps and planned mitigating actions. The scoring matrix and corporate risk definitions are provided at Appendices 2 and 3.

4. Financial Implications

None arising directly from this report.

5. Legal Implications

The Accounts and Audit Regulations 2015 require the Council to maintain a sound system of internal control, including effective arrangements for the management of risk. This report supports the Audit Committee in discharging its assurance role under the Council's revised Risk Management Framework.

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. Climate change, emergency planning events and wider environmental impacts are considered within the expanded external environment and socio-economic corporate risk.

8. Local Government Reorganisation

Although the Government has paused the current Local Government Reorganisation process, significant uncertainty remains about the future shape, timing and scope of reform. It is therefore considered appropriate to retain LGR as a corporate risk so that the Council can continue to monitor potential impacts on governance, capacity, financial planning, workforce, service delivery and delivery of the Gedling Legacy Plan. The Budget, Performance and Risk Board will keep the risk and associated mitigating actions under review and will respond to any further Government announcements or changes in circumstances.

9. Appendices

Appendix 1 – Corporate Risk Register Monitoring – four-month period ending [insert date]

Appendix 2 – Risk Management Scoring Matrix

Appendix 3 – Corporate Risk Definitions

Statutory Officer Approval**Approved by: Chief Financial Officer****Date: 12 October 2026****Approved by: Monitoring Officer****Date: 12 October 2026**

Appendix 1

Corporate Risk Register Monitoring Period 1 (April to July 2026)

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk	Trend	Description	Further Action	Period 1 Review
CR001	Financial Resilience	12	4	9	↑	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.	Refresh the Medium-Term Financial Plan for 2026/27 onwards by November 2026. Set the 2027/28 budget and updated medium-term plan by February 2027; Agree further efficiencies for delivery by February 2027; Complete the Financial Services restructure and remaining recruitment by December 2026; Continue the review of the full cost of the trade waste service during 2026/27; Complete the remaining transfers from Citrix-based systems to web-based systems by December 2026.	The financial resilience risk has increased for the period April to July 2026. Period 1 budget monitoring identified a number of significant pressures which are currently being assessed. Delays in the receipt of anticipated capital receipts have reduced the investment income available to support the revenue budget. In addition, expenditure on the transformation programme may need to be met from revenue resources rather than capital receipts, creating further pressure. The Medium-Term Financial Plan is being reassessed to determine the scale of any additional efficiencies required to maintain a balanced position over the medium term. While most departmental financial risks remain within accepted levels, specific pressures relating to fuel

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								costs and leisure income, together with the wider uncertainty around the Medium-Term Financial Plan, have increased the overall risk assessment.
CR002	Environmental and socio-economic impacts	12	4	9	■	This refers to the environmental/socio-economic impact on the public – it could be 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. It also relates to incidents which have an economic/social impact which are outside the Council's	Complete the review and testing of business continuity plans by 30 September 2026; Review and update the Carbon Management Plan actions by 4 September 2026; and undertake a flood recovery exercise in October 2026.	Global conflicts may affect fuel prices and other costs, although no material impact was identified during Period 1. Business continuity plans are scheduled for review and testing to maintain organisational preparedness. Periods of hot weather did not cause significant service disruption; appropriate measures were implemented for operational and office-based staff. Carbon management actions will be reviewed and updated in Period 2, alongside further work on flood resilience and an exercise to test preparedness. The overall risk level remains unchanged, reflecting continuing external uncertainty and the national threat level.

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						control for example, war, or emergency incidents such as power outage.		
CR003	Partnerships, Contract and Shared Services	9	2	4	↓	This refers to both the risks regarding partnership / shared service activities and the risks associated with the contracted delivery of services to the agreed cost and specification taking into account capacity, reputational risk and governance.	Continue delivery of the social value objectives in the Carlton Active contract; Maintain KPI and performance monitoring for the WISE contract; review procurement arrangements with the shared service provider by September 2026; Complete the partnership register review by October 2026.	The scope of this risk has been revised to focus specifically on partnership arrangements and contracted-out services, rather than wider procurement and contract management activity. The residual risk score has reduced from 9 in the previous report to 4 in Period 1. This reflects the narrower scope of the revised risk and the established performance management arrangements across key contracts and shared services, including defined performance indicators and regular monitoring.
CR004	Infrastructure/Assets	12	2	6	→	This looks at the loss, protection and damage of physical assets and takes into account the need to	Progress the Asset Management Action Plan and, following appropriate consultation, the disposal of assets presenting identified	Condition surveys of operational assets and temporary accommodation were completed in Period 1, providing a clearer

