



**Castle House
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Tuesday, 11 February 2025

**Chair: Councillor P Harris
Vice-Chair: Councillor S Forde**

Members of the Committee:

**Councillor R Cozens
Councillor P Farmer
Councillor A Freeman
Councillor J Hall
Councillor S Haynes**

**Councillor J Kellas
Councillor S Michael
Councillor C Penny
Councillor M Shakeshaft
Councillor T Thompson**

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 19 February 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

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1. Notification to those present that the meeting will be recorded and streamed online	
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To consider resolving that, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.

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|-----|--------------------------------------|--|
| 23. | Date of Next Meeting - 19 March 2025 | |
|-----|--------------------------------------|--|

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, 11 December 2024 at 6.00 pm.

PRESENT: Councillor P Harris (Chair)
Councillor S Forde (Vice-Chair)

Councillor P Farmer, Councillor A Freeman, Councillor J Hall, Councillor J Kellas, Councillor S Michael and Councillor T Thompson

APOLOGIES FOR ABSENCE: Councillor R Cozens, Councillor S Haynes, Councillor C Penny and Councillor M Shakeshaft and Mr C Richardson (Non-Voting Co-Optee)

112 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.

113 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.

114 MINUTES OF THE MEETING HELD ON 25 SEPTEMBER 2024

AGREED that the minutes of the meeting held on 25 September 2024 be approved as a correct record and signed by the Chair.

115 INTERNAL AUDIT PROGRESS REPORT 2024/25

The Committee considered the report from Philip Lazenby, Director of Audit (TIAA) providing a summary of Internal Audit work undertaken during 2024/25 against the agreed audit plan.

The report provided details of all reports issued within the first part of the financial year 2024/25, with an additional 4 audit reports completed since the last Committee.

AGREED (unanimously) that the Members considered and commented upon the latest internal audit progress report and noted its content.

116 EXTERNAL AUDITORS AUDIT PROGRESS REPORT

The Committee considered the report from the Business Manager for Financial Services presenting the External Auditor's Progress Report for Newark and Sherwood District Council for 2023/24.

The representative from Mazars, Mark Surridge, present at the meeting had provided the report at Appendix A.

AGREED (unanimously) that:

- a) Members received and noted the External Auditors Audit Progress Report for 2023/24; and
- b) Members noted the adjustments to the draft audited financial statements set out in the report.

117 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT

The Committee considered the report from the Business Manager for Financial Services informing Members of the activity undertaken by the Audit and Governance Committee between 27 September 2023 and 31 July 2024.

The report provided a summary of the activities, to then be taken to February's Full Council.

AGREED (unanimously) that Members noted the report.

118 PROJECTED GENERAL FUND AND HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN REPORT TO 31 MARCH 2025 AS AT 30 SEPTEMBER 2024

The Committee considered the report from the Business Manager for Financial Services updating Members with the forecast outturn position for the 2024/25 financial year for the Council's General Fund and Housing Revenue Account revenue and capital budgets. The report showing performance against the approved estimates of revenue expenditure and income.

The report was provided to Members as a slimdown version as it had already been to Cabinet.

AGREED (unanimously) that:

- a) the Committee noted the General Fund projected favourable outturn variance of £0.719m;
- b) the Committee noted the Housing Revenue Account projected favourable outturn variance of £0.33m to the Major Repairs Reserve;
- c) the Committee noted the Capital Programme revised budget and financing of £49.67m; and
- d) the Committee noted the Prudential indicators at Appendix A.

119 TREASURY MANAGEMENT MID-YEAR REPORT 2024/25

The Committee considered the report from the Assistant Business Manager for Financial Services to provide an update on the Council's Treasury Activity and Prudential Indicators for the first half of 2024/25.

The report advised no breach to indicators and to expect interest rate levels to go down.

AGREED (unanimously) that:

- a) the Treasury Management activity be noted and recommended to Full Council on 17 December 2024; and
- b) the Prudential Indicators detailed in Section 6 & 7 of the report be noted.

120 OUTCOME OF LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN INVESTIGATION

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

A resident had complained to the Ombudsman that the Council was slow to act in respect of statutory noise nuisance. This was regarding noise levels at a licensed premises in Newark.

The Ombudsman found the Council at fault and made recommendations to remedy the injustice caused by the faults identified, of which these recommendations have been accepted and implemented.

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

121 OUTCOME OF HOUSING OMBUDSMAN INVESTIGATION

The Committee considered the report from the Business Manager for Customer 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 repairs and requests for adaptations to their property.

The Housing Ombudsman determined there to be maladministration in one area and service failure in three, several recommendations were made and the orders and recommendations have been accepted and implemented.

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

122 HOUSING OMBUDSMAN ANNUAL REVIEW UPDATE

The Committee considered the report from the Business Manager for Customer Services to inform Members of the publication of the Housing Ombudsman Annual Review Report 2023-24.

The report confirmed that as the Council had not had five or more cases determined by the Housing Ombudsman during the period April 2023 to March 2024, there was

not an individual report for Newark and Sherwood District Council however, it was important that members were aware of the publication.

Any cases that do come up are taken to both Policy & Performance Improvement Committee and Audit & Governance Committee.

AGREED (unanimously) that Members noted the report and the role of the Housing Ombudsman Service in dispute resolution and effective complaint handling.

123 STRATEGIC RISK MANAGEMENT

The Committee considered the report from the Safety and Risk Manager providing an overview of the Council's current 2024/25 strategic risk register allowing Members to review strategic risk management arrangements.

The report advised that the contents of the Strategic Risk Register were reported to Members in April 2024 and that the contents of the current risk register has not changed since this last report and continues to have 9 strategic risks.

A table in the report provided the contents of the 2024/25 risk register, as agreed by SLT. An update report will be brought to the Audit & Governance Committee in 6 months.

