

## **Report to Audit Committee**

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

**Date:** 24 February 2026

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

### **1 Purpose**

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

#### **Recommendations:**

THAT:

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

### **2 Background**

#### **2.1 Overview**

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

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

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

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

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

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

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

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

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

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

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

## 2.2 The Economy

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

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

## 2.3 Accounting Practice Changes

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

# 3 **Proposal**

## 3.1 Annual Governance Statement

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

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

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

## 3.2 Statement of Accounts 2024/25

### 3.2.1 Financial Performance

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

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

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

### 3.2.3 Capital Outturn 2024/25

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

### 3.2.4 Collection Fund

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

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

### 3.2.5 Balance Sheet

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

- Pensions

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

- Short-term Creditors

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

- Short-term Debtors

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

### 3.2.6 Earmarked Reserves

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

### 3.3 Significant Issues arising in 2024/25

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

### 3.4 Audit of Accounts Process

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

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

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

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

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

## **4 Financial Implications**

There are no financial implications directly arising from this report.

## **5 Legal Implications**

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

## **6 Equalities Implications**

There are no equalities implications directly arising from this report.

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

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

## **8 Appendices**

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

### **Statutory officer Approval:**

**Drafted by:** Chief Finance Officer

**Date:** 13 February 2026

**Approved by:** Monitoring Officer

**Date:** 13 February 2026