



*Castle House
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Tuesday, 24 June 2025

**Chair: Councillor R Holloway
Vice-Chair: Councillor S Michael**

Members of the Committee:

**Councillor N Allen
Councillor R Cozens
Councillor D Darby
Councillor S Forde
Councillor A Freeman**

**Councillor J Hall
Councillor P Harris
Councillor S Haynes
Councillor C Penny
Councillor M Shakeshaft**

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 2 July 2025 at 6.00 pm
VENUE:	Civic Suite, Castle House, Great North Road, Newark, NG24 1BY

**You are hereby requested to attend the above Meeting to be held at the time/place
and on the date mentioned above for the purpose of transacting the
business on the Agenda as overleaf.**

If you have any queries please contact Karen Langford on Karen.Langford@newark-sherwooddc.gov.uk.

AGENDA

	<u>Page Nos.</u>
1. Notification to those present that the meeting will be recorded and streamed online	
2. Apologies for Absence / Under Rule 6.5.1 a permanent change in committee membership can be notified at committee without going to Full Council. Councillor Debbie Darby to therefore replace Councillor Tina Thompson	
3. Declarations of Interest from Members and Officers	
4. Minutes of the Meeting held on 7 May 2025	3 - 8
5. Annual Internal Audit Report	9 - 26
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7. Going Concern Status of the Council	42 - 47
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9. Treasury Management Outturn Report 2024/25	78 - 85
10. Review of the Council's Constitution - Replacing the Audit & Governance Committee	86 - 97
11. Audit and Governance Committee Work Plan	98 - 102
12. Date of Next Meeting - 24 September 2025	

Agenda Item 4

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit and Governance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, NG24 1BY on Wednesday, 7 May 2025 at 6.00 pm.

PRESENT: Councillor R Holloway (Chair)
Councillor S Michael (Vice-Chair)

Councillor R Cozens, Councillor S Forde and Councillor S Haynes

ALSO IN ATTENDANCE: Councillor N Allen and Councillor P Rainbow

APOLOGIES FOR ABSENCE: Councillor P Farmer, Councillor A Freeman, Councillor J Hall, Councillor P Harris, Councillor C Penny, Councillor M Shakeshaft and Councillor T Thompson and Mr C Richardson (Non-Voting Co-Optee)

169 NOTIFICATION TO THOSE PRESENT THAT THE MEETING WILL BE RECORDED AND STREAMED ONLINE

Other than the Council recording in accordance with usual practice, there were no declarations of intention to record the meeting.

170 DECLARATIONS OF INTEREST FROM MEMBERS AND OFFICERS

That no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

171 MINUTES OF THE MEETING HELD ON 16 APRIL 2025

AGREED that the minutes from the meeting held on 16 April 2025 be approved as a correct record and signed by the Chair.

172 REVIEW OF CONTRACT PROCEDURE RULES

The Committee considered the report from the Business Manager for Financial Services to review the Council's Contract Procedure Rules, approve the revisions where appropriate and recommend to Council for adoption.

The Contract Procedure Rules were last reviewed in May 2022 when the Council adopted the Cabinet system of Governance, the report advised they were due for a review and refresh.

The Contract Procedure Rules have been reviewed in conjunction with Welland Procurement with suggested changes from the updates to the Procurement Act 2023, together with their knowledge of Contract Procedure Rules from other authorities.

AGREED (unanimously) that Members considered and commented upon the revised Contract Procedure Rules and recommended to Council for approval.

173 REVIEW OF FINANCIAL PROCEDURE RULES

The Committee considered the report from the Business Manager for Financial Services to review the Council's Financial Procedure Rules, approve the revisions where appropriate and recommend to Council for adoption.

The Financial Procedure Rules were last reviewed in May 2022 when the Council adopted the Cabinet system of Governance, they are therefore due for a review and a refresh.

The Financial Procedure Rules have been reviewed in conjunction with the S151 Officer to update where appropriate and clarify any relevant sections, with no material changes to the Financial Procedure Rules as a result of this review.

AGREED (unanimously) that Members considered and commented upon the revised Financial Procedure Rules and recommend to Council for approval.

174 OUTCOME OF HOUSING OMBUDSMAN INVESTIGATION (REF: 202324726)

The Committee considered the report from the Business Manager for Housing Services to inform Members of the outcome of an investigation where the Ombudsman found fault with the Council.

A resident had complained to the Housing Ombudsman regarding various issues relating to the Council's handling of:

- Noise nuisance, anti-social behaviour and inappropriate staff conduct
- Complaints

The Housing Ombudsman determined there to be maladministration in one area and service failure in two areas:

- Maladministration in respect of the landlord's response to the resident's reports of ASB
- Service failure in respect of the landlord's complaint handling

The report advised that Corporate ASB training has been added to the 2025/2026 programme and will include the lessons learnt from this determination. Training will take place following the implementation of the new housing management system in May 2025.

The report highlighted that findings of maladministration are published regularly on the Housing Ombudsman Service website along with spotlight reports which focus on specific issues or service areas to raise awareness and help landlords improve.

AGREED (unanimously) that Members noted the report, and the lessons learnt.

175 OUTCOME OF HOUSING OMBUDSMAN INVESTIGATION (REF: 202333701)

The Committee considered the report from the Business Manager for Housing Services to inform Members of the outcome of an investigation where the

Ombudsman found fault with the Council.

A resident had complained to the Housing Ombudsman regarding various issues relating to the Council's handling of:

- Noise nuisance, anti-social behaviour and inappropriate staff conduct
- Services covered by the service charge not being provided
- Complaints

The Housing Ombudsman determined there to be maladministration in one area and service failure in two areas:

- There was maladministration in relation to the landlord's handling of the resident's reports about noise nuisance, ASB and inappropriate staff conduct
- There was service failure in relation to the landlord's handling of the resident's report about services covered by the service charge not being provided
- There was service failure in relation to the landlord's complaint handling

Corporate ASB training has been added to the 2025/2026 programme and will include the lessons learnt from this determination. Training will take place following the implementation of the new housing management system in May 2025.

The report highlighted that findings of maladministration are published regularly on the Housing Ombudsman Service website along with spotlight reports which focus on specific issues or service areas to raise awareness and help landlords improve.

AGREED (unanimously) that Members noted the report, and the lessons learnt.

176 LOCAL GOVERNMENT PEER REVIEW - CORPORATE PEER CHALLENGE

The Committee considered the report from the Assistant Director Legal & Democratic Services and Monitoring Officer informing the meeting of the recommendations from the Local Government Association Peer Challenge that have been delegated to Audit & Governance Committee.

At its meeting of 18 February 2025, Cabinet considered the findings of the Local Government Association Peer Challenge and agreed the formation of a working group tasked with an action plan to address those findings. The Chair and Vice Chair of Audit & Governance Committee were appointed to the group. At its first meeting on 25 February, the group agreed for Audit & Governance Committee to action the following recommendations:

- 1.1.1 Review the audit, governance, and overview and scrutiny functions of the Council to maximise councillor engagement and council productivity
- 1.1.2 Strengthen and enhance the Annual Governance Statement
- 1.1.3 Strengthen the application of the national Code of Conduct
- 1.1.4 Establish a Councillor development group
- 1.1.5 Ensure councillors understand the longer-term budget pressures
- 1.1.6 Establish an ongoing councillor development programme

A progress report is due to be submitted to the working group in May, with a view to progress on the entire action plan being reviewed with the Local Government Association around September 2025.

AGREED (unanimously) that Committee:

- (a) notes progress on the recommendations from the Local Government Association Peer Challenge that have been delegated to Audit & Governance Committee; and
- (b) updates the Committee's Work Plan accordingly.

177 REVIEW OF THE COUNCIL'S CONSTITUTION

The Committee considered the report from the Assistant Director Legal & Democratic Services and Monitoring Officer with proposals for amendments to the Council's Constitution following consideration by an informal Audit & Governance Committee working party.

Amendments and updates endorsed by this Committee will be recommended to Full Council for approval at the Annual Meeting in May and the Council's Independent Remuneration Panel will be asked to undertake a review in respect of any changes in Committee Terms of Reference.

The Committee noted training on procedure rules for Members in June, and an addition to Appendix I was circulated at the meeting with additional wording for the Acquisitions and Disposals Policy:

2.5.3 Where it is decided to negotiate a disposal to a single party (identified by paragraph 2.5.2) rather than offer it on the open market then this needs to be referred to in any decision. When negotiations take place with the interested party in order to reach an agreed sale price and the provisions of paragraph 2.7.1 still apply.

AGREED (unanimously) that Audit & Governance Committee:

- (a) recommends the Constitutional amendments set out in Appendices A, B, E, G, I and J to Full Council for approval;
- (b) endorses the adoption of templates for motions and amendments as illustrated in Appendices C and D subject to approval by Full Council of the relevant amendments to Full Council Procedure Rules;
- (c) recommends a reduction in membership of Audit & Governance Committee to 9 members to Full Council for approval;
- (d) endorses amendments to arrangements for Audit & Governance as set out in paragraph 2.9 of the report;

- (e) request that Officers explore options for more regular meetings with the auditors to assist with Audit & Governance Committee Member development;
- (f) recommends that Policy & Performance Improvement Committee re-issues guidance to all Members as set out in paragraph 2.11 of the report;
- (g) updates its work programme to include feedback at least annually on meetings between the Chair and Vice Chair of this Committee, and the Chair and Vice Chair of Policy & Performance Improvement Committee;
- (h) recommends the addition of 'Principal Legal Officer' to the list of Officers with authority to seal legal documents on behalf of the Council, to Full Council for approval; and
- (i) approves the review of the sections of the Constitution set out in paragraph 2.26 of the report, with any proposals for amendment being brought to this Committee as soon as practicable.

178 CONDUCT AND PUBLIC SERVICE

The Committee considered the report from the Assistant Director Legal & Democratic Services and Monitoring Officer on progress on implementation of the Full Council resolution 'Conduct and Public Service' made on 15 October 2024.

Members discussed the possibility of the Council hosting a conference to promote good conduct in public service with the aim of encouraging people to enter public life. There were mixed views about the merits of hosting a conference, and some concerns were raised about the potential cost, and whether a conference properly falls within the Council's remit.

The report proposed to convene a further workshop to focus on review and update of the Councillor Social Media Protocol. Officers to also explore the cost and resource implications of raising awareness of the Local Government Association's 'Debate not Hate' campaign.

AGREED by 4 Members 'For' and 1 'Against' that Committee:

- (a) notes that proposals for Member training in respect of standards of conduct will be taken forward in the Member Training Protocol workstream;
- (b) agrees to give further consideration to amendments to the Code of Conduct for Councillors at a future date;
- (c) agrees to convene one further workshop on the Conduct and Public Office topic focussing on social media;
- (d) notes that Officers will explore the cost and resource implications of supporting the Local Government Association's Debate not Hate Campaign; and

(e) notes that further enquiries will be made regarding the possibility of hosting a conference regarding good conduct in public office.

179 AUDIT AND GOVERNANCE COMMITTEE WORK PLAN

The Committee considered the joint report of the Assistant Director Legal & Democratic Services and Monitoring Officer and the Business Manager for Financial Services which attached the Committee's Work Plan for consideration.

The Chair noted 8 reports currently in the Work Plan including the additional Conduct and Public Service in Social Media and Local Code of Corporate Governance.

The Committee were concerned with the recent cyber incidents affecting large named companies such as Marks & Spencer, the Committee requested that Dave Richardson, Business Manager for ICT & Digital Services attends the next Audit & Governance Committee to provide an update to the LGA Newark and Sherwood District Council Cyber 360 Progress Report. Councillor Haynes would also email Dave Richardson with relevant questions before the next meeting in preparation of the Committee.

Councillor Michael asked if a date had been set for this year's Treasury Management Training, however the relevant officers to ask were not present, the date to be provided following this meeting.

AGREED (unanimously) that the Work Plan be noted.

180 DATE OF NEXT MEETING - 2 JULY 2025

Meeting closed at 7.04 pm.

Chair



Report to: Audit & Governance Committee - 2 July 2025

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services

Lead Officer: Phil Lazenby, Head of Internal Audit TIAA Ltd contact:
0845 300 3333

Report Summary	
Report Title	Annual Internal Audit Report
Purpose of Report	To provide a summary of Internal Audit work undertaken during 2024/25 and to support the Annual Governance Statement by providing an opinion on the organisation's governance, risk, financial and internal control environment.
Recommendations	That the Audit & Governance Committee consider and comment upon the annual internal audit report and note its content.
Reason for Recommendation	In order to understand the internal audit work undertaken throughout the 2024/25 financial year which will assist in supporting the Annual Governance Statement

1.0 Background

1.1 The Annual Internal Audit Report:-

- Includes an opinion on the overall effectiveness of processes for risk management, control and governance.
- Discloses any qualifications to that opinion, together with the reasons for the qualification.
- Summarises audit work undertaken, including reliance placed on the work of other assurance bodies where applicable.
- Draws attention to any issues that are particularly relevant to the Annual Governance Statement.
- Summarises the performance of the internal audit function against its key performance measures.
- Comments on compliance with standards.

- 1.2 Whilst we cannot provide absolute assurance on the governance, risk, financial and internal control environments, the opinion is based upon the work undertaken as part of the agreed internal audit plan and assurance intelligence gathered from across the Councils assurance framework.
- 1.3 The opinion is that Newark and Sherwood District Council has reasonable and effective risk management, control and governance processes in place.
- 1.4 The opinion should be considered as part of the process to prepare the Annual Governance Statement by the Audit and Accounts Committee and relevant Council officers.
- 1.5 The Annual Audit Report is attached at appendix A.
- 1.6 Additionally to the Annual Audit Report, the second report that received limited assurance was completed during the final quarter. The report is attached at appendix B.

2.0 Proposals

- 2.1 To receive and comment upon the Annual Internal Audit Report 2024/25 and note its content.

3.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

- 3.1 Legal Implications LEG2526/8
Audit & Governance Committee is the appropriate body to consider the content of this report.

Background Papers and Published Documents

NIL

Appendix A



Newark and Sherwood District Council

Internal Audit Annual Report and Head of Internal Audit Opinion

June 2025

Revised Draft



Executive Summary

Introduction

This is the 2024/25 Annual Report by TIAA on the internal control environment at Newark and Sherwood District Council. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation’s framework of governance, risk management and control.

Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS). In 2022, TIAA commissioned an External Quality Assessment (EQA) of its internal audit service. The independent EQA assessor was able to conclude that TIAA ‘generally conforms to the requirements of the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF).’ ‘Generally conforms’ is the highest rating that can be achieved using the IIA’s EQA assessment model. Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards.

TIAA adopted the IIA Global Internal Audit Standards in January 2025 and performance against the standards will be reported in future reports.

Internal Audit Planned Coverage and Output

The 2024/25 Annual Audit Plan approved by the Audit Committee was for 245 days of internal audit coverage in the year. During the year there were no changes to the Audit Plan and these changes were approved by the Audit and Governance Committee. The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A. No extra work was carried out which was in addition to that set out in the Annual Audit Plan.

Assurance

TIAA carried out thirteen reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Newark and Sherwood District Council objectives. Three of these were advisory reviews. In addition, two reviews are awaiting issue of the draft reports.

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	4	1
Reasonable Assurance	4	10
Limited Assurance	2	0
No Assurance	0	0
Advisory	3	2

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their

HEAD OF INTERNAL AUDIT’S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, Newark and Sherwood District Council has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes for the ongoing financial viability or your ability to meet financial obligations which must be obtained by Newark and Sherwood District Council from its various sources of assurance.

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effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2024/25. The numbers in brackets relate to 2023/24 recommendations.

Urgent	Important	Routine
2 (1)	16 (11)	19 (28)

Audit Summary

Control weaknesses: There were two areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance.' Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	1	7	5
Risk Mitigation	0	0	5
Compliance	1	5	7
Delivery			
Performance Monitoring	0	4	2
Sustainability	0	0	0
Resilience	0	0	0

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
6

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	84%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	67%
Compliance with IIA Internal Audit Standards	100%	100%

Release of Report

The table below sets out the history of this Annual Report.