AGREED (unanimously) that Members noted the content of the report and highlighted any issues of concern relating to the Strategic Risk Register.

124 UPDATE ON THE LGA NEWARK AND SHERWOOD DISTRICT COUNCIL CYBER 360 REPORT

The Committee considered the report from the Business Manager for ICT & Digital Services providing the updated results of LGA Newark and Sherwood District Council Cyber 360 Report.

The report advised that the Corporate Information Governance Group (CIGG) continue to progress the review of the Cyber 360 action plan which is 75% complete, updating elected Members.

AGREED (unanimously) that Members reviewed, commented upon and noted the update on the LGA Newark and Sherwood District Council Cyber 360 Report.

125 GOVERNMENT CONSULTATION - ENABLING REMOTE ATTENDANCE AND PROXY VOTING AT LOCAL AUTHORITY MEETINGS

The Committee report from the Business Manager for Elections and Democratic Services was to consider a formal Council response to the government consultation on remote attendance at meetings and proxy voting.

The report to submit a formal Council response to the Government consultation given its potential impact on governance arrangements.

AGREED (unanimously) that the Audit & Governance Committee considered the draft response to the Government consultation, as set out in Appendix A to the report.

126 REVIEW OF THE COUNCIL'S CONSTITUTION

The Committee considered the report from the Assistant Director Legal & Democratic Services and Monitoring Officer providing an update on progress with a review of the Constitution following the Committee's first informal workshop.

The informal workshop was held on 17 October 2024, with 7 Committee Members in attendance. Officers from Legal & Democratic Services presented issues and updates for Members to consider in relation to the following:

- Petitions Scheme
- Motions
- Annual Budget Meeting arrangements
- Licensing and General Purposes Committee
- Contract Procedure Rules
- Acquisitions and Disposals Policy
- Local Code on Corporate Governance
- Some miscellaneous amendments

They agreed an additional meeting was required as not possible to complete the discussion in the time allotted and this to be arranged in the New Year.

The Annual Budget meeting arrangements would however be considered for recommendation to Full Council in February.

AGREED (unanimously) that:

- a) progress be noted; and
- b) revisions to the arrangements for the Annual Budget meeting are presented to Full Council for adoption.

127 REVIEW OF POLICIES - ANTI-FRAUD AND CORRUPTION STRATEGY, GUIDANCE FOR DEALING WITH IRREGULARITIES AND ANTI-MONEY LAUNDERING POLICY

The Committee considered the report from the Business Manager for Financial Services presenting the following updated policies – Anti-Fraud and Corruption Strategy, Guidance for Dealing with Irregularities and Anti-Money Laundering Policy.

The revised documents had no substantive changes proposed, with any updates shown as tracked changes for ease of reference.

AGREED (unanimously) that the Committee approved the revised policies attached at Appendices A, B and C to the report.

128 CONDUCT AND PUBLIC SERVICE

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

Following this Committee meeting, arrangements to be put in place for Committee Members to attend an informal workshop.

AGREED (unanimously) that: the Members of Audit & Governance Committee consider at an informal workshop and that proposals are presented at the earliest opportunity to Committee for formal consideration: -

1. Whether to align the Council's Code of Conduct exactly with the Local Government Association Model Code
2. Whether the Council can adopt any recommendations or good practice from the Local Government Association's Civility in Public Life report and Debate not Hate Campaign
3. Review and Update the Council's Social Media Protocol for Members, taking into account Local Government Association guidance

129 ANNUAL REPORT DETAILING EXEMPT REPORTS CONSIDERED BY THE AUDIT & GOVERNANCE COMMITTEE

The Committee report from the Business Manager for Elections and Democratic Services to consider the list of exempt business considered by Audit & Governance Committee for the period 27 September 2023 to date, and which if any, reports could be released into the public domain.

AGREED (unanimously) that Members noted the report and for all exempt business to remain confidential as advised by report authors.

130 AUDIT AND GOVERNANCE COMMITTEE WORK PLAN

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

The Committee noted to include the Statement of Accounts to the February Agenda as part of the Work Plan.

AGREED (unanimously) that the Work Plan be noted.

131 EXCLUSION OF THE PRESS AND PUBLIC

AGREED (unanimously) that under section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of

exempt information as defined in Part 1 of Schedule 12A of the Act.

132 UPDATE ON THE LGA NEWARK AND SHERWOOD DISTRICT COUNCIL CYBER 360 ACTION PLAN

The Committee considered the exempt report from the Business Manager for ICT & Digital Services providing an update on the LGA Newark and Sherwood District Council Cyber 360 Action Plan.

133 DATE OF NEXT MEETING - 19 FEBRUARY 2025

134 REQUEST MEETING DATE CHANGE FROM 23 APRIL 2025 TO PREVIOUS WEEK ON 16 APRIL 2025 DUE TO ROOM USAGE FOR ELECTIONS

The Committee considered the request to change the meeting date for the April 2025 Audit and Governance Committee from 23 April to the previous week on 16 April due to room usage for Elections.

AGREED (unanimously) that the Audit & Governance Committee to meet on 16 April, to allow the room usage for Elections.

Meeting closed at 7.45 pm.

Chair

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted



Report to: Audit & Governance Committee Meeting
25 September 2024

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

Lead Officer: Philip Lazenby, Director of Audit (TIAA) 0845 3003333

Report Summary	
Report Title	Internal Audit Progress Report 2024/25
Purpose of Report	To provide a summary of Internal Audit work undertaken during 2024/25 against the agreed audit plan To remind members of the Committee of the audits that are in the Internal Audit Plan for 2025/26
Recommendations	That the Audit & Governance Committee consider and comment upon the latest internal audit progress report and note its content. That the Audit & Governance Committee review the Internal Audit Plan for 2025/26 and make comment where appropriate.
Reason for Recommendation	In order to understand the internal audit work undertaken throughout the 2024/25 financial year and how this impacts on the Council's overall Governance framework.