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						maintain, protect, insure and plan for unexpected loss.	risks by November 2026; continue the Front Street demolition programme; complete the Civic Centre fire-door replacement programme by October/November 2026; progress works arising from condition surveys in line with the agreed timetable; and review Property Services staffing capacity by September 2026.	evidence base for assessing and managing asset-related risks. The risk score remains unchanged, but implementation of the resulting action plan is expected to support a reduction in future periods. Cabinet approved the Asset Management Strategy and Action Plan, establishing a clear framework for asset management and disposal. The Front Street demolition contract has been awarded, preparatory works are under way and arrangements are being progressed for disconnection from utilities. The risk remains elevated because of the closure of pool facilities at Calverton and Arnold. Property Services also continues to experience capacity pressure following an unsuccessful recruitment exercise for the Service Manager role; interim agency support is in place while the structure is reviewed.

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CR005	Legislative Changes	9	1	4	↓	This refers to changes to current law leading to additional workloads, organisational changes and financial impacts etc.	Complete project plans for the trade waste and food waste elements of Simpler Recycling by October 2026; Prepare an implementation plan for Martyn's Law by October 2026; Complete the review of Planning Committee arrangements and associated guidance by 31 October 2026; Prepare for forthcoming employment rights legislation by December 2026.	The residual risk score has reduced from 6 at the end of Quarter 4 to 4 in Period 1. The reduction reflects a delay to part of the Simpler Recycling implementation programme and the decision not to proceed with the proposed food waste trial at this stage. These changes have reduced the immediate implementation and resource pressures, while preparations for the remaining requirements continue to be monitored.
CR006	Digital and Data	16	4	6	→	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. It also covers our ability to ensure data security	Review records of processing activities by September 2026; review records retention policies by October 2026; implement changes to the Freedom of Information and complaints system by October 2026; and review ICT policies by January 2027.	This is a new combined Digital and Data risk, bringing together the former ICT and data risks. The combined risk has been assessed at 6. The former ICT risk has reduced from 9 to 6, while the former data risk remains at 6; the new score therefore reflects the revised scope of the combined risk but is not significantly different from the previous overall position. Significant transformation activity

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						and compliance with Information legislation.		took place in Period 1, including development of the complaints process within the customer relationship management system for implementation in the autumn, and the introduction of new bulky waste and missed-bin processes. Further work is required to update information records and retention policies and to strengthen the consistent use of data protection impact assessments.
CR007	Priorities, Projects and Performance	9	2	6	↓	This relates to the effective management and delivery of the Legacy Priorities including key projects and the ability to ensure performance of our services.	Complete the Carlton Active Business Plan by November 2026 and complete succession-planning process mapping by December 2026.	This combined risk has a residual score of 6, compared with a score of 9 for the former capacity and service delivery risk. The revised risk provides a broader assessment of the Council's ability to deliver its priorities, maintain performance and manage key projects. During Period 1, actions in the Annual Delivery Plan were largely completed, key projects remained on target and performance was satisfactory overall. Service capacity remains under review, with recruitment

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								activity continuing in specific areas, including Revenues.
CR008	Fraud/bribery/Misconduct	12	2	6	➡	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.	Implement the Anti-Fraud and Corruption Strategy and supporting action plan, including updated fraud risk assessments for key services; a gap analysis of current arrangements by January 2027; strengthened third-party due diligence by February 2027; and an ongoing programme of fraud awareness and training throughout 2026/27.	Departmental fraud risks have been identified and are monitored within the overarching corporate fraud risk. Higher-risk areas include procurement and employee-related controls, which are being managed through established policies and procedures and the actions set out in the Anti-Fraud and Corruption Strategy. Matters identified during Period 1 were addressed in accordance with the Council's zero-tolerance approach. The overall fraud risk remains unchanged; implementation of the action plan is expected to strengthen controls and support a reduction in risk over time.
CR009	Compliance	12	4	6	⬇️	This assesses organisational compliance across a range of statutory requirements	Deliver procurement training by October 2026; continue reviewing HR policies in preparation for employment rights legislation; complete	This new corporate risk brings together a range of statutory and regulatory compliance matters, including health and safety, procurement and other legislative