Date Report issued:	20 th May 2025
Date Revised Draft Issued:	12 th June 2025

Actual against planned Internal Audit Work 2024/25

System	Type	Assurance Assessment	Comments
Business Continuity	Complete	Limited Assurance	
Procurement	Complete	Reasonable Assurance	
Budgetary Control	Complete	Substantial Assurance	
Financial Resilience	Complete	Substantial Assurance	
Apprenticeship and Talent Spotting	Complete	Reasonable Assurance	
Agile Working	Complete	Reasonable Assurance	
Housing Regulatory Compliance and Building Safety	Complete	Reasonable Assurance	
Performance Management	Complete	Substantial Assurance	
Risk Management Framework	Complete	Substantial Assurance	
Mansfield Crematorium	Complete	Advisory Review	
Gilstrap Financial	Complete	Advisory Review	
<i>Grounds Maintenance and Cleansing Service</i>	Fieldwork Completed		Awaiting Issuance
Equality Diversity and Inclusivity	Complete	Limited Assurance	
24/25 ICT-Cyber Security Maturity Assessment	Complete	Advisory Review	
Follow-up	complete	N/A	
Annual Planning	complete	N/A	
Annual Report	Draft	N/A	
Audit Management	N/A	N/A	

Head of Internal Audit Opinion (HoIA) on the Effectiveness of the System of Internal Control for the Year Ended 31 March 2025

Annex B

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its Annual Governance Statement (AGS).

My opinion is set out as follows:

1. Overall opinion;
 2. Basis for the opinion;
 3. Matters that have had an impact on the opinion; and
 4. Commentary.
-
1. My overall opinion is that **Reasonable** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.
 2. The basis for forming my opinion is as follows:
 - i. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
 - ii. An assessment of the range of individual opinions arising from risk-based audit assignments, contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
- Additional areas of work that may support the opinion will be determined locally but are not required e.g. any reliance that is being placed upon Third Party Assurances.
3. There are no matters to bring to your attention which have had an impact on the Head of Internal Audit Opinion
 4. Commentary – see Annex A for a summary of completed internal audit work.

Appendix B



Newark and Sherwood District Council

Assurance Review of Equality, Diversity and Inclusion

Agenda Page 16
May 2025
Final



Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Non-Regulatory Compliance.

SCOPE

The review provided assurance on the adequacy and effectiveness of the processes in place to ensure that staff work in an environment where they feel they belong, are treated equitably and without discrimination. This also provided assurance on the compliance with policies, procedures, and relevant legislation.

KEY STRATEGIC FINDINGS



The systems of internal controls relating to Equality Diversity and Inclusion (EDI) are generally inadequate or not operating effectively, and significant improvements are required to ensure that risks are managed and process objectives achieved.



The Equality Group is not meeting, and associated evidence of action plans, ongoing assurance and implementation is not available.



Regulatory Compliance has not been formally assessed.



The Equality and Diversity Strategy requires updating and an overarching policy/procedure relating to EDI needs to be formulated/developed.

GOOD PRACTICE IDENTIFIED



The Council holds the accreditation for Disability Confident and Thrive at Work, and the Armed Forces Covenant (Gold Status).

ACTION POINTS

Urgent	Important	Routine	Operational
1	3	3	2

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Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Human Resource Business Manager (HR & Training) confirmed that there was previously an Equality Group in place which has not recommenced since the Covid Pandemic. Consideration is currently being given to enlisting the help of the East Midlands Council to support restarting the Equality Group.	The Equality Group to recommence and for the Terms of Reference for the Group to be formulated/documentated.	1	<i>It is intended to reform the Equality Group by the 01 July 25, with new terms of reference and support from the EMC.</i>	01/07/25	EEDI Lead
2	Directed	The Equality and Diversity Strategy was obtained and reviewed. It was noted that the Strategy related to the period 2021-2023. (2012-16 and 2016-20 were available from the internet) The Director of Housing, Health and Wellbeing and Business Manager (HR & Training) confirmed that the Strategy has not been reviewed/updated.	The Equality and Diversity Strategy to be updated including the equality objectives adopted in 2016. As per the Equality Act 2010 and the Public Sector Equality Duty, "A local authority is required to set at least one equality objective for the organisation every four years".	2	<i>A full review of the EEDI Strategy and all internal/external policies is to be undertaken imminently. The revised strategy/policies are to be complete and published this calendar year.</i>	31/12/25	EEDI Lead
3	Delivery	The Human Resource Business Manager (HR & Training) confirmed that there are no specific KPIs that have been formulated/developed relating to EDI. However, there are some KPIs relating to Gender Pay Gaps. In addition, as part of the staff survey, aspects relating to EDI were included (See Findings Section).	Key Performance Indicators to be developed. Non-achievement of a KPIs/Financial Target to be investigated and appropriate remedial action to be taken.	2	<i>We have KPI's – a full review of their ongoing suitability is underway which will involve exploring additional PIs that can add value.</i>	10/06/25	EEDI Lead

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1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Delivery	<p>The Human Resource Business Manager (HR & Training) confirmed that a discussion paper relating to the future of EDI was presented to the Senior Leadership Team on 26th July 2024. The report was obtained and reviewed. It was noted that some of the actions that formed part of the report have not been actioned such as:</p> <ul style="list-style-type: none"> • Conversations being held through team meetings relating to Equality Diversity and Inclusion. • Training relating to Equality Diversity and Inclusion. • Commencement of the Equality Group. <p>The Director of Housing, Health and Wellbeing confirmed that these had not been actioned as the Council has yet to establish its Regulatory Compliance.</p>	An internal assessment to confirm regulatory compliance to be conducted and an appropriate action plan formulated/developed including timelines for when already identified actions will be implemented.	2	<i>An internal self-assessment will be completed using the LGA framework. Additionally, a full review to ensure compliance with all housing related regulatory guidelines.</i>	31/12/25	EEDI Lead

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Directed	<p>The Director of Housing, Health and Wellbeing and Business Manager (HR & Training) confirmed that though Equality Diversity and Inclusion (EDI) is referred to in several policies, such as Disability leave policy and Dignity at work Policy and Procedure, there was no overarching policy relating to EDI.</p> <p>An EDI (Equality, Diversity, and Inclusion) Policy is not legally required for a District Council, however under the Equality Act 2010, public bodies (including councils) have a duty to eliminate discrimination, advance equality, and foster good relations. Having a policy helps both support and demonstrate the public discharge of this duty, in addition to the Public Sector Equality Duty (PSED) whereby Councils must consider equality impacts in decision-making, policies, and service delivery.</p> <p>Most District Councils do have an EDI Policy as part of their governance and operational framework</p>	An overarching policy relating to EDI to be formulated/developed.	3	As above.	31/12/25	EEDI Lead
6	Directed	The Business Manager (HR & Training) confirmed that no risks relating to EDI have been identified as part of the departmental Operational Risk Register or the Corporate risk register.	Risk relating to EDI to be identified and corresponding mitigation outlined appropriately.	3	EEDI Steer group will review the risks relating with EEDI following a full self-assessment.	31/12/25	EEDI Lead
7	Directed	The Director of Housing, Health and Wellbeing confirmed that there is information available relating to EDI on the Council Website, but it is out of date.	The information on EDI available on the Councils website be updated.	3	A full review of the council's website and intranet is due to commence in June 2025.	01/08/25	EEDI Lead

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	The current HR system is being used to store data relating to EDI; however, not all staff have completed the relevant information and therefore reminders are sent requesting staff to update their details. At present only 60% of staff have completed in relation to ethnic Origin and 13% in relation to religion.	Staff be encouraged to complete relevant EDI information as well as the benefits relating to the information being completed highlighted to staff.	<i>Whilst this isn't something that we aim to make mandatory the aim is to emphasise the benefits of sharing this information and how the council will use it. This will be completed alongside the review of the website, strategy and associated policies.</i>
2	Directed	The Director of Housing, Health and Wellbeing confirmed that though roles and responsibilities relating to EDI had been outlined, there was no-one overall responsible for EDI and therefore a number of the elements were uncoordinated at present. This has largely been due to lack of resources. Having a Board Member or senior officer dedicated to equality can enhance accountability and ensure that the Council remains focused on its equality obligations. It also allows for clear reporting and progress updates.	Consideration to be given to allocating a Board Member or Senior Officer to oversee EDI.	<i>An EEDI lead has been allocated, and they will lead a steering group that includes two members of the senior leadership team as sponsors.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, 2 & 5	1 & 2
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Partially in place	6	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	7	-

Other Findings



According to the Equality Act 2010, Councils have a Statutory requirement to uphold the “Public Sector Equality Duty”. As per the Equality Act the key points about the statutory requirements for the Council regarding EDI are as follows:

- Protected Characteristics - The Equality Act outlines a list of protected characteristics that the Council must consider when applying the Public Sector Equality Duty.
- Key Duties- The Council must actively work to eliminate discrimination, advance equality of opportunity and foster good relationships.
- Impact Assessments - Councils should conduct Impact Assessments when developing new policies or initiatives to assess how they might affect different groups.
- Publishing Information - Councils are required to publish information demonstrating their compliance with the equality duty including equality objectives and how different groups are affected by their services.
- Monitoring and review - Councils should regularly monitor their progress on equality and diversity and review policies and practices.

Other Findings



The Equality Framework for Local Government (EFLG) 2021 was updated to reflect the latest legislation affecting equality such as Gender Pay Gap reporting, the changing context of the local government sector and equality in Britain as well as in response to other significant issues that might affect equality including the UK's decision to leave the European Union, the increased focus on race equality as a result of the Black Lives Matter movement and the health inequities highlighted by the Coronavirus pandemic.

The equality framework is intended to help councils:

- Deliver accessible, inclusive and responsive services to customers and residents in their communities, including those from under- represented groups.
- Employ a workforce that reflects the diversity of the area they are serving.
- Provide equality of opportunity for all staff.
- Meet the requirements of the Public Sector Equality Duty and support any aspirations to exceed these.

It does this by:

- Identifying the areas of activity that councils need to address to deliver good equality outcomes.
- Helping councils to understand how they can build equality into processes and practices.
- Supporting organisations to become inclusive employers.
- Enabling councils to informally self-assess their progress on the equality improvement journey and determine where and how they need to improve.

The Framework set out four modules of improvements as below:

- Understanding and working with your communities.
- Leadership, partnership and organisational commitment.
- Responsive services and customer care.
- Diverse and engaged workforce.

In addition, it has three levels of achievement, namely:

- 'Developing' - An organisation at the developing level has made an organisational commitment to improving equality. It is putting in place processes to deliver on equality issues and is working towards meeting or is meeting the statutory requirements.
- 'Achieving' - An organisation at the achieving level has policies, processes and procedures in place and is delivering some good equality outcomes. It is not only meeting but can demonstrate exceeding statutory requirements.
- 'Excellent' - An organisation at the excellent level has mainstreamed equality throughout the organisation and can demonstrate that it is delivering significant outcomes across its services that are making a difference in its communities. The organisation not only exceeds statutory requirements but is an exemplar council for equality and diversity in the local government and wider public sector.

The Director of Housing, Health and Wellbeing confirmed that the Regulatory Compliance is possibly being met, though it is quite uncoordinated at present.

Other Findings



The Equality and Diversity Strategy was obtained and reviewed. The following was noted:

- The Strategy does refer to the Equality Act 2010 and the Equalities Framework for Local Government (published in September 2015), however it does not refer to the Equality Framework for Local Government (EFLG) 2021.
- Identifies Roles and Responsibilities relating to Equality and Diversity.
- In 2016 the Council adopted four Equality Objectives.

Objective 1: In delivering the Council's priorities and themes we will have due regard to equalities implications through leadership, partnership and organisational commitment.

Objective 2: To improve our services by better understanding our communities through the collection and analysis of information and engaging with partners to share as appropriate.

Objective 3: To ensure services are accessible to meet the needs of our citizens.

Objective 4: As an employer, promote an inclusive working environment to maintain and develop a modern and diverse workforce.



Discussion with the Human Resource Business Manager (HR & Training) confirmed that the roles and responsibilities relating to EDI are split. In relation to customers, the day-to-day responsibility would be the Human Resource Business Manager (HR & Training) and in relation to Tenants than the day- to- day responsibility is with the Director Housing Health and Wellbeing and Assistant Director Legal & Democratic Services.

According to the Equality and Diversity Strategy the Chief Executive, Deputy Chief Executive, Directors and Business Managers will have responsibility for ensuring that:

- The Equality & Diversity Strategy is implemented and embedded at all levels within the organisation.
- Due regard is given to our equality objectives, and they are included in Business Plans and service reviews where appropriate and relevant.
- Equality Impact Assessments (EQIAs) are completed (where appropriate) in a timely manner and equality implications are set out within reports (e.g. Committee/Council/SLT reports) to ensure that decision makers are fully informed.
- All employees are trained appropriately to raise and update their awareness of equality and diversity issues, thus enabling them to tailor services to the needs of all their customers.
- Regular monitoring and evaluation of services is provided to customers.
- Information and publicity materials aimed at the public are clear and understandable, non-offensive in their use of language and images and available in other formats and whenever appropriate in other languages, including British Sign Language.
- All contractors and organisations providing services on behalf of the Council have equality policies covering both service delivery and employment.
- As far as is reasonably practicable that the Council's public buildings are accessible to disabled people.



Discussion with The Director of Housing, Health and Wellbeing confirmed that Equality Impact Risk Assessments are conducted to assess the impact of a change to services or policy on people with protected characteristics and to demonstrate that the Council has considered the aims of the Public Sector Equality Duty.

The Equality Impact Risk Assessments relating to the Allocation Schemes (Allocation of NSDC properties and the administration of the housing register) was obtained and reviewed). The following was noted:

- The potential impact of the policy had been identified including if there is any positive or negative impact on the protected characteristics.
- Where they were negative impacts on the protected characteristics, details including consideration of the equality duty, and proposals for how they could be mitigated were noted.
- Impacts e.g. socio-economic or environmental were identified/noted.
- Summary of consultation feedback and further amendments to proposal / mitigation were highlighted. No issues relating to the Impact Assessment were identified.



A report of EDI training was obtained. It was noted that two courses had been run. One course relating to Equality, Diversity & Inclusion for Managers and other relating to Equality, Diversity and Inclusion for office-based employees. The report stated the full name and start date of the employee, and which course the employee attended.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Partially in place	3 & 4	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings



As part of the staff survey the following aspects relating to Equality Diversity and Inclusion were included:

- I feel the Councils Directorate Days are beneficial. (Total response – 288, strongly agree = 56 or 19%).
- I feel that Hybrid Working is beneficial. (Total response - 282, strongly agree = 169 or 60%).
- I feel a sense of belonging to the Council (Total response - 368, strongly agree = 91 or 25%).
- I feel my feedback is valued ((Total response - 365, strongly agree = 69 or 19%).
- I feel I am treated fairly and with respect within the council. (Total response – 366, strongly agree = 118 or 32%).
- I receive recognition when I do a job well. (Total response – 364, strongly agree = 86 or 24%).



The Director of Housing, Health and Wellbeing confirmed that in relation to EDI, the process is paperless. Also, a more intuitive system will be developed to enable more information and complaints to be dealt with online.



The Human Resource Business Manager (HR and Training) confirmed that the following good practices have been adopted:

- The Council holds the accreditation for disability confident.
- Thrive at Work and the Armed Forces Covenant (Gold Status).
- A wide range of wellbeing facilities, including access to counselling, funded health cash plan and wellbeing champions.

Scope and Limitations of the Review

- The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

- The matters raised in this report are only those that came to the attention of the auditor during the course of the review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of Arrangements

- The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

- The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

- We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

- The table below sets out the history of this report:

Stage	Issued	Response Received
Audit Planning Memorandum:	11 th November 2024	13 th November 2024
Draft Report:	7 th April 2025	14 th May 2025
Final Report:	20 th May 2025	



Report to: Audit & Governance Committee - 2 July 2025

Director or Business Manager Lead: Sanjiv Kohli, Deputy Chief Executive, Director of Resources and S151 Officer

Lead Officer: Nick Wilson, Business Manager – Financial Services
01636 655317

Report Summary	
Report Title	External Auditors Audit Progress Report
Purpose of Report	To present the External Auditor’s Audit Progress Report for Newark and Sherwood District Council for 2024/25.
Recommendations	Members receive and note the External Auditors Audit Progress Report for 2024/25. Members note the adjustments to the draft audited financial statements set out in the report.
Reason for Recommendation	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

1.0 Background

1.1 The external auditor issues an Annual Audit Completion Report (ACR) in compliance with the International Standards on Auditing. The significant findings from the audit are reported in the Annual Audit Completion Report, together with the action taken in respect of these findings. The report also gives the auditor’s opinion on the Statement of Accounts. This report will be tabled at the Committee once the audit work has been completed.

