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