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						including Health and safety at Work, Asset Management, Procurement, GDPR and Equality Act.	IOSH Managing Safely training for relevant depot staff between September 2026 and January 2027; provide toolbox talks for frontline staff on accident and incident reporting by September 2026; and complete the programme to update parks risk assessments.	requirements. The risk assessment has decreased from the score of 9 previously reported for the former Health and Safety risk, reflecting improvements made during Period 1. Targeted training has been delivered to operational staff and further accredited training is planned for Period 2. Recent external inspections have provided additional assurance, with broadly positive findings and a small number of improvement actions identified. Delivery of these actions and the wider compliance position will continue to be monitored through the Council's established governance arrangements.
CR010	Local Government Reorganisation	9	4	6		This risk relates to the organisations preparedness and delivery of local Government Reorganisation including the assessment of	Establish terms of reference for the internal Local Government Reorganisation Board to support effective governance, delivery of agreed actions and resource planning; continue monthly staff briefings; monitor	The Managers' Toolkit is being used in team meetings, and the Local Government Reorganisation Board will review its use to provide assurance that staff receive consistent information alongside the regular staff briefings. Communication with staff and

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						impacts on capacity, reputational impact and effective engagement with Workforce, residents and Members.	capacity risks and provide timely information and support to employees; maintain effective Council representation on the central programme boards; and keep the contracts register up to date.	Members has continued through scheduled briefings and updates. Following the Government's announcement in July, the Council identified increased capacity pressures associated with supporting the reorganisation programme and maintaining effective representation on the central partnership boards. These pressures continue to be monitored and managed through the Council's internal governance arrangements.

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

APPENDIX 3 – RISK DEFINITIONS

LIKELIHOOD

4	Very Likely >90%	- Event expected to occur. Has occurred and will continue to do so without action being taken. - Indication of imminent occurrence - There are external influences which are likely to make our controls ineffective
3	Probable 60-90%	- There is a moderate exposure to the risk. - Reasonable to expect event to occur within a year. - Has occurred in the past. - Is likely to occur within the Council's planning cycle. - There are external influences which may reduce effectiveness of controls
2	Possible 30-60%	- There is a low exposure to the risk. - Little likelihood of event occurring - 1 in 10 years - There is a potential for external influences which may reduce effectiveness of controls
1	Unlikely 0-30%	- Extremely remote - Not expected to occur but may do so in exceptional circumstances - 1 in 100 years. - There are few or no external influences which may reduce effectiveness of controls

IMPACT

Score	Description	Indicative Guidelines
4	Major Consequences	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: - Catastrophic loss, delay, or interruption to services - Level of financial loss, additional costs, or loss of assets which the Council is unable to resource without additional Government/External support. - One off event which would de-stabilise the Council over several years. - The risk will cause the objective not to be reached, causing damage to the organisation's reputation. - Will attract medium to long-term attention of legislative or regulatory bodies. - Major complaints - Significant adverse media interest - Death or life-threatening injury
3	Serious Consequences	The consequences are sufficiently serious to require attention by Cabinet and/or full Council:

		• Loss of key assets or services for an extended time period. • Longer term impact on operational efficiency or performance of the Council or crucial service areas • 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 & policy framework. • The risk would destabilise the Council in the short term. • The intended objectives are unlikely to be met leading to negative impact on the Council's reputation and a significant number of complaints. • Will lead to attention for regulators and External Auditors for a significant time. • Major accident/injuries (but not life-threatening)
2	Moderate/ Disruptive	The consequence is sufficient to require attention by Leadership Team and cannot be managed within a Service Area • Significant loss, delay, or interruption to a service. • Medium term impact on operational efficiency or performance • Financial loss, additional costs or loss of assets that is within the Council's budget & policy framework but needs a Statutory Officer decision, Leadership Team decision, Cabinet decision or needs to be drawn to Cabinet's attention. • The risk will cause some elements of the objective to be delayed or not achieved, causing potential damage to the organisation's reputation. • May attract medium to short term attention of legislative or regulatory bodies. • Significant complaints • Serious accident / injury (but not life threatening)
1	Minor/Non- Disruptive	The consequences can be dealt with as part of the normal day-to-day business by the Team Manager and the Head of Service: • Minor loss, delay, or interruption to services • Short term impact on operational efficiency or performance • Negligible financial loss • The risk will not substantively impede the achievement of the objective, causing minimal damage to the organisation's reputation. • No or minimal external interest. • Isolated complaints • Minor accident / injury