2.0 Statement of Accounts

2.1 The Audit Progress Report updates Members as to the status of the audit for the 2024/25 financial year. Whilst the majority of the audit work has yet to begin, the work that has been completed so far has revealed no errors or control deficiencies. The External Audit Progress Report is attached at appendix A.

3.0 Implications

In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

3.1 Legal Implications LEG2526/1719

Audit & Governance Committee is the appropriate body to consider the content of this report, which is for noting only.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None



External Audit Progress Report
Newark & Sherwood District Council

June 2025

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- 2. [National publications](#)

01

Audit progress

Audit progress

Purpose of this report

This report provides the Audit and Governance Committee with information about progress in delivering our responsibilities as your external auditors for Newark & Sherwood District Council (the Council) for the year ending 31 March 2025.

Audit for the year ending 31 March 2025

Financial statements audit

On 16 April 2025, we presented our Audit Strategy Memorandum (ASM) to the Audit & Governance Committee, outlining the upcoming phases of our audit work. According to the ASM, our fieldwork is scheduled to commence on 26 June 2025. Whilst some areas of planning remain to be finalised, the audit team is focused on resolving these issues before transitioning to the "responses to risk" phase of the audit.

To date, our preliminary review has revealed no errors or control deficiencies. Our audit approach will remain largely consistent with that of previous years. However, due to the Council's first-time adoption of IFRS 16 for the 2024/25 period, additional procedures will be undertaken to review its application. In addition, we will expand our group audit procedures in line with the revised guidance in ISA 600.

Finally, it is important to note that the Council will remain unaffected by the rebuilding assurance guidance published by the NAO

Value for money arrangements

The NAO's revised Code of Audit Practice from 2024/25, requires auditors to issue their Auditor's Annual Report, which includes commentary on the Council's Value for Money arrangements, by 30 November each year. We plan to complete our work on the VFM arrangements and present this report to the Audit and Governance Committee in advance of 30 November 2025.

02

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	Standards & Audit and Governance Committee Update issue 41 – the local audit backstop	A guide for Standards & Audit and Governance Committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how Standards & Audit and Governance Committee members can help. For information only.
2	CIPFA Better Reporting Group consultation	CIPFA's Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting. For information only.
Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC'))		
3	Code of Audit Practice 2024: Explanatory memorandum	This explanatory memorandum has been prepared by the Ministry of Housing, Communities and Local Government and laid before Parliament in accordance with the Local Audit and Accountability Act 2014. For information only.
4	MHCLG Addressing the local audit backlog in England: Non-compliance lists	MHCLG has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024. For information only.
National Audit Office ('NAO')		
5	NAO insight: Financial management in government: monitoring and forecasting	This guide is for senior finance leaders in government departments and other public bodies. It sets out insights and good practice on monitoring and forecasting for better financial management in government. For information only.
6	NAO Report: Good practice in annual reporting	The NAO has published its insight guide on Good practice in annual reporting. For information only.
7	NAO report: Local government financial sustainability	The NAO has published its report Local government financial sustainability. For information only.
8	Major Local Audits Reports	The FRC have published their annual report on their inspection findings of Audit Quality Reviews of Major Local Audits. For information only.
9	Forvis Mazars - Annual Local Government Risk Report 2025/26	The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans. For information only.
10	Forvis Mazars – Public Sector in Focus Report	Forvis Mazars report for the public and social sector outlining the top priorities and risks shaping the future of the sector. For information only.

National publications and technical updates

CIPFA

1. Standards & Audit and Governance Committee Update issue 41 – the local audit backstop

A guide for Standards & Audit and Governance Committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how Standards & Audit and Governance Committee members can help.

Link: [Standards & Audit and Governance Committee Update issue 41 – the local audit backstop](#)

2. CIPFA Better Reporting Group consultation

CIPFA's Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting either through proposing amendments to the Code of Practice on Local Authority Accounting for the United Kingdom (the Code) or assisting to develop practical guidance to enhance its application.

Link: [Better Reporting Group](#)

National publications

MHCLG

3. Code of Audit Practice 2024: Explanatory memorandum

The draft Code of Audit Practice 2024 has been developed by the Comptroller and Auditor General (C&AG) and laid in Parliament on his behalf by the government. The government has produced this accompanying explanatory memorandum.

The changes in the Code are part of wider measures to address the significant backlog of unaudited local body accounts in England. This backlog affects non-NHS bodies within the Code's remit including local authorities, National Park authorities, fire authorities, police and crime commissioners, waste authorities and transport authorities

Link: [Code of Audit Practice 2024: Explanatory memorandum](#)

4. MHCLG Addressing the local audit backlog in England: Non-compliance lists

The Ministry of Housing, Communities and Local Government (MHCLG) has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024.

Link: [Addressing the local audit backlog in England: Non-compliance lists - GOV.UK](#)

National publications and technical updates

NAO

5. NAO insight: Financial management in government: monitoring and forecasting

Good financial management is critical in the public sector. For public services to be efficient and productive, the effective management of public finances is essential. This guide outlines how finance leaders across government can monitor budgets and their performance and ensure forecasting is effective. It focuses on three principles:

- Promote a culture of accountability – leadership emphasises the importance of budget holders being accountable for monitoring financial performance and ensuring forecasts are accurate and realistic.
- Develop the right skills and capabilities – finance professionals possess the skills and capabilities to monitor effectively and forecast with precision and leverage these to elevate the quality of the organisation’s decision-making.
- Make the best use of data and information – high-quality data and information is used to enable better monitoring and more accurate forecasting, helping decision-makers respond to events quickly and effectively.:

Link: [Financial management in government: monitoring and forecasting](#)

6. NAO Report: Good practice in annual reporting

The NAO has published its insight guide on Good practice in annual reporting which showcases real-world examples of good practice for annual reporting from organisations from the public sector who are leading the way. The examples are laid out in relevant sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

The list is not definitive but should provide ideas on content and format for all bodies in both the public and private sector as they plan their annual reporting for 2024-25.

Link: [Good practice in annual reporting - NAO insight](#)

National publications and technical updates

NAO

7. NAO report: Local government financial sustainability

The NAO has published its report Local government financial sustainability. The Ministry of Housing, Communities & Local Government, (MHCLG) is responsible for the accountability framework for local government and distributes core funding to local authorities. It leads on oversight of financial risk in individual local authorities and the system overall while responsibility for the services local authorities deliver is spread across government departments.

This report focuses on MHCLG as the department responsible for the framework within which local authorities operate, and provides transparency over the current position of local government finances. By examining the current finance system and context for local government finances, the NAO aims to help inform MHCLG's consideration of future reforms. The report considers:

- the context of local government finances in 2024;
- service and financial pressures; and
- the government's approach to local government financial sustainability.

The report concludes that funding for local government has increased in recent years, reversing the long-term downward trend of the previous decade. However, while real terms funding has grown by 4% between 2015-16 and 2023-24, it has not kept pace with population growth or the demand for services, the complexity of need, or the cost of delivering services to people most in need of support.

Proposed reforms of the local government finance system have been repeatedly delayed. Some services are showing the strain, and more local authorities are requesting financial support, some due to the increasing costs of delivering essential frontline services such as homelessness and social care. Despite short-term measures to address acute funding shortfalls, there has been insufficient action to address the systemic weaknesses in local government financial sustainability.

As the government turns its attention to local government reforms, it is essential that this is part of a whole-system, cross-government approach to ensure local authorities are financially sustainable and can continue to provide essential services. This approach needs to ensure effective local accountability for the service and financial performance of each local authority, including robust independent assurance.

Link: [Local government financial sustainability - NAO report](#)

National publications

Other

8. Major Local Audits Reports

The FRC publish an annual report on the inspection findings of Audit Quality Reviews of major local audits in England, which includes large health and local government bodies. The audit of a relevant authority becomes a major local audit if it:

- has total income or expenditure of at least £500 million; or
- administers a local government pension scheme with at least 20,000 members or assets over £1,000 million.

In the 2023/24 inspection cycle, the FRC inspected six NHS and two local government audits. The results of these inspections are included in this report. The FRC acknowledge the unprecedented circumstances facing the local audit sector and have updated their regulatory approach to the monitoring of audit quality to support the reset measures and recovery period.

Link: [Major Local Audits Reports](#)

National publications and technical updates

Other

9. Forvis Mazars - Annual Local Government Risk Report 2025/26

The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans.

Link: [Annual Local Government Risk Report for 2025/26](#)

10. Forvis Mazars – Public Sector in Focus Report

Forvis Mazars have issued a report for the public and social sector, Public sector in focus: Charting the road ahead. With over 390 responses from across the UK public and social sector, the study reveals the top priorities and risks shaping the future of the sector.

Link: [Public sector in focus: Charting the road ahead - Forvis Mazars - United Kingdom](#)

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Report to: Audit & Governance Committee – 2 July 2025

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services

Lead Officer: Nick Wilson, Business Manager – Financial Services
01636 655317

Report Summary	
Report Title	Going Concern Status of the Council
Purpose of Report	This report sets out the assessment by the Section 151 officer of the Council's Going Concern status.
Recommendations	That Members review the conclusion of the assessment of the Council's status as a going concern and approve that the Statement of Accounts 2024/25 be accounted for on that basis.
Reason for Recommendation	An assessment of the Council's Going Concern is required for the preparation and approval of the Statement of Accounts for the financial year ended 31 March 2025.

1.0 Background

- 1.1 The concept of a 'going concern' assumes that an authority, its functions, and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority experiences extreme financial difficulty, then alternative arrangements might be made by central government either for the continuation of the services it provides, or for assistance with the recovery of a deficit over more than one financial year.
- 1.2 There are a number of implications for the Statement of Accounts where an authority is not considered to be of 'going concern'. For instance, particular care would be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or

redundancies. An inability to apply the going concern concept would potentially have a fundamental impact on the financial statements.

- 1.3 Given the significant reduction in funding for local government in recent years and the potential threat to the ongoing viability of one or more councils consequently, External Auditors are placing a greater emphasis on local authorities undertaking an assessment of the 'going concern' basis on which they prepare their financial statements. In response the position at Newark and Sherwood District Council is set out within this report.

2.0 Assessment of Going Concern

- 2.1 As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for the relevant financial year (hereafter referred to as the Code). The Code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the Council's Statement of Accounts is prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

The main factors which underpin the going concern assessment are:

- The Council's current financial position
- The Council's projected financial position
- The Council's governance arrangements
- The regulatory and control environment applicable to the Council as a local authority

These are considered in more detail below.

3.0 The Council's current financial position

- 3.1 The financial outturn position for the General Fund for 2024/25 shows a favourable variance against revised budget of £3.384m. This variance relates to a favourable variance on service provision £1.744m, £1.512m additional business rates and grant income, £0.110m reduction in MRP chargeable in the year and other smaller variances of £0.017m. Further details of this are detailed in the Financial Outturn report to 31st March 2025 presented to Cabinet on 8th July 2025.
- 3.2 As at the 31st March 2025, the Council held general fund revenue reserves of £35.616m. Of this, £2.556m relates to funds that are ring-fenced to specific activity (for instance Building Control/Homelessness), £8.761m is earmarked for future known pressures (for instance Repairs and Renewals, Management carry forwards, Business Rates Volatility), £9.012m relates to budget funding reserves (Medium Term Financial Plan reserve, Capital Financing Provision reserve and the Collection Fund budget reserve) and £15.287m was un-ringfenced. This balance includes the statutory general fund balance which has been assessed as a prudent level of £1.500m. The remainder of the un-ringfenced reserves relate to the Change Management Fund which provides resource to support business transformation and large-scale infrastructure projects.

Commitments against the Change Management Fund have already been made to support the delivery of infrastructure projects, leaving £3.869m uncommitted within this fund.

- 3.3 General reserves reflect the ability of the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of the financial resilience of the organisation. As part of the Medium-Term Financial Strategy the Chief Finance Officer has assessed that the optimum level of the general reserve to be held by the Council to be at least £1.5m as per the above paragraph.
- 3.4 On 31st March 2025, the Council held £37.719m in the form of either cash or short term investments maturing within the next financial year. The Council also held £14.780m in long term financial assets. These relate to an equity investment in Arkwood Developments Ltd (the Council's wholly owned subsidiary) (£3.962m) together with investments in the CCLA's Property and Diversified Income funds (£10.818m). The Council's cash flow forecast for the future 12 months considers the anticipated inflows and outflows of cash. The forecast shows that over the next 12-month period, there will not be a point in which the Council does not have liquid funds available to service its liabilities.
- 3.5 Where the Council makes long term financing decisions (through the Capital programme) these can include decisions on forecast borrowing the Council may need to take. Where the Council does decide that borrowing is required, it has access through the Public Works Loan Board (PWLB) (or other market instruments where appropriate) to meet the funding requirement.
- 3.6 Regarding capital spending; £25.599m of expenditure was approved within the General Fund capital programme for the 2024/25 financial year (including Revenue Expenditure funded from Capital under Statute), with a further £20.297m slipped from the 2023/24 financial year. The budget was further adjusted during the year to add in new schemes and reallocate budgets into future years where appropriate, this reduced the budget to £20.795m. The outturn performance was £15.060m which represents an under-spend, due to delays in capital projects, of £5.734m. Major variances relate to:
- Former Belvoir Iron Works £0.900m
 - Ollerton Regeneration £0.500m
 - Loan facility to Arkwood Developments £1.787m
 - 32 Stodman Street Regeneration £0.603m

4.0 The Council's Balance Sheet as at 31st March 2025

- 4.1 The balance sheet shows a net worth of £392.374m which includes a liability of £8.302m in relation to the future costs of Pensions liabilities. There are statutory arrangements for funding the pension deficit through increasing contribution over the remaining working life of the employees, as assessed by an independent actuary – Barnett Waddingham for the Nottinghamshire Pension Fund. Therefore, the financial position of the Council remains healthy. Other factors giving rise to this assessment include:

- The adequacy of risk assessed provisions for doubtful debts
- The range of reserves set aside to help manage expenditure
- An adequate risk assessed general reserve to meet unforeseen expenditure

5.0 The Council's projected financial position

5.1 In March 2025, the Council approved a balanced budget for 2025/26. This allows for net spending of £20.901m and a council tax increase of 1.94% (at a Band D level) compared with the 2024/25 financial year. A net transfer to reserves of £0.315m was approved which related to:

Reserve	Amount
Additions to:	
Creation of Training provision reserve	£0.180m
Contribution Domestic Homicide reserve	£0.001m
Contribution to Homelessness reserve	£0.272m
Total additions	£0.453m
Use of:	
Use of MTFP reserve	(£0.088m)
Use of Capital feasibility reserve	(£0.050m)
Total use of reserves	(£0.138m)
Overall contribution to reserves	£0.315m

5.2 The Council's Medium Term Financial Plan (MTFP) is updated annually and reflects a four-year assessment of the Council's spending plans and associated funding. It includes the ongoing implications of approved budgets and service levels and the revenue costs of the council's capital programme, as well as the management of debt and investments. The latest update, approved at Council in March 2025 showed that over the four-year period to 2028/29 the Council has a balanced budget. However, this is after several initiatives have been applied to the MTFP to bridge the inherent annual funding gaps.

5.3 The Council is well underway with meeting the targets set out within the MTFP. A Commercialisation Strategy has been approved on 27th January 2022 at the Policy and Finance Committee. Updates have been reported to Cabinet since that point and assumptions built into budgets where appropriate. The Council continues to review service delivery to ensure the efficiency and effectiveness of services to demonstrate value for money and where alternative processes can reduce financial resources needed.

5.4 The Council continues to monitor its forecast cash flow going forward in order to ensure that the inflows and outflows of cash are managed by prudent investment and borrowing decisions placed in accordance with the approved Treasury Management Strategy.

6.0 The Council's governance arrangements

- 6.1 The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Head of Paid Service, the Monitoring Officer and the Section 151 Officer in addition to the current political arrangements.
- 6.2 Since May 2022 the Council has adopted a Cabinet and Leader executive style of arrangement, whereby all services responsibilities are split into various Portfolio which are managed by Members of the controlling political party.
- 6.3 Financial performance against the approved budget and Medium-Term Financial Plan is scrutinised by the Policy and Performance Improvement Committee and by Cabinet.

7.0 The external regulatory and control environment

- 7.1 As a local authority the Council must operate within a highly legislated and controlled environment. An example of this is the requirement for a balanced budget each year combined with the legal requirement for councils to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and central government control there are other factors such as the role undertaken by External Audit as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.
- 7.2 Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail' with the likelihood being, when faced with such a scenario, that central government would intervene supported by organisations such as the Local Government Association to bring about the required improvements or help maintain service delivery. This has been evidenced with several councils, and the interventions that have been introduced as a result of the situation that arose.