1.0 Background

- 1.1 The Audit Plan for 2024/25 was tabled at the Audit and Governance Committee in February 2024. A separate session, including members of the A&G Committee, Cabinet members and members of the Senior Leadership Team, met in March 2024 to holistically review and approve the Audit Plan. This plan included areas of audit focus throughout the life of the contract with TIAA. Throughout the year reports on the progress made and changes to the plan are then brought to this committee.
- 1.2 The report contains details of all reports issued within the first part of the financial year 2024/25.

2.0 Proposals

- 2.1 To receive and comment upon the Internal Audit Progress Report 2024/25 and note its content. This is at appendix A.
- 2.2 To review the proposed Internal Audit activity during 2025/26 to ensure that areas of audit focus are directed at the relevant areas in order to gain the assurance necessary. This is at appendix B.

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 (LEG2425/6567)

Audit & Governance Committee is the appropriate body to consider this report by virtue of its terms of reference.

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



Appendix A

Newark and Sherwood District Council

Summary Internal Controls Assurance (SICA) Report

January 2025

Draft

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Newark and Sherwood District council between 21st November 2024 and the 31st January 2025.

Investing in the Future of TIAA

2. TIAA welcomed our largest intake of talented and enthusiastic trainees in the summer across the UK. This initiative is a testament to our dedication to nurturing the next generation of professionals and ensuring that we continue to deliver the highest standards of service to you. This builds on past successes where staff who joined TIAA as trainees have obtained professional qualifications and progressed to audit management roles.

We believe that investing in their development is crucial not only for their personal growth but also for the continued success of TIAA. To this end, we are sponsoring their professional qualifications, providing them with the necessary resources and support to excel in the internal audit profession and any relevant specialism they may choose.

With each trainee mentored by an experienced Director of Audit, we have re-designed a comprehensive training programme that covers a wide range of skills and knowledge areas. All trainees have been guided by experienced audit staff and management, shadowing on audits to get to know our client base, following a high standard already set by our experienced team.

By investing in our trainees, we are investing in the future of our company. We are confident that this initiative will enhance our capabilities. Our commitment to the quality of our services remains unwavering, and we are excited about the positive impact our new trainees will have on our work with you.

Audits completed since the last SICA report to the Audit Committee

2. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Procurement	Reasonable	14 th January 2025	14 th January 2025	24 th January 2025	0	1	3	1
Financial resilience	Substantial	5 th December 2024	24 th January 2025	29 th January 2025	0	0	1	0
Gilstrap	N/A	-	-	-	-	-	--	-

3. The Executive Summaries for each of the finalised reviews are included at Appendix A. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the 2024/2025 Annual Plan

4. Our progress against the Annual Plan for 2023/24 is set out in Appendix B.

Changes to the Annual Plan 2024/25

5. There have been no changes to the approved plan.

Progress in actioning priority 1 & 2 recommendations

6. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA.
The recommendation trackers are provided for the Committee.

Frauds/Irregularities

7. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Other Matters

8. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report.

Responsibility/Disclaimer

9. 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. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. 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.

Appendix A: Executive Summaries

The following Executive Summaries are included in this Appendix. Full copies of the reports are provided to the Audit Committee.

Review	Key Findings
<p>1. Assurance Review of Procurement</p>	<p>KEY STRATEGIC FINDINGS:</p> <ul style="list-style-type: none"> • The Council does not have a specific procedure for setting up new suppliers. For a sample of seven new suppliers, only three suppliers had completed new supplier application forms. • The “Contract Register/Procurement Group” does not have a Terms of reference. The group is in the process of updating the Contract Register. • The Exemption Register needs to be updated as it was noted that two exemptions lack recorded approval in the register, although the forms themselves are approved this approval has not been updated in the register. Also, a new exemption raised on November 4, 2024, had not been added to the Exemption Register. • Melton Borough Council has not submitted in the first quarter of the 2024/25 financial year an annual report as required by the Service Level Agreement. <p>GOOD PRACTICE IDENTIFIED:</p> <ul style="list-style-type: none"> • The Council identifies and addresses potential challenges within the procurement function, including procurement-related risks documented in the risk register.
<p>2. Assurance Review of Financial Resilience</p>	<p>KEY STRATEGIC FINDINGS:</p> <ul style="list-style-type: none"> • The current Financial Governance document was due for review in May 2024; version control details the most recent update as having taken place in 2022. • The first half of the 2024/25 fiscal year shows Newark and Sherwood District Council making substantial progress in managing its finances effectively. The growth in favourable variances across the General Fund and Housing Revenue Account (HRA) highlight the Council's effectiveness in exceeding financial expectations, which is crucial for achieving the objectives outlined in the Medium-Term Financial Plan (MTFP) and ensuring long-term financial sustainability. <p>GOOD PRACTICE IDENTIFIED:</p> <ul style="list-style-type: none"> • The MTFP accounts for expected high levels of volatility post 2024/25 with the assistance of Pixel, external advisors who work with over 160 local authorities. • A favourable variance of £0.989 million was recorded for the General Fund in 2023/24, this was applied to the MTFP Reserve to assist with mitigating future funding pressures.

Report 1 - Assurance Review of Procurement

Executive Summary

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk of non-compliance with public sector procurement regulations.

SCOPE

Procurement systems underpin service delivery and need to be effective and to achieve value for money. To provide assurance on key areas of procurement risk, A review of the Councils strategies, policies, and procedures for Procurement, including Procurement Strategy, Procurement Policy, Contract Standing Orders, Supporting procedures. A review of the governance arrangements in place in relation to procurement decision making and oversight, including Decision making on expenditure, Board oversight, Procurement Team support, a review of the resources and training in place to support Procurement projects.