8.0 Local Government Reorganisation

- 8.1 The English Devolution White Paper was published on the 16th December 2024, which, amongst other provisions, set out the direction of travel for Local Government. The paper set out that it's the Government's intention for two tier areas of Local Government to reorganise into Unitary authorities within the next three year period.

9.0 Conclusion

- 9.1 Having considered the outturn position to 31 March 2025, Medium Term Financial Plan to 2028/29, levels of earmarked and general reserves and the treasury cash flow position, together with the Council's governance arrangements, the s151 Officer considers that the Council remains a going concern.

10.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

10.1 Legal Implications LEG2526/3145

Audit & Governance Committee is the appropriate body to consider the content of this report.

Background Papers and Published Documents

Statement of Accounts 2024/25

Annual Governance Statement 2024/25

General Fund and HRA Revenue and Capital Outturn report to 31st March 2025



Report to: Audit and Governance Committee – 2 July 2025

Director Lead: Sanjiv Kohli – Deputy Chief Executive and Director - Resources

Lead Officer: Nick Wilson, Business Manager – Financial Services

Report Summary	
Report Title	Provisional Financial Outturn Report to 31 March 2025
Purpose of Report	<p>To present to Members the provisional 2024/25 financial outturn position on the Council’s revenue and capital budgets, including:-</p> <ul style="list-style-type: none"> • General Fund Revenue • Housing Revenue Account • Capital Programme • Provisions and Impaired Estimates on Debtors • Usable Reserves • Collection Fund <p>To show performance against the approved estimates of revenue and capital expenditure and income.</p>
Recommendations	<p>That the final outturn of revenue and capital spending for 2024/25 be noted;</p> <p>That the variation to the capital programme, as set out in paragraph 1.5 be noted;</p> <p>That the capital financing proposals as set out in paragraph 1.6 be noted;</p> <p>That the movement in Provisions and Impaired Estimates on Debtors be noted;</p> <p>That the creations of the new reserves, as outlined in paragraph 1.15, be noted; and</p> <p>That the individual contributions to, and withdrawals from, the revenue and capital Usable Reserves be noted.</p>

1.0 Background

Overview of Provisional General Fund (GF) Revenue Outturn for 2024/25

- 1.1 The accounts show a favourable variance of £1.744m on service budgets, with a total favourable variance of £3.384m as follows:-

Table 1: General Fund Revenue Outturn for 2024/25 Financial Year as at 31 March 2025

	Budget £'m	Outturn £'m	Variance £'m
Net Cost of Services	19.043	17.299	(1.744)
Other Operating Expenditure	4.814	4.734	(0.080)
Finance & Investment Income & Expenditure	(1.760)	(1.707)	0.053
Taxation & Non Specific Grant Inc	(24.335)	(25.847)	(1.512)
Net Cost of Council Expenditure	(2.238)	(5.521)	(3.283)
Transfer to/(from) Unusable Reserves	2.784	2.683	(0.101)
Transfer to/(from) Usable Reserves	(0.546)	2.838	3.384
Transfer to/(from) General Balance	0.000	0.000	0.000

- 1.2 Based on the table above, usable reserves have increased by £3.384m. This increase has been applied to a number of different reserves described at paragraphs 1.25 and 1.26 later in this report. The statutory General Fund balance has not varied during the year and remains at £1.500m, which is in accordance with the Medium-Term Financial Plan approved on 6 March 2025.

Overview of Provisional Housing Revenue Account (HRA) Outturn for 2024/25

- 1.3 The financial outturn position to 31 March 2025 for the HRA before appropriations to reserves is a surplus of £0.978m. *Table 3* summarises these variances.

Table 2: HRA Revenue Outturn for 2024/25 Financial Year as at 31 March 2025

	Budget £'m	Outturn £'m	Variance £'m
Net Cost of HRA Services	(2.030)	(2.632)	(0.602)
Other Operating Expenditure	(0.006)	0.181	0.187
Finance & Investment Income/Expenditure	4.070	3.525	(0.545)
Taxation & Non Specific Grant Income	(1.512)	(1.530)	(0.018)
(Surplus)/Deficit on HRA Services	0.522	(0.456)	(0.978)
Movements in Reserves			
Transfer to/(from) Usable Reserves	0.709	1.687	0.978
Transfer to/(from) Unusable Reserves	(11.200)	(11.200)	0
Transfer to Major Repairs Reserve - Depreciation	6.388	5.859	(0.529)
Transfer to Major Repairs Reserve – Revenue	3.581	4.110	0.529
Total	0	0	0

- 1.4 Based on the table above an additional £0.978m has been transferred into HRA Usable Reserves.

Overview of Provisional Capital Outturn for 2024/25

- 1.5 The accounts show actual expenditure of £32.936m, resulting in of £8.780m or 21% of the revised budget. Some slippage in capital schemes is expected at the end of the financial year as timing of expenditure changes. To ensure the overall project budget remains intact, it is proposed that reprofiling of £7.817m (£4.812m GF and £3.004m HRA). This is because there are commitments in place or schemes still expected to start. For clarity, where a scheme has been completed, any remaining budgets will not be carried forward.

Table 3: GF and HRA Capital Outturn for 2024/25 Financial Year as at 31 March 2025

Spend Type	Budget Approved as per Cabinet 11/3/25 £'m	Revised Post Cabinet £'m	Outturn £'m	Variance £'m
GF	15.605	15.191	9.715	(5.476)
GF REFCUS*	5.595	5.604	5.346	(0.258)
GF Total	21.200	20.795	15.060	(5.734)
HRA	20.824	20.824	17.778	(3.045)
HRA REFCUS*	0.098	0.098	0.098	0.000
HRA Total	20.921	20.921	17.876	(3.045)
GF and HRA Total	42.121	41.716	32.936	(8.780)

*REFCUS relates to Revenue Expenditure funded from Capital under Statute i.e. expenditure on non-Council-owned assets e.g. disabled facilities grants.

- 1.6 Total Capital spend in the year of £32.936m has been financed by a combination of borrowing, external grants and contributions, receipts, major repairs reserve and revenue contributions. It is proposed that Cabinet approve the revised capital financing proposals as summarised in *Table 4*:

Table 4: Proposed 2024/25 GF and HRA Capital Outturn Financing

Source of Financing	GF Programme £'m	HRA Programme £'m	Total £'m
External Grants & Contributions	8.189	1.513	9.702
Capital Receipts	1.642	0.300	1.942
Community Infrastructure Levy	0.031	0.000	0.031
Revenue Contributions	1.984	4.454	6.438
Borrowing	3.214	11.609	14.823
Total Financing	15.060	17.876	32.936

*Revenue contribution includes £1.757m transfers from reserves and £0.227m in year revenue contributions.

Provisions for Future Liabilities

- 1.7 Provisions are made when an event has taken place that gives the Council an obligation that probably requires settlement, can be reasonably estimated, but where the timing of the payment is uncertain. Good practice requires that any movements in a Provision should be approved separately by Cabinet. The provisions in the table below relate to alterations and appeals against the rateable values (RV) provided for on properties in the National Non-Domestic Rating list (NNDR). The amounts shown in the Statement of Accounts (and hence in the table below) relate to this Council's element for the provision for appeals. 2023/24 saw the release of a refreshed rating list from the valuation office. This is the third such list since rates retention came into effect in April 2013. As a result of the new list being released, from April 2023 no further appeals for the prior lists are able to be lodged, this in turn has resulted in lower threats to our rating income. During the year 2024/25, £0.616m was charged against the provision in due to RV adjustments in relation to the 2017 and 2023 rating lists and £0.720m was added to the provision (£0.107m was added for the 2017 list provision and £0.613m was added for the 2023 list provision). 40% of all provisions are applicable to NSDC (£0.246m charge and £0.288m increase therefore £0.042m as the NSDC share). The provisions provided for in *Table 5* are the Council's 40% share, as follows:

Table 5: 2024/25 Movements in GF Provision – NNDR

General Fund Provision (NNDR) – Period of Settlement for Appeals	Balance B/Fwd 01/04/2024 £'m	Movement in Year £'m	Actual Balance 31/03/2025 £'m
Provision for Appeals – NNDR settled within 12 months	(0.202)	(0.102)	(0.304)
Provision for Appeals – NNDR settled after 12 months	(0.377)	0.060	(0.317)
Provision for Appeals – NNDR Total	(0.579)	(0.042)	(0.621)

- 1.8 The Council receive external advice (from Analyse Local) relating to the level of provision that should be held. Analyse Local have used their knowledge and understanding from a national perspective to estimate the total liability for the 2017 list which amounts to £0.203m and a total liability for the 2023 list amounting to £1.323m. This gives a total provision at Collection Fund level of £1.553m of which this Council recognises 40% (£0.621m) due to its share of the overall NNDR income.

Impaired Estimates on Debtors

- 1.9 Impaired Estimates on Debtors is an estimation of the amount that will remain uncollectable after a certain time period and may require write off in the future accounts of the Council. The calculation is based upon on the age and amounts of debt owed to the Council based on a hierarchical percentage i.e. the older the debt, the greater likelihood of non-collection. Good practice requires that movements in the Impaired Estimates on Debtors should be approved separately by Members. *Table 6* details these:

Table 6: 2024/25 Movements in GF and HRA Impaired Estimates on Debtors

Debtor Type	Balance B/Fwd 01/04/2024 £'m	Write Offs in Year £'m	(Increase) / Decrease in Provision £'m	Actual Balance 31/03/2025 £'m
GF - Sundry Debts	(0.165)	0.004	0.036	(0.125)
GF - Housing Benefit	(1.001)	0.123	0.060	(0.818)
GF – Impaired Estimates on Debtors	(1.166)	0.127	0.096	(0.943)
HRA - Sundry and Other Debts	(0.019)	0.020	(0.016)	(0.015)
HRA - Former Tenants	(0.293)	0.043	(0.135)	(0.385)
HRA - Current Tenants	(0.055)	0.004	(0.040)	(0.091)
HRA – Impaired Estimates on Debtors	(0.367)	0.067	(0.191)	(0.491)

Usable Capital Reserves

1.10 A Reserve is created for a specific future purpose or to cover contingencies. In accordance with the Code; these Usable Reserves must be separately identified between those that are retained for Capital purposes and those that are retained for Revenue purposes. Again, good practice dictates that any movements in existing reserves, or the creation of any new reserves, be approved by Members.

1.11 Capital reserves are used to fund spend incurred on the approved capital programme. *Table 7* details the position as at 31 March 2025:

Table 7: Capital Reserves used to Fund GF and HRA Capital Programmes as at 31 March 2025

Capital – Type of Reserve Used to Fund Capital Programme	Balance B/Fwd 01/04/2024 £'m	Cont'n in Year £'m	Use in Year £'m	Actual Balance 31/03/2025 £'m	Anticipated balance at 31/03/2029 £'m
Capital - GF					
Usable Capital Receipts	0.039	2.805	1.643	1.201	0.038
Capital Grants Unapplied	11.157	2.261	0.031	13.387	13.387
Capital – HRA					
Usable Capital Receipts – HRA	0.120	0.219	0.304	0.035	0.512
Usable Capital Receipts - RTB's	0	0.359	0.300	0.059	0.889
Capital Grants Unapplied	0	0.271	0.271	0	0
Major Repairs Reserve (MRR)	8.025	9.969	7.492	10.502	5.277
Capital - Total	19.341	15.884	10.041	25.184	20.103

Usable Revenue Reserves

1.12 Revenue reserves are used to fund anything that is not capital in nature, albeit can be applied to capital expenditure if necessary. They cover such areas as donations, external grants and contributions for future service provision, or specific sums of money held for a specific purpose. The tables below show high level balances against the categories of the reserves that are held for each fund together with current approved commitments and hence a forecast balance. **Appendix A** details the movement on General Fund Reserves and **Appendix B** shows HRA Reserves.

General Fund	Opening Balance £'m	Closing Balance £'m	Commitments £'m	Forecast Balance £'m
Budget funding reserve	(9.838)	(9.012)	5.696	(3.316)
Earmarked for Known Pressure	(7.288)	(8.761)	3.166	(5.595)
Ringfenced	(2.037)	(2.555)	0.265	(2.290)
Un-ringfenced	(13.486)	(15.286)	11.417	(3.869)
Total	(32.649)	(35.614)	20.544	(15.070)

1.13 Overall the Council has increased its General Fund reserves position by £2.965m. This is attributed to:

	£'m
Brought Forward Reserves balance	32.649
Budgeted increase in reserves	0.794
Contributions to Capital Expenditure	(1.757)
Favourable variance in cost of running Council	3.384
Other movements	0.544
Reserves balance as at 31st March 2025	35.614

HRA	Opening Balance £'m	Closing Balance £'m	Commitments £'m	Forecast Balance £'m
Earmarked for Known Pressure	(4.227)	(5.652)	1.806	(3.846)
Un-ringfenced	(2.000)	(2.000)	0.000	(2.000)
Total	(6.227)	(7.652)	1.806	(5.846)

1.14 Service variances combined with non-service related income and expenditure variances has meant that overall the District Council has increased its Housing Revenue Account reserves by £1.427m. This increase has been identified as being related to:

	£'m
Brought Forward Reserves balance	6.227
HRA agreed Carry Forwards	0.233
Unused efficiency savings	0.348
Favourable variance in cost of running HRA	0.978
Other movements	(0.132)
Reserves balance as at 31st March 2025	7.654

1.15 During the year one new General Fund reserve has been set up:

Reserve name	Balance as at 31 Mar 2025 £'m	Purpose
Residential Food Waste	(0.260)	Funding has been received from DEFRA under the New Burdens scheme to support the delivery of containers and project management for the implementation of residential food waste collections.

The Collection Fund 2024/25

1.16 The Collection Fund accounts for the income from the collection of Council Taxes and Business Rates, and the subsequent disbursement to local authority preceptors and central government.

1.17 The in-year surplus on the Council Tax account was £0.061m, which reduced the overall deficit from £1.324m at 1 April 2024 to £1.263m at 31 March 2025.

1.18 The Code prescribes that the Statement of Accounts only show the element of Council Tax that relates to Newark & Sherwood District Council. In this regard, the share of the Council Tax deficit of £1.263m that relates to Newark & Sherwood District Council as at 31 March 2025 is £0.147m. A deficit of £1.500m was estimated during January 2025 and is therefore being recouped during 2025/26 from Council Tax preceptors. £0.174m of this related to Newark & Sherwood DC and has been budgeted for accordingly.

1.19 The in-year deficit on the Business Rates account was £1.303m, which reduced the overall surplus from £1.997m at 1 April 2024 to £0.694m at 31 March 2025.

1.20 The Code prescribes that the Statement of Accounts only show the element of business rates that relates to Newark & Sherwood District Council. In this regard, the share of the business rates surplus that relates to Newark & Sherwood District Council as at 31 March 2025 is £0.277m. The Council declared an estimated surplus as at 31st March 2025 of £0.631m during January and hence £0.252m has been included within the 2025/26 budget.

- 1.21 Impaired provisions on council tax and business rates debtors is an estimation of the amount that will remain uncollectable after a certain time period. This may be required to be written off in future by all preceptors depending on their share of the Collection Fund. The calculation is based upon on a historical experience of bad debt, i.e. experience shows 0.8% of net liability is written off for council tax, 0.7% for business rates. Where a debt is written off, for every £1.00 in council tax, £0.11p is reflected in the Councils accounts, the remaining balance is split between the remaining preceptors. For every £1.00 of business rates written off, £0.40 is reflected in the Councils accounts.

2024/25 Movements in CF Impaired Estimates on Debtors

Debtor Type	Balance B/Fwd 01/04/2024 £'m	Write Offs in Year £'m	(Increase) / Decrease in Provision	Actual Balance 31/03/2025 £'m
CF - Council Tax Debts	(3.861)	0.803	(0.729)	(3.787)
CF - Business Rates Debts	(0.704)	0.231	(0.392)	(0.865)
CF – Impaired Estimates on Debtors	(4.565)	1.034	(1.121)	(4.652)

Pensions

- 1.22 The details regarding the Council’s share of the Nottinghamshire County Council Pension Fund are provided for Members consideration at **Appendix C**.
- 1.23 Barnett Waddingham are the Pension Fund’s appointed Actuary and their report sets out the assumptions used to prepare the IAS19 pension figures reported in the Council’s accounts. It is best practice to consider these assumptions prior to agreeing their use and inclusion in the Statement of Accounts for 2024/25. The Audit & Governance Committee considered these at their meeting in April 2025.