KEY STRATEGIC FINDINGS

- The Council does not have a specific procedure for setting up new suppliers. For a sample of seven new suppliers, only three suppliers had completed new supplier application forms.
- The “Contract Register/Procurement Group” does not have a Terms of reference. The group is in the process of updating the Contract Register.
- The Exemption Register needs to be updated as it was noted that two exemptions lack recorded approval in the register, although the forms themselves are approved this approval has not been updated in the register. Also, a new exemption raised on November 4, 2024, had not been added to the Exemption Register.
- Melton Borough Council has not submitted in the first quarter of the 2024/25 financial year an annual report as required by the Service Level Agreement.

GOOD PRACTICE IDENTIFIED

- The Council identifies and addresses potential challenges within the procurement function, including procurement-related risks documented in the risk register.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	3	1

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	<p>The Council currently lacks a formal procedure for setting up new suppliers, relying only on the form, which can lead to inconsistencies and increase the risk of errors or fraudulent activities. Without standardised process there is a risk of errors in supplier information and difficulties in tracking and managing supplier performance.</p> <p>In addition, a sample of seven new supplier setups was reviewed. Only three suppliers had completed new supplier application forms and among them, one form lacked the necessary approvals. For the remaining four suppliers, there was no evidence that the Council had prepared and approved the required application forms.</p>	<p>Implement a formal procedure for setting up of new suppliers that includes detailed verification steps. In addition, for all new suppliers, an application form should be completed.</p>	2	<p><i>The process will be documented and officers will be updated with this.</i></p> <p><i>Additionally, the process will change, whereby on each occasion, whether new supplier or change in bank details, this will be checked using the Councils bank, to ensure that the bank details are correct for the supplier.</i></p>	February 2025	Transactional Finance Manager
2	Directed	<p>The "Contract Register Group", tasked with oversight of the contract register, includes the Senior Leadership Team but does not have formalised terms of reference. In addition, discussions with the Business Manager Financial Services confirmed that the Contract Register was deemed not to be up to date as some of the items purchased through various Framework Agreements had not been included in the Contracts Register. The Contract Register Group is in the process of updating the Contract Register which is nearly complete.</p> <p>Once the updating of the Contract Register has been completed, the aim is for the Group to review the Contract Register periodically in terms of ensuring value for money has been obtained (For example instances where one contract for the whole council could be obtained rather than separate contracts for individual departments) and that where appropriate</p>	<p>The Terms of Reference for the Contract Register Group to be document. In addition, the Contract Register to be updated and once updated to be reviewed/monitored periodically by the group to ensure value for money is being obtained.</p>	3	<p><i>A Terms of Reference for the group will documented and agreed by the group.</i></p>	July 2025	Business Manager Financial Services

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		contracts have not been renewed before being effectively tendered for.					
3	Delivery	As per the Service Level Agreement between Melton Borough Council and Newark and Sherwood District Council, in the first quarter of each financial year Melton Borough Council should produce an annual report for the Newark and Sherwood District Council. The annual report's aim is to summarise service delivery performance against agreed indicators and budget information for the previous financial year. It was noted that the annual report had not been submitted in the first quarter of the 2024/25 financial year.	Melton Borough Council to submit in the first quarter of each financial year an annual report as per the Service Level Agreement.	3	<i>An annual report will be requested from Welland within Q1 of 25/26.</i>	June 2025	Business Manager – Financial Services
4	Delivery	The Exemptions Register currently records six instances of contract procedure exemptions, including one exemption that was issued but subsequently marked as no longer required. A new exemption was recorded on 4 th November. The Contract Procedure Rules Exemption Forms (CPRE) were reviewed for all entries in the Contract Register. All forms were found to be completed and authorised by the Contract Officer, Director, Section 151 Officer and Chief Executive. Each exemption provided a proper reason for why competitive tendering was not viable, and the estimated lifetime value of each contract was accurately reflected in the register. However, it was identified that two exemptions lack recorded approval in the register, although the forms themselves are approved, this approval has not been updated in the register. Additionally, the new exemption raised on November 4 th , 2024, had not been added to the Exemption Register.	The Exemption Register to be updated appropriately.	3	<i>The register will be updated for the two items and will be updated accordingly going forward.</i>	February 2025	Business Manager – Financial Services

Report 2 - Assurance Review of Financial Resilience

Executive Summary

OVERALL ASSESSMENT




ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE


SR301- Ensuring financial sustainability of the general fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives.

SCOPE


Confirmed the realism and likely delivery success of identified savings within the current financial year and the Medium-Term Financial Plan. In addition to follow up progress from last year's audit finding relating to monitoring of budgets and commercial activities.


KEY STRATEGIC FINDINGS

 The current Financial Governance document was due for review in May 2024; version control details the most recent update as having taken place in 2022.

 The first half of the 2024/25 fiscal year shows Newark and Sherwood District Council making substantial progress in managing its finances effectively. The growth in favourable variances across the General Fund and Housing Revenue Account (HRA) highlight the Council's effectiveness in exceeding financial expectations, which is crucial for achieving the objectives outlined in the Medium-Term Financial Plan (MTFP) and ensuring long-term financial sustainability.

GOOD PRACTICE IDENTIFIED

 The MTFP accounts for expected high levels of volatility post 2024/25 with the assistance of Pixel, external advisors who work with over 160 local authorities.