2.0 Proposal/Options Considered and Reasons for Recommendation

- 2.1 To approve the Financial Outturn position for the Council for the 2024/25 financial year.

3.0 Implications

- 3.1 In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability, and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.
- 3.2 Legal Implications LEG2526/6672
Audit & Governance Committee is the appropriate body to consider the content of this report.

Background Papers and Published Documents

Statement of Accounts files & working papers 2024/25

Capital Finance Account's 2024/25 files

Housing Revenue Account's 2024/25 files

General Fund Reserves

Appendix A

Description	Balance as at 31st March	Budgeted Movement	Balance as at 1st April	Transfer from	Transfer to	Revised Balance	Commitments	Remaining Balance
MTFP Reserve	(8,461,368.02)	199,450.00	(8,261,918.02)	0.00	(750,000.00)	(9,011,918.02)	5,696,000.00	(3,315,918.02)
Collection Fund Budget	(1,377,234.98)	0.00	(1,377,234.98)	1,377,234.98	0.00	(0.00)	0.00	(0.00)
Budget funding reserve	(9,838,603.00)	199,450.00	(9,639,153.00)	1,377,234.98	(750,000.00)	(9,011,918.02)	5,696,000.00	(3,315,918.02)
Election Expenses Fund	(115,247.07)	0.00	(115,247.07)	0.00	(40,700.00)	(155,947.07)	0.00	(155,947.07)
Insurance & Risk Management Fund	(106,895.00)	0.00	(106,895.00)	16,895.00	(34,089.35)	(124,089.35)	0.00	(124,089.35)
ICT & Digital Services	(110,325.00)	0.00	(110,325.00)	0.00	(158,576.06)	(268,901.06)	158,576.06	(110,325.00)
Repairs And Renewals Fund	(2,463,790.89)	0.00	(2,463,790.89)	831,185.12	(754,202.00)	(2,386,807.77)	238,607.93	(2,148,199.84)
Domestic Homicide Review	(9,820.00)	0.00	(9,820.00)	0.00	(51,000.00)	(60,820.00)	0.00	(60,820.00)
Training Provision	(281,300.00)	0.00	(281,300.00)	57,584.54	(169,610.00)	(393,325.46)	61,054.46	(332,271.00)
Planning Costs Fund	(201,140.00)	0.00	(201,140.00)	109,875.06	(100,000.00)	(191,264.94)	51,324.94	(139,940.00)
CSG/Enforcement Reserve	(95,236.76)	0.00	(95,236.76)	7,500.00	(17,462.49)	(105,199.25)	16,750.00	(88,449.25)
Management Carry Forwards	(770,808.48)	0.00	(770,808.48)	694,678.00	(888,915.35)	(965,045.83)	965,045.83	0.00
Flood Defence Reserve	(250,000.00)	0.00	(250,000.00)	30,000.00	0.00	(220,000.00)	100,000.00	(120,000.00)
NNDR Volatility Reserve	(500,000.00)	0.00	(500,000.00)	500,000.00	0.00	0.00	0.00	0.00
Community Initiative Fund	(110,888.18)	0.00	(110,888.18)	10,000.00	0.00	(100,888.18)	0.00	(100,888.18)
Asset Maintenance Fund	(350,550.00)	0.00	(350,550.00)	350,550.00	0.00	0.00	0.00	0.00
Capital Project Feasibility Fund	(223,011.00)	(160,000.00)	(383,011.00)	105,292.00	0.00	(277,719.00)	164,509.00	(113,210.00)
Community Engagement	(41,891.30)	0.00	(41,891.30)	41,891.30	0.00	(0.00)	0.00	(0.00)
Theatre Centenary Legacy	(17,320.79)	0.00	(17,320.79)	0.00	(1,374.72)	(18,695.51)	0.00	(18,695.51)
Commercial Plan Invest to Save	(200,000.00)	0.00	(200,000.00)	0.00	0.00	(200,000.00)	0.00	(200,000.00)
Workforce Development Reserve	(169,610.00)	0.00	(169,610.00)	169,610.00	0.00	0.00	0.00	0.00
Capital Financing Provision	(1,270,242.71)	(579,500.00)	(1,849,742.71)	532,838.35	(1,975,512.00)	(3,292,416.36)	1,410,300.00	(1,882,116.36)
Earmarked for Known Pressure	(7,288,077.18)	(739,500.00)	(8,027,577.18)	3,457,899.37	(4,191,441.97)	(8,761,119.78)	3,166,168.22	(5,594,951.56)
Building Control Surplus	(61,839.00)	0.00	(61,839.00)	0.00	(20,703.18)	(82,542.18)	0.00	(82,542.18)
Museum Purchases Fund	(58,298.85)	0.00	(58,298.85)	0.00	(2,435.25)	(60,734.10)	0.00	(60,734.10)
Community Safety Fund	(136,507.99)	0.00	(136,507.99)	2,500.00	0.00	(134,007.99)	0.00	(134,007.99)
Homelessness Fund	(110,768.98)	(254,420.00)	(365,188.98)	259,337.00	(565,630.00)	(671,481.98)	0.00	(671,481.98)
Revenue Grants Unapplied	(976,830.41)	0.00	(976,830.41)	495,163.48	(203,885.55)	(685,552.48)	231,190.12	(454,362.36)
Residential Food Waste	0.00	0.00	0.00	0.00	(260,040.09)	(260,040.09)	0.00	(260,040.09)
Energy & Home Support Reserve	(103,171.00)	0.00	(103,171.00)	103,171.00	0.00	0.00	0.00	0.00
Emergency Planning/Flooding Reserve	(60,000.00)	0.00	(60,000.00)	26,128.81	0.00	(33,871.19)	33,871.19	0.00
Community Lottery Fund	(18,078.25)	0.00	(18,078.25)	0.00	(3,144.55)	(21,222.80)	0.00	(21,222.80)
Homes for Ukraine Fund	(353,255.84)	0.00	(353,255.84)	5,000.00	0.00	(348,255.84)	0.00	(348,255.84)
Energy Efficiency East Midlands	0.00	0.00	0.00	10,000.00	(108,555.35)	(98,555.35)	0.00	(98,555.35)
Mansfield Crematorium	(158,385.63)	0.00	(158,385.63)	0.00	(942.54)	(159,328.17)	0.00	(159,328.17)
Ringfenced	(2,037,135.95)	(254,420.00)	(2,291,555.95)	901,300.29	(1,165,336.51)	(2,555,592.17)	265,061.31	(2,290,530.86)
Change Management/Capital Fund	(11,986,697.21)	0.00	(11,986,697.21)	1,335,196.17	(3,135,432.59)	(13,786,933.63)	11,417,729.50	(2,369,204.13)
Gen Fund Bal Bfwd	(1,500,000.00)	0.00	(1,500,000.00)	0.00	0.00	(1,500,000.00)	0.00	(1,500,000.00)
Un-ringfenced	(13,486,697.21)	0.00	(13,486,697.21)	1,335,196.17	(3,135,432.59)	(15,286,933.63)	11,417,729.50	(3,869,204.13)
	(32,650,513.34)	(794,470.00)	(33,444,983.34)	7,071,630.81	(9,242,211.07)	(35,615,563.60)	20,544,959.03	(15,070,604.57)

HRA Reserves

Appendix B

Description	Balance as at 31st March	Budgeted Movement	Balance as at 1st April	Transfer from	Transfer to	Revised Balance	Commitments	Remaining Balance
HRA Decent Homes Reserve	(1,500,000.00)	0.00	(1,500,000.00)	0.00	0.00	(1,500,000.00)	0.00	(1,500,000.00)
HRA Unused Efficiency Savings	(999,870.83)	0.00	(999,870.83)	50,000.57	(358,000.00)	(1,307,870.26)	270,000.00	(1,037,870.26)
HRA Service Improvement	(905,218.51)	0.00	(905,218.51)	22,395.09	(978,019.58)	(1,860,843.00)	1,245,624.49	(615,218.51)
HRA Regulatory Compliance / Modernisation	(250,000.00)	0.00	(250,000.00)	0.00	0.00	(250,000.00)	0.00	(250,000.00)
HRA Health And Safety	(364,299.03)	0.00	(364,299.03)	0.00	0.00	(364,299.03)	0.00	(364,299.03)
HRA Management Carry Forwards	(56,450.00)	0.00	(56,450.00)	56,450.00	(233,413.00)	(233,413.00)	233,413.00	0.00
HRA Insurance Fund	(50,000.00)	0.00	(50,000.00)	0.00	0.00	(50,000.00)	0.00	(50,000.00)
HRA Staffing & Pay Reserve	(100,000.00)	0.00	(100,000.00)	13,925.60	0.00	(86,074.40)	57,344.40	(28,730.00)
Earmarked for Known Pressure	(4,225,838.37)	0.00	(4,225,838.37)	142,771.26	(1,569,432.58)	(5,652,499.69)	1,806,381.89	(3,846,117.80)
HRA Working Balance	(2,000,000.00)		(2,000,000.00)	0.00	0.00	(2,000,000.00)	0.00	(2,000,000.00)
Un-ringfenced	(2,000,000.00)	0.00	(2,000,000.00)	0.00	0.00	(2,000,000.00)	0.00	(2,000,000.00)
Total HRA Reserves	(6,225,838.37)	0.00	(6,225,838.37)	142,771.26	(1,569,432.58)	(7,652,499.69)	1,806,381.89	(5,846,117.80)

Appendix C



**BARNETT
WADDINGHAM**
beyond the expected

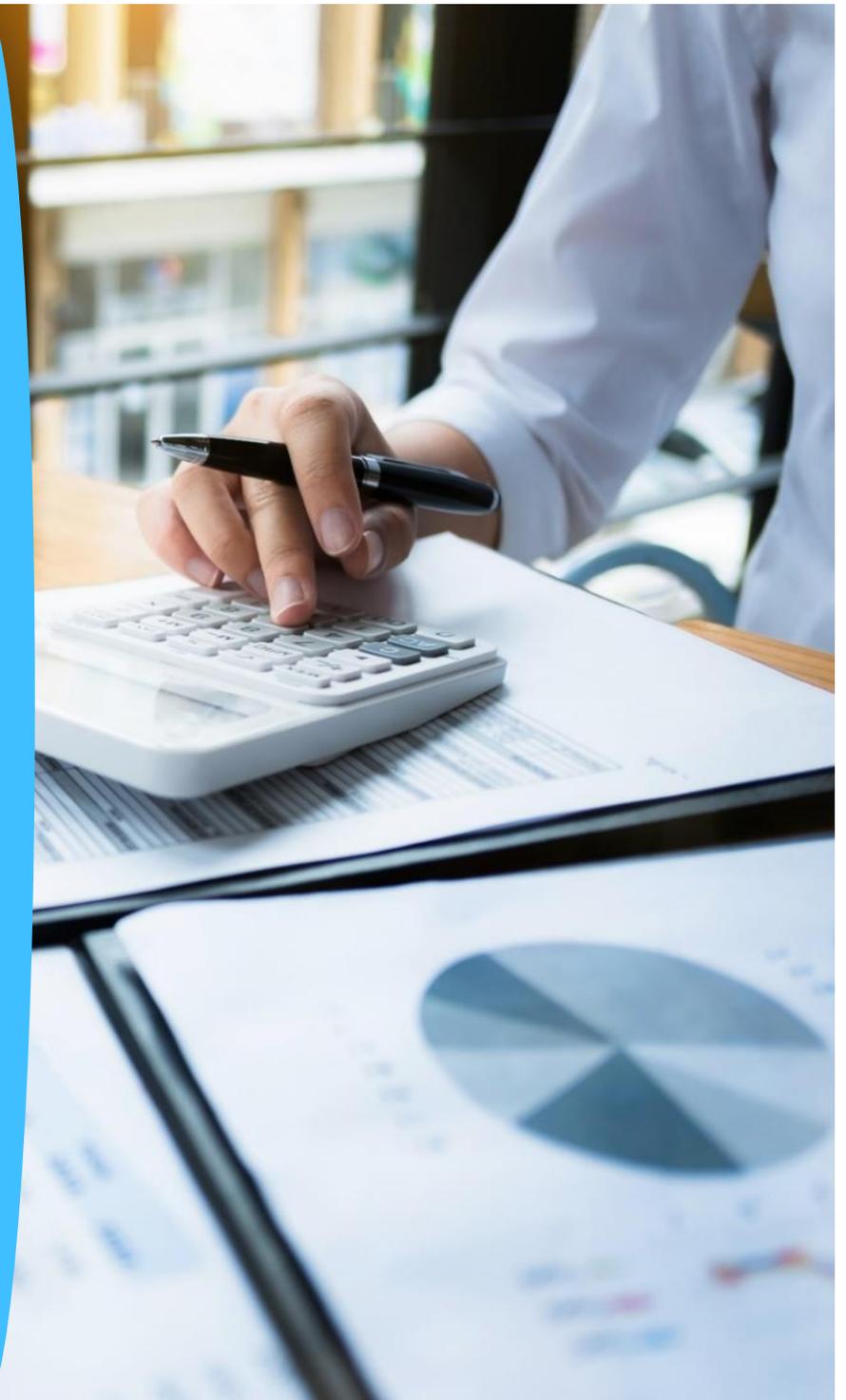
Nottinghamshire Pension Fund

(3) Newark & Sherwood District Council

IAS19 Report as at 31 March 2025

Agenda Page 59

23 May 2025



Introduction

We have been instructed by Nottinghamshire County Council, the administering authority to the Nottinghamshire Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS). These benefits are provided to employees of Newark & Sherwood District Council (the Employer) as at 31 March 2025. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report should be read in conjunction with the 31 March 2025 accounting briefing note. The figures contained in this report are in respect of the Employer's pension obligations under the LGPS as at 31 March 2025. IAS19 also requires the disclosure of any other employer provided pension benefits which are not paid from the Fund itself. We have only valued such additional liabilities, which would not be covered in the formal LGPS valuation, to the extent that they have been notified to us and are as disclosed in the data section of this report.

[Please use this link to access the 31 March 2025 accounting briefing note if you have not obtained a copy.](#)

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website.

This report is addressed to the Fund, and is provided in our capacity as Fund Actuary to the Fund. The report may be shared with the Employer, provided that it is shared in its entirety, but it does not constitute advice to them. The Employer may also share the information contained in this report with their auditor, but BW neither assumes nor owes any duty or responsibility to any third party who relies on that information. Any liability to any third party is expressly disclaimed to the fullest extent permitted by law.

Barnett Waddingham does not provide, and shall not be responsible for, accounting or audit advice. From time to time, we may comment or otherwise give an opinion on any information, documentation, and/or guidance provided to us by or on behalf of the Fund. The Fund shall not rely on any such comment or opinion to make (or refrain from making) any decision or take (or refrain from taking) any action.

This report reflects our understanding of the relevant accounting and audit standards in force at the date of this report. It complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC).

Please note that we have incorporated an asset ceiling into the Employer's balance sheet. Further details of the approach taken are given later in this report.

This report supersedes previous versions of this report and has been updated to reflect the actual whole fund asset information at 31 March 2025, which wasn't available when the initial report was requested. We have also allowed for the inflation experience up to March 2025 (compared to the previous report in which inflation experience was allowed for up to February 2025). This report has also been revised to remove some typographical errors throughout the document.

We would be pleased to answer any questions arising from this report.



Lucy Byrne FIA
Actuary

Data used

We have used the following items of data which we received from the administering authority and the Employer via the use of MS Forms:

Results of the latest valuation as at	31 March 2022
Results of the previous IAS19 report (v3) as at	31 March 2024
Fund asset statement as at	31 March 2025
Fund income and expenditure items to	31 March 2025
Employer income and expenditure items to	31 March 2025
Details of any new unreduced early retirement payments to	31 March 2025
Details of any settlements to/from the Employer for the period to	31 March 2025

The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and the data is within tolerances for the purposes of this report.

Although some estimation of the data to the accounting date may be required, we do not believe it is likely to be significant to the results in this report.

We have not been notified of any significant changes or events since we received the data.

Employer membership statistics

The table below summarises the membership data at 31 March 2022 from the latest valuation for members receiving funded benefits, and as at 31 March 2022 for any members receiving unfunded benefits.