 A favourable variance of £0.989 million was recorded for the General Fund in 2023/24, this was applied to the MTFP Reserve to assist with mitigating future funding pressures.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	1	0

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 Financial Governance document detailing relevant financial regulations and the framework of controls and standards governing the Council's financial affairs was due for formal revision in May 2024 although this does not appear to have taken place as per the document's version control.	The document titled Part E Financial Governance be updated to reflect the current position of the Council and a new date is set for revision.	3	<i>The Financial Regulations will be reviewed and updated and then tabled at Audit & Governance Committee for approval.</i>	July 2025	Business Manager – Financial Services

Appendix B - Progress against 2024/25 Annual Plan

System	Planned Quarter 2024/2025	Current Status	Comments
Business Continuity	1	Final report issued	
Procurement	1	Final (29 th Jan 2025)	Reported to Jan 2025 Audit Committee
Budgetary Control	1	Final report issued	
Financial Resilience	2	Final (29 th Jan 2025)	Reported to Jan 2025 Audit Committee
Apprenticeship and Talent Spotting	2	Draft (20 th January 2025)	
Agile Working	3	Draft (20 th January 2025)	
Housing Regulatory Compliance and Building Safety	3	Draft (20 th January 2025)	
Performance Management	3	In Progress	Initial Exit meeting 29th of January 2025
Risk Management Framework	3	In Progress	Anticipated Completion February 2025
Mansfield Crematorium	4	To Be Commenced	Q5 (Opening Meeting Booked 28 th April)
Gilstrap Financial	4	Completed	
Grounds Maintenance and Cleansing Service	4	To Be Commenced	Preliminary Meeting originally Jan 22 nd delayed at client request to 7 th February.
Equality Diversity and Inclusivity	4	In Progress	Exit Meeting 5 th February 2025

24/25 ICT-Cyber Security Maturity Assessment	4	In Progress	Anticipated Completion February 2025
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To be commenced	Site work commenced	Draft report issued	Final report issued
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Appendix C: Recommendations - Progress update

The Public Sector Internal Audit Standards require that Internal Auditors have arrangements to follow up audit recommendations and to monitor the effectiveness of action taken. The recommendations tracker is maintained by Internal Audit and regularly updated through consultation with management and a review of the evidence supporting the implementation of audit recommendations.

No priority 1 or 2 recommendations are overdue.

KEY
Agenda Page 26
Priority Gradings (1 & 2)

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.
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Risk Mitigation

CLEARED	Internal audit work confirms action taken addresses the risk exposure.	ON TARGET	Control issue on which action should be taken at the earliest opportunity.	EXPOSED	Target date not met & risk exposure still extant
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Appendix D: Briefings on Developments in Governance, Risk and Control

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control, Counter Fraud and Security Management which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those briefings issued in the last three months which may be of relevance to Newark and Sherwood district council is given below:

Summary of recent Client Briefings and Alerts

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
20 DECEMBER 2024	ALL	Security Alert	Company Sanctioned for Deploying Staff with Fraudulent SIA Licences	Company Sanctioned for Deploying Staff with Fraudulent SIA Licences - TIAA	A security company has been sanctioned for deploying 26 untrained staff with fraudulent SIA licences across the capital on 832 separate shifts. Our alert has the full story and advice.
12 DECEMBER 2024	ALL	Security Alert	Increase in People Sheltering in Waste Containers	Increase in People Sheltering in Waste Containers - TIAA	With the rise in homelessness, the waste management industry is encountering an increasing number of rough sleepers seeking shelter in waste containers, which poses significant risks when waste is collected.
12 DECEMBER 2024	Healthcare	Anti-Crime Alert	Covid Corruption Commissioner Appointed	Covid Corruption Commissioner Appointed - TIAA	This briefing covers the appointment of Tom Hayhoe as the new Covid Corruption Commissioner to investigate PPE fraud. His first task is to review the £8.7bn worth of PPE purchased during the pandemic that was written off. Our alert has all the details.
10 DECEMBER 2024	Charities	Briefing	Charity Commission Refreshes Anti-Fraud Guidance	Charity Commission Refreshes Anti-Fraud Guidance - TIAA	The Charity Commission recently published updated guidance to help trustees protect their charities from fraud and cybercrime.
6 DECEMBER 2024	ALL	Publication	Security Industry Authority (SIA) Annual Report 2024 Summary	Security Industry Authority (SIA) Annual Report 2024 Summary - TIAA	TIAA's summary of the Security Industry Authority (SIA) Annual Report 2024. Dive into the figures, key points and developments that are shaping the security industry.
29 NOVEMBER 2024	Healthcare	Security Alert	140 arson attacks on GP Practices and Hospitals	140 arson attacks on GP Practices and Hospitals - TIAA	GP practices and hospitals have been advised to protect their premises as official data reveals over 140 arson attacks took place at healthcare buildings last year. Home Office figures showed that there were 500 fires at hospitals and medical care facilities in 2023/24 in England, of which 146 were deliberate.

27 NOVEMBER 2024	ALL	Briefing	The Economic Crime and Corporate Transparency Act Update	The Economic Crime and Corporate Transparency Act Update - TIAA	An update on The Economic Crime and Corporate Transparency, On 16 October 2024, gov.uk published their latest policy paper on the Economic Crime and Corporate Transparency Act, outlining the transition plan for Companies House.
22 NOVEMBER 2024	Healthcare	Security Alert	Bogus Security Guard	Bogus Security Guard - TIAA	A man has been jailed for nearly three years for using a fake SIA licence to work at an NHS Trust and steal £1425. The individual, who never held an SIA licence, deceived his employer and was sentenced to 33 months' imprisonment. Our alert has the full details.
12 NOVEMBER 2024	ALL	TIAA Article	Are you Scam Savvy?	Are you Scam Savvy? - TIAA	In today's digital age, scams are becoming increasingly sophisticated and prevalent. To help you stay informed and protected, we've compiled a series of articles that delve into some of the most common types of fraud.