Member data summary	Number	Salaries/Pensions £000s	Average age (salary/pension weighted)
Actives	552	14,192	46
Deferred pensioners	808	1,863	51
Pensioners	771	4,632	72
Unfunded pensioners	87	175	80

Employer payroll

The total pensionable payroll and projected payroll for the Employer is set out below and is based on information provided to us by the administering authority. This has been used to calculate the service cost and projected service cost respectively.

Estimated payroll for the year to 31 March 2025	£19,810,000
Projected payroll for the year to 31 March 2026	£20,217,000

Scheduled contributions

The table below summarises the minimum employer contributions due from the Employer to the Fund over this inter-valuation period. The Employer may pay further amounts at any time. Future contributions may be adjusted on a basis approved by us.

	Primary rate	Secondary rate for period beginning:			Minimum employer contributions due for the period beginning:		
		1 Apr 2023	1 Apr 2024	1 Apr 2025	1 Apr 2023	1 Apr 2024	1 Apr 2025
Total percent of payroll	18.6%	0.0%	0.0%	0.0%	18.6%	18.6%	18.6%
plus monetary amount (£000s)		459	477	495	459	477	495

Funding approach

The Employer currently participates in the Newark & Sherwood District Council pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2022 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. The next reallocation will be carried out at the 2025 valuation, should the Employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2025 is calculated to be 3.78% based on the Fund asset statements and Fund cashflows as set out in the Data section preceding this section.

The Employer's share of the assets of the Fund is approximately 1.92%.

The estimated asset allocation for the Employer at 31 March 2025 and 31 March 2024 is as follows (noting that due to rounding they may not total 100%):

Asset breakdown	31 Mar 2025		31 Mar 2024	
	£000s	%	£000s	%
Public Equities	72,294	52%	81,967	60%
Gilts	11,580	8%	3,246	2%
Other bonds	8,971	6%	6,724	5%
Property	14,296	10%	14,409	11%
Cash/temporary investments	7,595	5%	8,160	6%
Inflation Plus	9,647	7%	6,894	5%
Infrastructure	10,219	7%	9,799	7%
Private Equities	4,855	3%	4,340	3%
Total	139,457	100%	135,539	100%

The table below sets out the percentages of the Fund's assets held in each asset class at 31 March 2025 (split by those that have a quoted market price in an active market, and those that do not).

Asset breakdown		31 March 2025	
		% Quoted	% Unquoted
Fixed Interest Government Securities	UK	3%	-
	Overseas	-	-
Index Linked Government Securities	UK	5%	-
	Overseas	-	-
Corporate Bonds	UK	2%	-
	Overseas	5%	-
Equities	UK	15%	0%
	Overseas	37%	-
Property		-	10%
Private Equity		-	3%
Infrastructure		-	7%
Unit Trust Infl Linked		-	7%
Credit		-	3%
Cash/Temporary Investments		-	2%
Net Current Assets	Debtors	-	0%
	Creditors	-	-0%
Total		67%	33%

We do not have any further detail on the current asset allocation of the Fund; we suggest that if further information is required the administering authority is contacted in the first instance.

Actuarial methods and assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2025 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

Financial assumptions	31 Mar 2025	31 Mar 2024	31 Mar 2023
	p.a.	p.a.	p.a.
Discount rate	5.80%	4.90%	4.80%
Pension increases (CPI)	2.90%	2.90%	2.90%
RPI inflation	3.20%	3.25%	3.30%
Salary increases	3.90%	3.90%	3.90%

Projected unit method is used in our calculations.

We have allowed for actual ONS CPI inflation observed between February 2024 and March 2025. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022, except for an update of the CMI projection model. Details of the post retirement mortality assumption are set out below; further details of the demographic assumptions adopted can be found in the briefing note corresponding to this report, and the Fund's actuarial valuation report.

Post retirement mortality	31 Mar 2025	31 Mar 2024
Base table	S3PA	S3PA
Multiplier (M/F)	115% / 110%	115% / 110%
Future improvements model	CMI_2023	CMI_2022
Long-term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.0
Initial addition parameter	0.0% p.a.	0.0% p.a.
2020 weight parameter	0%	0%
2021 weight parameter	0%	0%
2022 weight parameter	15%	25%
2023 weight parameter	15%	n/a

The assumed life expectancies, based on the assumptions set out above, are set out in the table below:

Life expectancy from age 65 (years)		31 Mar 2025	31 Mar 2024
Retiring today	Males	20.4	20.4
	Females	23.3	23.3
Retiring in 20 years	Males	21.7	21.7
	Females	24.7	24.7

Employer duration

The estimated Macaulay duration of the Employer's liabilities as at the accounting date using the assumptions set out above is 15 years.

Past service costs

Past service costs arise if member benefits are introduced, withdrawn or changed. For example, an award of additional discretionary benefits such as added years by a member would be considered a past service cost. We are not aware of any additional benefits which were granted over the year ending 31 March 2025.

Curtailments

Over the year, we understand that one former employee became entitled to unreduced early retirement benefits. The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £14,000. This figure has been included within the service cost in the statement of profit and loss.

Settlements

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year, which has been confirmed by the Fund.

Results

Balance sheet	As at 31 Mar 2025 £000s	As at 31 Mar 2024 £000s	As at 31 Mar 2023 £000s
Net pension asset in the statement of financial position			
Present value of the defined benefit obligation	130,966	145,832	143,192
Fair value of Fund assets (bid value)	139,457	135,539	125,110
Deficit / (Surplus)	(8,491)	10,293	18,082
Impact of asset ceiling	15,357	-	-
Unrecognised past service cost	-	-	-
Present value of unfunded obligation	1,379	1,549	1,649
Net defined benefit liability / (asset)	8,245	11,842	19,731

The amounts recognised in the profit and loss statement	Year to 31 Mar 2025 £000s	Year to 31 Mar 2024 £000s
Service cost	3,503	3,386
Net interest on the defined benefit liability / (asset)	476	853
Administration expenses	68	61
Total loss / (profit)	4,047	4,300

For the purposes of our calculations, we distribute Fund administration expenses amongst the employers in the Fund in proportion to their individual asset shares.

Remeasurement of the net assets / (defined benefit liability) in other comprehensive income	Year to 31 Mar 2025 £000s	Year to 31 Mar 2024 £000s
Return on Fund assets in excess of interest	(1,512)	4,573
Other actuarial gains / (losses) on assets	-	-
Change in financial assumptions	19,871	2,367
Change in demographic assumptions	382	2,034
Experience gain / (loss) on defined benefit obligation	(64)	(793)
Changes in impact of asset ceiling	(15,357)	-
Remeasurement of the net assets / (defined benefit liability)	3,320	8,181

Investment expenses are included in return on Fund assets in excess of interest.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2025 £000s	Year to 31 Mar 2024 £000s
Opening defined benefit obligation	147,381	144,841
Current service cost	3,489	3,386
Interest cost	7,090	6,856
Change in financial assumptions	(19,871)	(2,367)
Change in demographic assumptions	(382)	(2,034)
Experience loss/(gain) on defined benefit obligation	64	793
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(6,579)	(5,147)
Past service costs, including curtailments	14	-
Contributions by Scheme participants and other employers	1,289	1,198
Unfunded pension payments	(150)	(145)
Closing defined benefit obligation	132,345	147,381

The experience loss/(gain) on the defined benefit obligation includes £64,000 in respect of the allowance for actual CPI inflation over the accounting period.

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Mar 2025 £000s	Year to 31 Mar 2024 £000s
Opening fair value of Fund assets	135,539	125,110
Interest on assets	6,614	6,003
Return on assets less interest	(1,512)	4,573
Other actuarial gains/(losses)	-	-
Administration expenses	(68)	(61)
Contributions by employer including unfunded	4,324	4,008
Contributions by Scheme participants and other employers	1,289	1,198
Estimated benefits paid including unfunded net of transfers in	(6,729)	(5,292)
Settlement prices received / (paid)	-	-
Closing fair value of Fund assets	139,457	135,539

Investment expenses are included in actual return on assets in excess of interest.

Reconciliation of change in impact of asset ceiling	Year to 31 Mar 2025 £000s	Year to 31 Mar 2024 £000s
Opening impact of asset ceiling	-	-
Interest on impact of asset ceiling	-	-
Actuarial losses / (gains)	15,357	-
Closing impact of asset ceiling	15,357	-

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. Our calculation of the asset ceiling has followed our interpretation of IFRIC14.

Our calculations assume that:

- The Employer does not have a right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- The Employer is a scheduled body and assumed to participate indefinitely.
- The requirement for the employer to make contributions to the Fund is considered to be a minimum funding requirement (MFR). For the period beyond the existing Rates and Adjustments certificate, our best estimate is that the existing rates remain in force. This is based on the fund actuary's methodology which is designed to provide a stable contribution rate, and also the lack of any other readily available figure.

In broad terms our analysis shows that:

- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £8,491k, the initial impact of the asset ceiling is £8,491k.
- The Employer is currently paying deficit contributions towards a funding deficit. We have assessed this minimum funding requirement and calculate that it constitutes an onerous funding commitment. There is an additional liability of £6,866k to be recognised.
- The unadjusted funded surplus is £8,491k. There is an initial impact from an asset ceiling of £8,491k, plus an additional liability of £6,866k. The final funded net asset to be recognised is -£6,866k.
- In addition, there is an unfunded liability of £1,379k. The final deficit to be recognised is £8,245k.

Sensitivity analysis	£000s	£000s	£000s	£000s	£000s
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	123,595	130,514	132,345	134,220	142,180
Projected service cost	2,174	2,506	2,596	2,689	3,091
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	132,963	132,467	132,345	132,224	131,750
Projected service cost	2,596	2,596	2,596	2,596	2,596
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	141,804	134,150	132,345	130,582	123,917
Projected service cost	3,111	2,693	2,596	2,503	2,156
Adjustment to life expectancy assumptions		+1 Year	None		- 1 Year
Present value of total obligation		137,047	132,345		127,827
Projected service cost		2,688	2,596		2,506
Projected pension expense			Year to 31 Mar 2026		
			£000s		
Service cost			2,596		
Net interest on the defined liability / (asset)			352		
Administration expenses			68		
Total loss / (profit)			3,016		
Employer contributions			4,255		

These projections are based on the assumptions as at 31 March 2025. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025.

Appendix - auditor data pack

Introduction and Background

In preparing the accounting report under IAS19 for Newark & Sherwood District Council's participation in Nottinghamshire Pension Fund, the Barnett Waddingham actuary is acting in their capacity as Management's Expert as defined by IAS(UK)500.

Newark & Sherwood District Council's auditor will generally need to receive sufficient appropriate audit evidence to carry out the audit. This is particularly the case with actuarially calculated values, which are considered to be accounting estimates under ISA(UK)540. The auditor will wish to evaluate the appropriateness of the Barnett Waddingham actuary's report as audit evidence (IAS(UK)500), and may engage the services of an Auditor's Expert to do so (ISA(UK)620). The Auditor's Expert will have specific knowledge of defined benefit pensions and will often wish to carry out substantive analytical procedures as referred to in ISA(UK)330 and ISA(UK)520.

While our main accounting report aims to meet Newark & Sherwood District Council's reporting and disclosure requirements under the relevant accounting standard, it may not provide all information required by the Auditor's Expert to carry out all procedures required by the relevant auditing standards. This often leads to detailed requests to Management's Expert for additional data items.

The purpose of this Appendix is to provide, at the outset, many of the additional data items often requested. This should streamline the overall audit process by providing the required additional data in a single report, reducing the number of additional data queries flowing via the Fund. The following data supplements the information in the main accounting report and should be read in conjunction with it. We do not expect this report to be audited - it is provided to aid in the audit of main report.

Data

This additional data is ultimately based on the results of the last triennial valuation as at 31 March 2022 on which the accounting results are based. Some of the statistics are derived using approximate methods, but we expect that they will be suitable for the intended purpose, which is to carry out approximate rollforward and rebase calculations to verify the results quoted in the main report.

The data items provided are in respect of the Employer's pension obligations under the LGPS as at 31 March 2025, or the prior year comparator.

Results

Past and future service liability duration information

Duration, including definition (years)	As at 31 Mar 2025	As at 31 Mar 2024	Change over the period
Overall Macaulay duration ⁽¹⁾	14.8	16.0	(1.2)
Overall modified duration ⁽²⁾	14.4	15.7	(1.3)
Active (Final Salary) modified duration	18.5	19.7	(1.2)
Active (CARE) modified duration	22.6	24.2	(1.7)
Active (PUM) modified duration	24.1	26.1	(2.0)
Deferred modified duration	19.0	20.4	(1.5)
Pensioner modified duration	9.6	10.3	(0.6)
Unfunded modified duration	6.9	7.2	(0.3)
CPI-linked modified duration	13.8	15.0	(1.3)
FS-linked modified duration	18.5	19.7	(1.2)

⁽¹⁾ The Macaulay duration is the weighted average term to maturity of the benefit cashflows

⁽²⁾ The Modified duration is the sensitivity of the present value of the benefit cashflows to a change in discount rate

All duration calculations use the accounting assumptions at the respective date - the change over the period is due to the change in assumptions.

Liability split information

Approximate proportion of total past service liability in each main category	As at 31 Mar 2025	As at 31 Mar 2024
Active (Final Salary) liability	13%	14%
Active (CARE) liability	12%	13%
Deferred liability	22%	23%
Pensioner liability	52%	49%
Unfunded liability	1%	1%
CPI-linked liability	87%	86%
FS-linked liability	13%	14%

Please note that these splits of liability are based on actual cashflow projections as at the last valuation date. We have not made any allowance for member movements or liabilities being extinguished in these estimated splits. We have allowed for the change in financial assumptions which applied at the relevant dates shown in the table above.

Approximate proportion of total liability split by gender	Proportion of liability female
Active (Final Salary) members	48%
Active (CARE) members	53%
Deferred members	51%
Pensioner members	43%
Overall membership	48%

Splits quoted are as at the last valuation. Liability weighted statistics use accounting assumptions at the last valuation date.

Average age information	Weighted by salary	Weighted by pension	Weighted by liability
Active members	46.4	51.2	50.7
Active (Final Salary) members		53.7	53.2
Active (CARE) members		49.4	48.4
Deferred members		51.0	51.0
Pensioner members		71.9	67.5

Tranche average retirement age	Weighted by pension	Weighted by liability
Active members	65.0	65.1
Active (Final Salary) members	64.0	64.0
Active (CARE) members	65.9	66.0
Deferred members	63.2	63.0

Ages quoted are as at the last valuation. Liability weighted statistics use accounting assumptions at the last valuation date.

Allowance for actual inflation

Detailed information on CPI statistics for known inflation allowance	Statistic date	Statistic value	Rate p.a.
Latest known CPI (start)	February, 2024	132.3	
Latest known CPI (end)	March, 2025	136.5	
Assumed inflation over period (CPI)			2.90%

Asset information

Value of assets (£000s) and asset share	As at 31 Mar 2025	As at 31 Mar 2024
Total fund assets	7,256,162	7,018,789
Employer assets	139,457	135,539
Employer asset share	1.922%	1.931%

Service cost information

	As at 31 Mar 2025	As at 31 Mar 2024
Employer service cost as % of salaries	12.5%	17.2%
Employee contributions as a % of salaries	6.5%	6.5%

Employee contribution rates are assumed to remain stable between full valuations. Please note that the current service cost in the current accounting period will be based on assumptions which applied at the opening position, and not based on assumptions at the closing position. If the employer has treated any events as special, the current service cost will have been remeasured at each event date.