Appendix B

Newark and Sherwood District Council

Indicative Audit Strategy 2025/28 and Annual Plan 2025/26

April 2025

Draft

Executive Summary

Introduction

The Audit Plan for 2025/26 has been informed by a risk assessment carried out across our clients in the sector and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks. This coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Risk Considerations

We have identified a number of key areas which require consideration when planning internal audit coverage.

Macroeconomic and Financial Environment: The UK economy continues to be impacted by a sequence of significant events including high interest rates, and ongoing global conflict. Increased costs provide a challenging financial situation and a weakening financial position for many Councils. Seven Local Authorities since 2020 have declared themselves effectively bankrupt, with around one in four Councils warning they may have to do the same. The Council closely monitors financial positions and covenant compliance.

Devolution: In December 2024 the Government published a white paper on devolution, setting out proposals for greater local decision-making and opportunities for council reorganisation. Colchester continues to engage with partners across Essex to assess the proposals.

2025 Local Elections: The 2025 Local Elections are due to be held on 1st May 2025, some 2,240 councillors across 1,968 wards to be elected in 32 Councils, including 21 County Councils, 10 Unitary Authorities and 1 Metropolitan Borough. At least 14 of the 21 County Councils are poised to delay the ballots to explore options set out in the devolution white paper.

Cyber Security: This continues to be one of the highest ranked risks for Councils and shows no sign of going away. The velocity and volume of cyberattacks climbed sharply over the past few years. Remote and hybrid working and increased online service delivery increases vulnerability for Registered Providers.

New Tech and AI: The speed of AI growth has been rapid recently. The rapid integration of AI into services offered by major technology companies means the safe adoption of all AI into the Council operations will be a key issue for Councils.

Net Zero Strategies: Climate Change and Global warming can lead to physical, operational, financial and reputational risks. Decarbonisation of existing stock / offices and developing net zero properties will become a focus for the Council's asset management programmes. Sustainability is now a high agenda item with Councils further developing their sustainability goals.

People and Culture: The continuing fallout from the COVID-19 pandemic remains a major challenge for the shifting expectations of work. Workers in all age groups are continuing to seek a better work life balance, access to learning and development, a greater focus on employee well-being and for the organisations in which they worked to demonstrate strong social values.

Gap in Funding for Core Services: There is a risk that inflationary pressures and adverse financial circumstances might lead to a gap in funding to local councils and on key service pressures such as on the provision of social care, children's services, and homelessness. The rise in annual council tax indicator shows the majority of councils preparing to make the maximum rise in 2025-26 of 3%, and some looking to exceed the standard maximum.

Housing: Local authorities are struggling to build affordable housing that is needed. The extent of damp and leaks is on course to more than double in the two years since a child died after living in a rented flat with chronic mould. And complaints handling related to maintenance is a continuing concern.

Contract & Project Management: Contract and project management continues to pose a significant risk to Councils, as poor management and controls uncover continuing deficits. As well as adding to financial pressures, project failure can impact services or residents' lives and result in significant reputational damage.

Audit Strategy Methodology

In producing this audit strategy and annual plan, we have sought to build on our understanding of Council’s operating environment and risk profile through a review of key documentation and discussions with key staff. We have taken into account:

- Council’s business strategy and corporate objectives
- The regulatory and legislative framework
- Council’s risk register
- External Audit recommendations
- Previous Internal Audit coverage

We take in to account any emerging or heightened risks that are facing the sector, to ensure that the work of internal audit remains appropriately prioritised and focused. Links to specific strategic risks are also contained in the Internal Audit Strategy.

Our approach complies with the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and the Public Sector Internal Audit Standards (PSIAS).

Internal Audit Strategy and Plan

The Audit Strategy at Appendix A incorporates the proposed annual plans for 2025/26, 2026/27 and 2027/28.

The Annual Plan at Appendix B sets out the assignments that will be carried out in 2025/26, the planned times and the high-level scopes for each of these assignments.

The Annual Plan will be subject to ongoing review and could change as the risks change for the Council; this will be formally reviewed with senior management and the Audit Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of each assignment within the Annual Plan includes research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and Newark Council. Where Newark Council agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Chief Finance Officer and will be clearly set out in the terms of reference for the additional review(s).

Adequacy of the planned audit coverage

The reviews identified in the audit plan support the Head of Internal Audit’s annual opinion on the overall adequacy and effectiveness of Example Council’s framework of governance, risk management and control as required by TIAA’s charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

Disclaimer

This document 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 document 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 document and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our document.

Release of Report

The table below sets out the history of this plan.

Draft Strategy and Plan:	2025
Final Strategy and Plan:	

Appendix A: Rolling Strategic Plan

Review Area	Review Area	BAF/Risk Ref	Type	2024/25	2025/26	2026/27	2027/28
Governance							
Performance Management		SR306 Corporate Governance	Assurance	✓			
Community Engagement		SR308 Environment	Assurance			✓	
Joint Working Arrangements		SR306 Corporate Governance	Assurance		✓		
Companies – Contract Management and Governance		SR306 Corporate Governance	Assurance				✓
Complaints management		SR306 Corporate Governance	Assurance				✓
Members Allowances		SR306 Corporate Governance	Assurance				
Performance Management (including staff training)		SR306 Corporate Governance	Assurance				
Corporate Governance (including Staff Training and Succession planning)		SR306 Corporate Governance	Assurance		✓		
Climate Sustainability Maturity Assessment		SR306 Corporate Governance	Assurance		✓		✓
Devolution Impact		SR306 Corporate Governance	Assurance				✓
Risk							
Risk Management Framework	Core	SR306 Corporate Governance	Assurance	✓			