Asset ceiling

Detailed breakdown of key results used in the asset ceiling calculation

		£000s
Gross funded liability	(a)	130,966
Gross funded assets	(b)	139,457
Funded accounting surplus (deficit) before asset ceiling	(c) = (b) - (a)	8,491
Present value of service cost including expenses	(d)	145,679
Present value of primary contributions	(e)	205,645
Present value of negative secondary conts (if any)	(f)	-
Present value of positive secondary conts (if any)	(g)	6,866
Economic benefit available from a reduction in contributions	(h)*	-
Accounting asset (before additional liability)	(i) = min[(h) , (c)]	-
Additional liability from onerous funding commitment	(j)**	6,866
Accounting asset (after additional liability)	(k) = (i) - (j)	(6,866)
Impact of asset ceiling	(l) = (c) - (k)	15,357
Gross unfunded liability	(m)	1,379
Final accounting asset that can be recognised (after unfunded liability)	(n) = (k) - (m)	(8,245)
Period over which service cost is considered		Infinite
Period over which primary contributions are considered		Infinite
Period over which negative secondary contributions are considered		n/a
Period over which positive secondary contributions are considered		16.0 years

* $(h) = \max[(d) - [(e) - (f)], 0]$ if an MFR is assumed to apply, otherwise $(h) = d$

** $(j) = \max[(g) - \max[(h) - (c), 0], 0]$ for IAS19 only, otherwise $(j) = 0$



Report to: Audit & Governance Committee - 2 July 2025

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director – Resources and Section 151 Officer

Lead Officer: Andrew Snape, Assistant Business Manager Financial Services on ext 5331

Report Summary	
Report Title	Treasury Management Outturn Report 2024/25
Purpose of Report	To give Members the opportunity to review the Annual Treasury Outturn report, which will be presented to Council on 21 October 2025.
Recommendations	That the Treasury Outturn position for 2024/25 be considered.
Reason for Recommendation	To allow Members to consider the Treasury Outturn position.

1.0 Background

- 1.1 In January 2010 the Council formally adopted the CIPFA Code of Practice on Treasury Management which requires that the Council receives regular reports on its treasury management activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- 1.2 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Audit & Governance Committee and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council’s policies and practices.
- 1.3 The Treasury Management Strategy Statement for 2024/25 was approved by Full Council on 7 March 2024, and the Outturn report is the last report for the financial year, as required by the Code. It has been prepared based on the draft final accounts, which appear elsewhere on the agenda. If there are significant changes resulting from the audit of the accounts, they will be reported at the next meeting of this Committee.

2.0 Summary of Treasury Balances as at 31 March 2025

2.1 Below is a summary of the Councils borrowing position as at 31 March 2025. Further detail can be found in appendix A at section 4.

Balance on 01/04/2024 £m		Balance on 31/03/2025 £m
85.463	Total Borrowings	109.798
4.864	Total Other Long Term Liabilities	4.738
90.327	Total External Debt	114.536

2.2 Below is a summary of the Councils investment position as at 31 March 2025. Further detail can be found in appendix A at section 5.

Balance on 01/04/2024 £m		Balance on 31/03/2025 £m
21.910	Total Short Term Investments	36.528
12.500	Total Long Term Investments	12.500
34.410	Total Investments	49.028

2.3 There have been no breaches of the approved prudential indicators during 2024/25. Further information can be found at section 6 of appendix A.

3.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

3.1 Legal Implications LEG2526/7251

Audit & Governance Committee is the appropriate body to consider the content of this report.

Background Papers and Published Documents

Nil.

ANNUAL TREASURY REPORT 2024/25

1. Background

- 1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 1.2 Treasury management is defined as: ‘The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’
- 1.3 Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council’s treasury management strategy.

2.0 Economic Background

UK Economy

- 2.1 UK inflation has proved somewhat stubborn throughout 2024/25. Having started the financial year at 2.3% y/y (April), the CPI measure of inflation briefly dipped to 1.7% y/y in September before picking up pace again in the latter months. The latest data shows CPI rising by 2.8% y/y (February), but there is a strong likelihood that figure will increase to at least 3.5% by the Autumn of 2025.
- 2.2 Against that backdrop, and the continued lack of progress in ending the Russian invasion of Ukraine, as well as the potentially negative implications for global growth as a consequence of the implementation of US tariff policies by US President Trump in April 2025, Bank Rate reductions have been limited. Bank Rate currently stands at 4.5%, despite the Office for Budget Responsibility reducing its 2025 GDP forecast for the UK economy to only 1% (previously 2% in October).
- 2.3 Moreover, borrowing has becoming increasingly expensive in 2024/25. Gilt yields rose significantly in the wake of the Chancellor’s Autumn Statement, and the loosening of fiscal policy, and have remained elevated ever since, as dampened growth expectations and the minimal budget contingency (<£10bn) have stoked market fears that increased levels of borrowing will need to be funded during 2025.
- 2.4 The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies by the US administration.

	UK	Eurozone	US
Bank Rate	4.50%	2.5%	4.25%-4.5%
GDP	0.1%q/q Q4 (1.1%y/y)	+0.1%q/q Q4 (0.7%y/y)	2.4% Q4 Annualised
Inflation	2.8%y/y (Feb)	2.3%y/y (Feb)	2.8%y/y (Feb)
Unemployment Rate	4.4% (Jan)	6.2% (Jan)	4.1% (Feb)

- 2.5 The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 4.5% by a vote of 8-1, but suggesting further reductions would be gradual. The Bank of England was always going to continue its cut-hold-cut-hold pattern by leaving interest rates at 4.50% but, in the opposite of what happened at the February meeting, the vote was more hawkish than expected. This suggested that as inflation rises later in the year, the Bank cuts rates even slower, but the initial impact of President Trump's tariff policies in April 2025 on the financial markets underpin our view that the Bank will eventually reduce rates to 3.50%.
- 2.6 Having said that, the Bank still thinks inflation will rise from 2.8% in February to 3¾% in Q3. And while in February it said "inflation is expected to fall back thereafter to around the 2% target", this time it just said it would "fall back thereafter". That may be a sign that the Bank is getting a bit more worried about the "persistence in domestic wages and prices, including from second-round effects". Accordingly, although we expect a series of rate cuts over the next year or so, that does not contradict the Bank taking "a gradual and careful" approach to cutting rates, but a tepid economy will probably reduce inflation further ahead and prompt the Bank to cut at regular intervals.
- 2.7 From a fiscal perspective, the increase in businesses' national insurance and national minimum wage costs from April 2025 is likely to prove a headwind, although in the near-term the Government's efforts to provide 300,000 new homes in each year of the current Parliament is likely to ensure building industry employees are well remunerated, as will the clamp-down on immigration and the generally high levels of sickness amongst the British workforce. Currently wages continue to increase at a rate close to 6% y/y. The MPC would prefer a more sustainable level of c3.5%.
- 2.8 As for equity markets, the FTSE 100 has recently fallen back to 7,700 having hit an all-time intra-day high 8,908 as recently as 3rd March. The £ has also endured a topsy-turvy time, hitting a peak of \$1.34 before dropping to \$1.22 in January and then reaching \$1.27 in early April 2025.

USA Economy

- 2.9 Despite the markets willing the FOMC to repeat the rate cut medicine of 2024 (100 basis points in total), the Fed Chair, Jay Powell, has suggested that the Fed. Funds Rate will remain anchored at 4.25%-4.5% until inflation is under control, and/or the economy looks like it may head into recession as a consequence of President Trump's tariff policies.
- 2.10 Inflation is close to 3% and annualised growth for Q4 2024 was 2.4%. With unemployment just above 4%, and tax cuts in the pipeline, the FOMC is unlikely to be in a hurry to cut rates, at least for now.

EZ Economy

- 2.11 The Eurozone economy has struggled throughout 2024 and is flat lining at present, although there is the promise of substantial expenditure on German defence/infrastructure over the coming years, which would see a fiscal loosening. France has struggled against a difficult political backdrop, but with a large budget deficit it is difficult to see any turn-around in economic hopes in the near-term.
- 2.12 With GDP currently below 1% in the Euro-zone, the ECB is likely to continue to cut rates, although the headline inflation rate is still above 2% (2.3% February 2025). Currently at 2.5%, a further reduction in the Deposit Rate to at least 2% is highly likely.

3.0 Local Context

- 3.1 During 2024/25, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2025/26 as inflation concerns are dampened.
- 3.2 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.
- 3.3 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 3.4 The Council's Capital Financing Requirement (CFR) at 31 March 2025 was £146.614m, while usable reserves and working capital which are the underlying resources available for investment were £67.764m.
- 3.5 The Council has an increasing CFR over the next 2 years of £40.1m, due to the borrowing requirement of £49.9m (GF £19.8m / HRA £30.1m) for financing the capital programme over the forecast period. The CFR reduces when Minimum Revenue Provision (MRP) are made and the repayment of debt, over the forecast period there are loans due for repayment with a combined total value of £9.788m.

4.0 Borrowing Strategy

4.1 Borrowing Activity in 2024/25

	Balance 1/4/24 £m	New Borrowing £m	Debt Maturing £m	Balance 31/3/25 £m
CFR	135.658			146.614
Short Term Borrowing	7.065	4.220	-3.847	7.438
Long Term Borrowing	78.397	27.000	-3.037	102.360
Total Borrowing	85.463	31.220	-6.884	109.798
Other Liabilities – Finance Lease Liability	4.864	0.000	-0.126	4.738
Total External Debt	90.327	31.220	-7.010	114.536
Increase/(Decrease) in Borrowing £000				24.209

- 4.2 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.
- 4.3 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark, which also takes into account usable reserves and working capital. Having considered the appropriate duration and structure of the Council's borrowing need based on realistic projections, it was decided not to take any long term borrowing due to the high interest rates.
- 4.4 **LOBOs:** The Council holds £3.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of the £3.5m of LOBOs had options during the year, none of which were exercised by the lender.
- 4.5 **Debt Rescheduling:** The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

5.0 Investment Activity

- 5.1 The Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 7 March 2024. The policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). During 2024/25 the Council's investment balances have ranged between £29.8m and £60.7m.

	Balance 1/4/24 £m	New Investments £m	Investments Redeemed £m	Balance 31/3/25 £m
Short Term Investments	21.910	190.205	-175.587	36.528
Long Term Investments	12.500	0.000	0.000	12.500
Total Investments	34.410	190.205	-175.587	49.028
Increase/(Decrease) in Investments £000				14.618

- 5.2 Security of capital remained the Council's main objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2024/25.
- 5.3 Counterparty credit quality is assessed and monitored by Link the Council's treasury advisors, with reference to credit ratings; credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. Link provide recommendations for suitable counterparties and maximum investment periods.

6.0 Compliance with Prudential Indicators

- 6.1 The Council has complied with its Prudential Indicators for 2024/25, which were set on 7 March 2024 as part of the Council's Treasury Management Strategy Statement.
- 6.2 **Interest Rate Exposure:** These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates for both borrowing and investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Approved Limit for 2024/25 %	Maximum during 2024/25 £m
<u>Fixed Rate</u>		
Borrowing	100%	99.38%
Investments	75%	16.32%
<i>Compliance with Limit</i>		<i>Yes</i>
<u>Variable Rate</u>		
Borrowing	20%	0.62%
Investments	100%	83.68%
<i>Compliance with Limit</i>		<i>Yes</i>

- 6.3 **Maturity Structure of Fixed Rate Borrowing.** This indicator is to limit large concentrations of fixed rate debt and control the Council's exposure to refinancing risk.

	Upper Limit %	Fixed Rate Borrowing 31/03/25 £m	Fixed Rate Borrowing 31/3/25 %	Compliance?
Under 12 months	15%	15.938	14.52%	Yes
12 months to 2 years	15%	3.000	2.73%	Yes
2 years to 5 years	30%	16.059	14.63%	Yes
5 years to 10 years	100%	23.936	21.80%	Yes
10 years and above	100%	50.865	46.33%	Yes

- 6.4 **Principal Sums Invested for over 364 Days.** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

Price Risk Indicator	Limit 2024/25	Actual 31/03/25	Compliance?
Limit on principal invested beyond year end	£15m	£12.5m	Yes

- 6.5 **Authorised Limit and Operational Boundary for External Debt.** The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached. The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit. The s151 Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2024/25.

	Approved Operational Boundary 2024/25 £m	Authorised Limit 2024/25 £m	Actual External Debt 31/03/25 £m
Borrowing – incl Finance Leases	161.972	166.972	114.536
Other Long Term Liabilities	2.000	2.000	0.000
Total	163.972	168.972	114.536

- 6.6 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary of the treasury management activity during 2024/25. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.
- 6.7 The Council also confirms that during 2024/25 it complied with its Treasury Management Policy Statement and Treasury Management Practices.



Report to: Audit & Governance Committee: 2 July 2025

Director or Business Manager Lead: Sue Bearman – Assistant Director Legal & Democratic Services and Monitoring Officer

Lead Officer: Sue.Bearman@nsdc.info
01636 655935

Report Summary	
Report Title	Review of the Council’s Constitution – Replacing the Audit & Governance Committee.
Purpose of Report	To consider terms of reference and membership for two new Committees – Audit & Accounts Committee and Governance, General Purposes & Local Government Reorganisation (LGR) Committee which will replace this Committee as per the Full Council decision taken on 20 May 2025.
Recommendations	That Committee recommends the Terms of Reference for the two new Committees as set out in Appendix A to this report, to Full Council for approval.
Reason for Recommendation	To ensure the Constitution is up to date and fit for purpose.

1.0 Background

1.1 At its meeting of 20 May 2025 Full Council resolved for the Audit & Governance Committee to develop Terms of Reference for two new committees to undertake the current functions of Audit & Governance Committee. These two Committees were to be the Audit & Accounts Committee, and Governance, General Purposes & Local Government Reorganisation (LGR) Committee.

2.0 Proposal/Options Considered

2.1 Draft Terms of Reference for the two new Committees are attached at **Appendix A** to this report. The current Terms of Reference for Audit & Governance Committee are attached for comparison at **Appendix B** to the report.

2.1 The draft Terms of Reference for the Audit & Accounts Committee contain no material changes to the terms relating to those functions in the current Terms of Reference for the Audit & Governance Committee.

2.2 The draft Terms of Reference for the Governance, General Purposes & LGR Committee:

-

- Contain no material change to the terms relating to those functions in the current Terms of Reference for Governance and Standards functions, except for the addition of 'overview of the Council's arrangements for Member training and development' to reflect the fact that Audit & Governance Committee has been undertaking this function.
- Include functions to be transferred from General Purposes Committee as approved by Full Council on 20 May 2025.
- Include functions in relation to Local Government Reorganisation.
- Include provision for informal working parties.

2.3 Members will note the proposal for membership of Governance, General Purposes & LGR Committee to include Group Leaders or their nominees and the Chair of the Policy, Performance & Improvement Committee or their nominee, both being subject to political proportionality and the allocation of seats to Groups on Committees. The rationale for this is to facilitate LGR work in the most effective way. The terms of reference allow for substitute Members, which is consistent with the terms of reference for Policy and Performance Improvement Committee. It is custom and practice for the Council to appoint the same number of substitutes in respect of each political group as that group holds ordinary seats on that committee, up to a maximum of two in respect of each group.

2.4 The proposal is for a membership of 9 for Audit & Accounts Committee plus 1 co-opted independent member; this is consistent with CIPFA guidance that large audit committees should be avoided. A membership of 12 is proposed for the Governance, General Purposes & LGR Committee. The rationale for this Committee to have a larger membership is to ensure effective representation from all groups at both Committee meetings and working parties, which may often be arranged at short notice.

2.5 Members will be aware that this Committee agreed a schedule of meetings in 2025/26 for the Audit & Governance Committee as follows:

Wednesday 24 September 2025

Wednesday 10 December 2025

Wednesday 4 March 2026

Wednesday 22 April 2026

The report to the Full Council on 15 July 2025 will need to approve a schedule of dates for the two new Committees. It is suggested that the dates above could be retained as a schedule for the Audit & Accounts Committee.

A suggested schedule for the Governance, General Purposes and LGR will also be presented to the Full Council.

3.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

3.1 Financial Implications (FIN25-26/2805)

The report to the Full Council will confirm the convening an Independent Remuneration Panel to undertake a full review of Members Special Responsibility Allowances given the changes in committees which will be approved at the meeting.

The costs associated with the convening of the Independent Remuneration Panel can be accommodated within existing budgets for the 2025/26 financial year.

3.2 Legal Implications (LEG2526/3525)

Audit & Governance Committee is responsible for overview of the Council's Constitution and consideration of proposed amendments. Adoption and alteration of the Constitution is a function reserved to Full Council; therefore any amendments endorsed will need to be submitted to Full Council for approval.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Full Council report 20 May 2025 –

<https://democracy.newark-sherwooddc.gov.uk/documents/s22839/20.05.25%20-%20Review%20of%20the%20Councils%20Constitution.pdf>

7.2. AUDIT AND ACCOUNTS COMMITTEE**Rules**

- The Committee Procedure Rules and the Access to Information Procedure Rules shall apply to the Audit and Accounts Committee.