Review Area	Review Area	BAF/Risk Ref	Type	2024/25	2025/26	2026/27	2027/28
Business Continuity		SR306 Corporate Governance	Assurance	✓		✓	
ICT							
Cyber Security Maturity Assessment		SR307 Data Management Security	Assurance	✓	✓	✓	
ICT – Mobile Device Management		SR301 Financial Sustainability-General Fund	Assurance				✓
ICT - Social Media Use		SR306 Corporate Governance	Assurance		✓		
ICT - Network Resilience		SR301 Financial Sustainability-General Fund	Assurance				
Finance							
Financial Resilience	Core	SR301 Financial Sustainability-General Fund	Assurance	✓	✓	✓	✓
Key Financial Controls	Core	SR301 Financial Sustainability-General Fund	Assurance		✓	✓	✓
Procurement		SR305 Workforce	Assurance	✓			
Budgetary Control (Key Control Audit)		SR301 Financial Sustainability-General Fund	Assurance	✓			
Gilstrap Financials (also Governance in 25/26)		SR301 Financial Sustainability-General Fund	Assurance	✓	✓	✓	✓

Review Area	Review Area	BAF/Risk Ref	Type	2024/25	2025/26	2026/27	2027/28
Mansfield Crematorium		SR304 Contract/Supply Failure	Assurance	✓	✓	✓	✓
Accounts Receivable (Debtors) – Incl Bailiffs		SR301 Financial Sustainability- General Fund	Assurance				✓
Credit Card Usage		SR304 Contract/Supply Failure	Assurance				✓
Insurance		SR301 Financial Sustainability- General Fund	Assurance				✓
Capital Programme		Financial Sustainability- General Fund	Assurance		✓		
Operational Performance and Infrastructure							
Grants Fund – Towns Fund / Levelling Up 2		SR301 Financial Sustainability- General Fund	Assurance			✓	
Waste Management		SR306 Corporate Governance SR304 Contract/Supply Failure	Assurance		✓		
Grounds Maintenance and Cleansing Services		SR306 Corporate Governance SR304 Contract/Supply Failure	Assurance	✓			

Review Area	Review Area	BAF/Risk Ref	Type	2024/25	2025/26	2026/27	2027/28
Workforce							
Absence Management		SR305 Workforce	Assurance		✓		
Staff wellbeing and Sickness absence		SR305 Workforce	Assurance				✓
Health Alliance Arrangements & Benefits		SR305 Workforce	Assurance				✓
Workforce and Culture		SR305 Workforce	Assurance				
Apprenticeships and Talent Spotting		SR305 Workforce	Assurance	✓			
Agile Working		SR305 Workforce	Assurance	✓			
Grievance Reporting and Management		SR305 Workforce	Assurance			✓	
Parks and Open Spaces		SR305 Workforce	Assurance				✓
Leisure Services		SR305 Workforce	Assurance				✓
Right to Buy		SR305 Workforce	Assurance				✓
Contingency					✓		
Follow Up			Follow Up		✓	✓	
Added Value Audit Areas							
Housing Regulatory Compliance and Building Safety	Added Value Benchmarking	SR309 Statutory Compliance Management SR302 Financial Sustainability- HRA	Assurance	✓			
HRA H&S Mould	Added Value Benchmarking	SR309 Statutory Compliance Management SR302 Financial Sustainability- HRA	Assurance		✓		

Review Area	Review Area	BAF/Risk Ref	Type	2024/25	2025/26	2026/27	2027/28
Equality, Diversity, and Inclusivity (Staff)	Added Value Benchmarking	SR305 Workforce	Assurance	✓			
Antifraud and Corruption (LCFS)	Added Value Benchmarking						✓
Management and Planning							
Annual Planning			Management	✓	✓	✓	✓
Annual Report			Management	✓	✓	✓	✓
Audit Management			Management	✓	✓	✓	✓
Total Days				245	245	245	245

List of Advisory Reviews not included in the audit plan

Below is a list of reviews which are undertaken by our Specialists Staff and are available in addition to the plan.

Review	Indicative High Level Scope
Website Penetration Test	Web application penetration testing is the practice of simulating attacks on a system in an attempt to gain access to sensitive data, with the purpose of determining whether a system is secure. This is done in a safe and secure way with a report identifying weaknesses and remedial action.
Health and Safety Reviews	To provide assurance on a range of Health and Safety related topics to provide assurance and advice on compliance with statutory requirement and regulations.
Governance Effectiveness Reviews	The review will consider the Senior Managements effectiveness - including whether it has the structure, processes, people and performance to deliver. The review will also consider how they interact with stakeholders, and whether respective roles are clear.
Sustainability and Climate Change	Deep Dive into selected aspects of sustainability and climate change using a qualified subject matter expert.

Appendix B: Annual Plan – 2025/26

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
Core Reviews to support the Head of Internal Audit Opinion						
4	Corporate Governance (including Staff Training and Succession planning)	Assurance	12	The objective of the audit is to review the systems and controls in place within Corporate Governance, to help confirm that these are operating adequately, effectively and efficiently. The audit will provide focus on the structures in place, training and succession planning for key posts.		IA
3	Climate Sustainability Assessment	Assurance	20	Using TIAA's Eco Smart tool, to assess the Council's climate sustainability strategy, impacts such as devolution and financial constraints along with their current position, to assess the pathway to meeting objectives.		IA
4	ICT - Social Media Use	Assurance	10	There are various aspects of social media use that are factored. The Council's corporate use of social media, effective use to market the Council's services and reach the community. There is also staff and members use of social media and how personal accounts and media posting can impact on the reputation of the Council.		IA
1	Joint Working Arrangements	Assurance	20	Newark and Sherwood District Council owns Arkwood Developments , a company established to manage housing development projects within the district. For instance, Arkwood Developments has been involved in plans to build 142 homes on land off Lowfield Lane in Balderton. This review will consider Governance, disclosure and assurance pertaining to these important service providers.		IA
1	Financial Resilience	Assurance	15	Confirm the realism and likely delivery success of identified saving within the current financial year and the Medium-Term Financial Plan.		IA