Membership, Chair and Quorum

Number of Members	9 + 1 co-opted Independent Member (non-voting)
Substitute Members Permitted	No
Political Proportionality Rules Apply	Yes
Appointments / Removals	Resolution of Full Council
Restrictions on Chair/Vice Chair	None
Quorum	One quarter (1/4) of the committee members rounded up
Number of Ordinary Meetings per Council Year	At least 4 per year (1 per quarter)

Purpose

To provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the Council's financial reporting and governance processes.

Remit and Terms of Reference

1. Oversee the Council's financial reporting process.
2. Approve the Council's Annual Statement of Accounts in accordance with the relevant prevailing legislation.
3. Receive and consider the reports, plans and opinions of the internal auditor; agreeing and monitoring the implementation of actions agreed in respect of such reports, plans and opinions, and ensuring effective control within the assurance framework.
4. Receive and consider the reports and opinions of the external auditor and external inspection agencies; monitoring the implementation of actions agreed in respect of such reports and opinions.
5. Scrutiny of the Council's Treasury Management Strategy, Investments Strategy and Capital Strategy and the in-year monitoring of compliance with these.

6. Scrutiny of the Council's Medium Term Financial Plan, annual budget and in-year monitoring of these in the context of financial sustainability.
7. Assurance of the Council's governance, risk management framework and associated control environment and policies including the Council's Risk Register, Risk Management Strategy, and anti-fraud and anti-corruption arrangements.
8. Review any matters within the committees' remit and terms of reference referred to it by the Chief Executive, Section 151 Officer, Monitoring Officer or any Body of the Council.
9. Act as an advisory committee to the Cabinet and Council on matters relating to the Committee's terms of reference.
10. Such other matters as required by law or guidance to be the proper remit of the Audit & Accounts Committee.
11. Ensure that the Council achieves value for money through all its arrangements.

7.2. GOVERNANCE, GENERAL PURPOSES AND LGR COMMITTEE**Rules**

- The Committee Procedure Rules and the Access to Information Procedure Rules shall apply to the Governance General Purposes and Local Government Reorganisation (LGR) Committee and as applicable to its Sub-Committees.
- The business of the Sub-Committees shall also be conducted in accordance with the Council's Arrangements for Dealing with Standards Complaints and associated Codes and Protocols.
- The business of informal Working Parties shall be conducted in accordance with terms of reference as determined by the Committee or at the discretion of the Chair as provided for by these Terms of Reference.

Membership, Chair and Quorum

Number of Members	12
Substitute Members Permitted	Yes
Political Proportionality Rules Apply	Yes
Appointments / Removals	Resolution of Full Council
Restrictions on Membership	Group Leaders or their nominees and Chair of Policy Performance and Improvement Committee or their nominee to be allocated a seat subject to political proportionality
Restrictions on Chair/Vice Chair	None
Quorum	One quarter (1/4) of the committee members rounded up
Number of Ordinary Meetings per Council Year	At least 4 per year (1 per quarter)
Standing Sub-Committee	<ul style="list-style-type: none"> • None • Standards Complaint Hearing Panel convened as required • Informal Working Parties convened as required

Purpose

To promote and maintain high standards of conduct by Members, to maintain overview of arrangements for Local Government Reorganisation, the Council's Constitution and decision-making, and to consider electoral and boundary matters as required.

Remit and Terms of Reference

Governance

1. Overview of the Council's Constitution and consideration of proposed amendments or revisions to the Constitution including the Schemes of Delegation, Procedure Rules and Protocols.
2. Receive and review corporate complaints reports and Ombudsman reports except for those reserved to Full Council.
3. Assurance of the Council's legal governance framework and policies including the Council's 'whistleblowing', and surveillance policies.

Standards

4. Promote and maintain high standards of conduct by Members and Co-opted Members of the Council.
5. Overview of the Council's Members' Code of Conduct, Arrangements for Dealing with Standards Complaints and associated Protocols; recommendations as to the adoption of and/or amendments to the Code, Arrangements and associated Protocols.
6. Assist and advise Members and Co-opted Members of the Council and parish councils within the district of the Council on standards and compliance with the Code and associated Protocol including as regards members' interests, gifts and hospitality.
7. Make recommendations as to the appointment of Independent Persons.
8. Support and assist the Monitoring Officer in their discharge of the role as regards member standards, conduct and behaviour.
9. Convene a Standards Complaint Hearing Panel as may be required by the Monitoring Officer for the purpose of determining a standards complaint made against a Member or Co-opted Member of the Council or parish council in accordance with the Arrangements.
10. Overview of the Council's arrangements for Member training and development.

General Purposes

11. Functions relating to parishes, elections and electoral registration.

12. Functions relating to Polling Station reviews.
13. Functions relating to Community Governance Reviews.
14. Making recommendations to Council relating to the name and status of areas and individuals.
15. Making recommendations to Council on the promotion or approval of local bill.
16. Making recommendations to the Council as to recommendations to the Secretary of State on district boundaries, ward boundaries, electoral divisions, wards or polling districts.

Local Government Reorganisation (LGR)

17. To oversee the plans for, and impact of, Local Government Re-organisation within Nottingham and Nottinghamshire.
18. To provide a sounding board and steer to the Leader and Chief Executive to inform discussions with other Nottinghamshire Leaders on the views and perspectives of Newark and Sherwood District Council.
19. To consider the selection of final proposal(s) to be submitted to Government and make recommendations to Cabinet and/or Full Council as appropriate.
20. To receive regular reports and updates on the progress of Local Government Re-organisation.
21. To pay particular attention and oversight to the key challenges and risks associated with the transition to a new unitary structure, including continuity of service provision, delivery of the Council's Community Plan and staff recruitment and retention.
22. To liaise with and advise the Council's Cabinet, Audit and Accounts Committee, Policy Performance Committee and other committees as appropriate.

General

23. Review any matters within the committees' remit and terms of reference referred to it by the Chief Executive, Section 151 Officer, Monitoring Officer or any Body of the Council.
24. Such other matters as required by law or guidance to be the proper remit of the Governance, General Purposes and LGR Committee.

25. Act as an advisory committee to the Cabinet and Council on matters relating to the Committee's terms of reference.

Standards Complaint Hearing Panel

26. Shall be a Sub-Committee of the Governance General Purposes and LGR Committee constituted as required by the Monitoring Officer.
27. Shall comprise 3 elected Members of the Governance General Purposes and LGR Committee.
28. Shall be politically proportionate.
29. Shall hear and determine in accordance with the Arrangements as regards standards complaints referred to the Hearing Panel.

Informal Working Parties

30. The Committee can convene Informal Working Parties, open to the whole membership of the Committee, as required. Any Committee Chair or Portfolio Holder may be invited to attend where the subject matter is relevant to their role. Any named substitute to the Committee may attend a Working Party as substitute.
31. The Committee Chair, or in their absence the Vice Chair, has authority to convene Working Parties in accordance with paragraph 30. above where it would cause undue delay to wait for the next meeting of the Committee.
32. Working parties will normally be led by the Chair or Vice Chair of the Committee.
33. Working Parties are unable to make decisions and will report back to Committee, except for Working Parties relating to Local Government Reorganisation where it would cause undue delay to report back to the Committee, in which case the findings of Working Parties may be reported directly to Full Council or Cabinet as applicable.

7.2. AUDIT & GOVERNANCE COMMITTEE**Rules**

- The Committee Procedure Rules and the Access to Information Procedure Rules shall apply to the Audit and Governance Committee and as applicable to its Sub-Committees.
- The business of the Sub-Committees shall also be conducted in accordance with the Council's Arrangements for Dealing with Standards Complaints and associated Codes and Protocols.

Membership, Chair and Quorum

Number of Members	12 + 1 co-opted Independent Member (non-voting)
Substitute Members Permitted	No
Political Proportionality Rules Apply	Yes
Appointments / Removals	Resolution of full Council
Restrictions on Chair/Vice Chair	None
Quorum	One quarter (1/4) of the committee members rounded up
Number of Ordinary Meetings per Council Year	At least 4 per year (1 per quarter)
Standing Sub-Committee	<ul style="list-style-type: none"> • None • Standards Complaint Hearing Panel convened as required

Purpose

To provide those charged with Governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the Council's financial reporting and governance processes.

Remit and Terms of Reference**Audit**

1. Oversee the Council's financial reporting process.
2. Approve the Council's Annual Statement of Accounts in accordance with the relevant prevailing legislation.
3. Receive and consider the reports, plans and opinions of the internal auditor; agreeing and monitoring the implementation of actions agree in respect of such reports, plans and opinions, and ensuring effective control within the assurance framework.

4. Receive and consider the reports and opinions of the external auditor and external inspection agencies; monitoring the implementation of actions agreed in respect of such reports and opinions.
5. Scrutiny of the Council's Treasury Management Strategy, Investments Strategy and Capital Strategy and the in-year monitoring of compliance with these.
6. Scrutiny of the Council's Medium Term Financial Plan, annual budget and in-year monitoring of these in the context of financial sustainability.
7. Act as an advisory committee to the Cabinet and Council on audit matters
8. Such other matters as required by law or guidance to be the proper remit of the Audit & Governance Committee.

Governance

1. Assurance of the Council's governance, risk management framework and associated control environment and policies including the Council's Risk Register, Risk Management Strategy, 'whistle-blowing', surveillance, and anti-fraud and anti-corruption arrangements.
2. Overview of the Council's Constitution and consideration of proposed amendments or revisions to the Constitution including the Schemes of Delegation, Procedure Rules and Protocols.
3. Review any matters within the committees' remit and terms of reference referred to it by the Chief Executive, Section 151 Officer, Monitoring Officer or any Body of the Council.
4. Receive and review corporate complaints reports and Ombudsman reports except for those reserved to Full Council
5. Act as an advisory committee to the Cabinet and Council on governance matters
6. Such other matters as required by law or guidance to be the proper remit of the Audit & Governance Committee including electoral matters and parish council matters not reserved to Full Council or another body.
7. Ensure that the Council achieves value for money through all of its arrangements.

Standards

1. Promote and maintain high standards of conduct by Members and Co-opted Members of the Council.

2. Overview of the Council's Members' Code of Conduct, Arrangements for Dealing with Standards Complaints and associated Protocols; recommendations as to the adoption of and/or amendments to the Code, Arrangements and associated Protocols.
3. Assist and advice Members and Co-opted Members of the Council and parish councils within the district of the Council on standards and compliance with the Code and associated Protocol including as regards members' interests, gifts and hospitality.
4. Make recommendations as to the appointment of Independent Persons.
5. Support and assist the Monitoring Officer in their discharge of the role as regards member standards, conduct and behaviour.
6. Act as an advisory committee to the Cabinet and Council on conduct matters
7. Convene a Standards Complaint Hearing Panel as may be required by the Monitoring Officer for the purpose of determining a standards complaint made against a Member or Co-opted Member of the Council or parish council in accordance with the Arrangements.

Standards Complaint Hearing Panel

1. Shall be a Sub-Committee of the Audit & Governance Committee constituted as required by the Monitoring Officer.
2. Shall comprise 3 elected Members of the Audit and Governance Committee.
3. Shall be politically proportionate.
4. Shall hear and determine in accordance with the Arrangements as regards standards complaints referred to the Hearing Panel.



Report to: Audit & Governance Committee - 2 July 2025

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services
Sue Bearman, Assistant Director - Legal & Democratic Services, Monitoring Officer

Report Summary	
Report Title	Audit & Governance Committee Work Plan
Purpose of Report	Work Plan attached for consideration and approval
Recommendations	That the Audit & Governance Committee consider the Work Plan for approval.

AUDIT & GOVERNANCE COMMITTEE**MEETING DATE 2ND JULY 2025****WORK PLAN**

Meeting date at which action to be undertaken	Subject and Brief Description	Who will present the report	Intended Outcome
24 September 2025			
	Q1 Budget Performance Report 2025/26	Nick Wilson	To ensure the sustainability of the Council's General Fund, HRA and Capital Programme through the in-year monitoring of the budgets.
	Counter-Fraud Activity Report	Nick Wilson	Gain assurance that counter-fraud activity is appropriately targeted and effective, to be presented to the Committee twice a year.
	Internal Audit Progress Report 2025/26	Phil Lazenby (TIAA Ltd)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Customer Feedback – Half Year 2 - 2024/2025	Carl Burns	
	Complaints Performance Q1 Update Report	Carl Burns	
	Member Training & Development Protocol	Sue Bearman/Nigel Hill	
	Government Consultations (code of conduct and remote meetings)	Sue Bearman	
	Code of Corporate Governance	Sue Bearman	
	Good Conduct and Public Service	Sue Bearman	
	Annual Code of Conduct Complaints Report	Sue Bearman	
	LGSCO Annual Review Report	Jill Baker	To share with Members the annual LGSCO complaints handling report
	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the Cyber 360 Action Plan to be presented to the

			Audit & Governance Committee if an update is available.
10 December 2025			
	Internal Audit Progress Report 2025/26	Phil Lazenby (TIAA Ltd)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	External Audit Annual Governance Report 2024/25	Mark Surridge (Mazars)	To gain assurance that the Council's Statement of Accounts are a true and fair representation of the Council's financial performance for the previous financial year and financial standing as at the Balance Sheet date, and that the Council has effective arrangements for achieving Value for Money
	Statement of Accounts 2024/25 & Annual Governance Statement	Nick Wilson	Gain assurance on the integrity of financial reporting By considering the assurance gained through its activities throughout the previous year, to give assurance that the Council's Annual Governance Statement accurately represents governance arrangements, that future risks are identified, and that arrangements in place support the achievement of the Council's objectives
	Q2 Budget Performance Report 2025/26	Nick Wilson	To ensure the sustainability of the Council's General Fund, HRA and Capital Programme through the in-year monitoring of the budgets.
	Audit and Governance Committee Annual Report To inform Members of the activity undertaken by the Audit and Governance Committee	Nick Wilson	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.
	Customer Feedback (Complaints, Suggestion & Praise for the period April 2025 – September 2025 (Half 1 - 2025/26)	Carl Burns	

	Housing Ombudsman Annual Review Update	Jill Baker	To share with Members the annual Housing Ombudsman complaints report
	Strategic Risk Management (previous report taken to April 2025 Audit & Governance Committee)	Richard Bates	Gain assurance that appropriate risk management arrangements are in place, update presented to the Committee on a 6 monthly basis.
	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the Cyber 360 Action Plan to be presented to the Audit & Governance Committee if an update is available.
4 March 2026			
	Internal Audit Progress Report 2025/26	Phil Lazenby (TIAA Ltd)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	External Auditors Annual Audit Completion Report	Mark Surridge (Mazars)	
	External Auditors Annual Audit Report	Mark Surridge (Mazars)	
	Q3 Budget Performance Report 2025/26	Nick Wilson	To ensure the sustainability of the Council's General Fund, HRA and Capital Programme through the in-year monitoring of the budgets.
	Budget Reports 2026/27	Nick Wilson	To review the Councils General Fund revenue budget, Capital Programme and Medium Term Financial Plan.
	Treasury Strategy 2026/27	Andrew Snape	Gain assurance that risks in relation to the Council's treasury management activities are to be managed in accordance with need and the Council's risk appetite
	Capital Strategy 2026/27	Andrew Snape	Outlines the principles and framework that shape the Council's capital proposals
	Investment Strategy 2026/27	Andrew Snape	The investment strategy meets the requirements of statutory guidance issued by

			the government relating to the Councils Treasury and Non-Treasury investments.
22 April 2026			
	Internal Audit Progress Report 2025/26	Phil Lazenby (TIAA Ltd)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	External Auditors Annual Draft Audit Completion Report	Nick Wilson	
	Q3 Budget Performance Report 2025/26	Nick Wilson	To ensure the sustainability of the Council's General Fund, HRA and Capital Programme through the in-year monitoring of the budgets.
	Statement of Accounting Policies	Andrew Snape	Gain assurance that the Council has appropriate accounting policies in place that reflect the way items are treated in the annual Statement of Accounts
	IAS19 Pension Assumptions	Andrew Snape	Gain assurance that the pension assumptions used by the actuary to produce the figures in the Statement of Accounts are appropriate for the Council's circumstances
	Property, Plant and Equipment Valuation Assumptions	Andrew Snape	Gain assurance that the assumptions used by the Council's valuers to produce the figures in the Statement of Accounts are appropriate for the Council's circumstances
	Annual Review of the Council's Constitution	Sue Bearman	Review the Council's Constitution
	Strategic Risk Management	Richard Bates	Gain assurance that appropriate risk management arrangements are in place, update presented to the Committee on a 6 monthly basis.
	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the Cyber 360 Action Plan to be presented to the Audit & Governance Committee if an update is available.