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
3	Key Financial Controls - Budgetary Control	Assurance	16	<p>Budgetary Control is a fundamental financial process. Key control objectives that will be considered as part of this audit include:</p> <ul style="list-style-type: none"> Formally approved budgets are set each year, considering all relevant income and expenditure. The financial management system accurately reflects the agreed budgets. Budgets are allocated to individuals at an appropriate level, with monitoring responsibilities clearly outlined. All budget adjustments (including virements) are authorised. Budgets are adequately monitored and regularly reported, with reasonable variance levels being set which trigger action and explanation. Appropriate financial reserves are maintained in line with assessed risks. 		IA
3	Capital Programme	Assurance	15	The overall objective of this audit is to provide assurance over the adequacy and effectiveness of current controls over the Capital Programme and provide guidance on how to improve the current controls going forward. In summary, the scope would seek to cover the following areas: Policies and Procedures, Governance Arrangements, Allocation of Capital Programme Budget, Project Initiation, Monitoring, End of Project Evaluation and Tracking Realisation of Proposed Benefits.		IA
3	Waste Management	Assurance	15	Management of Waste Contracts and related financial controls. Consideration of adherence to agreed requirements for example Safety Sheets, Weights controls and HR requirements. Adherence to safety remedy requirements.		IA
3	Absence Management	Assurance	10	Evaluation on absence management practices within the Council, focusing on efficiency, compliance, and strategies for minimizing staff absences and promoting wellbeing. This includes assessing policies, monitoring mechanisms, and return-to-work processes with the goal being to optimise workforce productivity, ensure compliance and foster a healthy and supportive work environment.		IA
Suggested other Topics						
2	Cyber Security Maturity Assessment	Assurance	17	A review of the controls and processes in place to ensure cyber safety and prevent cyber fraud and attacks.		ICT
2	Gilstrap Financials	Assurance	8	Independent Examination of the Gilstrap accounts in accordance with S145 of the Charities Act 2011.		IA

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
2	HRA H&S Mould	Assurance	17	Following the Coroner's November 2022 report into the death of Awaab Ishak in Rochdale, the Regulator of Social Housing (RSH) and the Department for Levelling up, Housing & communities asked to be provided with details on the grip the Council had on damp and mould across both the provision of social housing. Awaab's law will become law from October 2025. The purpose of this audit is to assess the design and test the effectiveness of controls around Health and Safety procedures in relation to damp and mould including reviewing the process for monitoring performance. The review covers: Policies and procedures; roles and responsibilities; performance monitoring; risk management; business continuity; service level agreements and data protection.		IA
2	Mansfield Crematorium	Assurance	8	Completion of the audit of the Mansfield Crematorium Accounts.		IA
4	Contingency	TBC	8			
1 – 4	Follow-up	Follow up	16	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Housing Association are implementing recommendations, and providing reports to the Audit Committee.		
1	Annual Planning	Management	4	Assessing the Local Government's annual audit needs.		
4	Annual Report	Management	3	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.		
4	Training	Management	2	Supporting Training of Audit Committee		
1 – 4	Audit Management	Management	29	This time includes meeting client management, overseeing the audit plan, reporting and supporting the Audit Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).		
Total days			245			

Internal Audit Charter

Purpose

The purpose of internal audit is to strengthen Newark Council's ability to create, protect, and sustain value by providing the Council/committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal audit enhances Newark Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Council.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global internal Audit Standards

TIAA will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. TIAA will report periodically to the Council and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Authority

Newark Council's Council/committee grants the internal audit function the mandate to provide the Council/committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the Council/committee. Such authority allows for unrestricted access to the Council/committee.

The Council authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Newark Council and other specialised services from within or outside Newark Council to complete internal audit services.

Independence and Reporting Relationships

TIAA will confirm to Newark Council's Council/committee, at least annually, the independence of the internal audit function. TIAA will disclose to the Council/committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

Council/Committee Oversight

To establish, maintain, and ensure that TIAA internal audit provision has sufficient authority to fulfil its duties, the Council/committee will:

- Discuss with TIAA and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure TIAA has unrestricted access to and communicates and interacts directly with the Council/committee, including in private meetings without senior management present.
- Discuss with TIAA and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with TIAA and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve TIAA's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter periodically with TIAA to consider changes affecting the Council, such as changes in the type, severity, and interdependencies of risks to the Council; and approve the internal audit charter periodically. (typically, annually).
- Approve the risk-based internal audit plan.
- Review TIAA's performance.
- Receive communications from TIAA about the internal audit function including its performance relative to its plan.

- Ensure TIAA has established a quality assurance and improvement program, and this is reported on annually.
- Make appropriate inquiries of senior management and TIAA to determine whether scope or resource limitations are inappropriate.

TIAA Role

TIAA will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Council and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the Council.
- Report Council behavior that is inconsistent with the Council’s ethical expectations, as described in applicable policies and procedures.

Objectivity

TIAA will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If TIAA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or

engage in other activities that may impair their judgment, including:

- Performing operational duties for Newark Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Newark Council employee that is not employed by TIAA, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as TIAA management, Newark Council’s Council/committee and management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control. TIAA is responsible for providing assurance to Newark Council’s governing body (being the body with overall responsibility for the Council) on the adequacy and effectiveness of the risk management, control and governance processes.

TIAA’s Responsibility

TIAA has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Council/committee and senior management.
- Discuss the plan with the Council/committee and senior management and submit the plan to the Council/committee for review and approval.
- Review and adjust the internal audit plan, as necessary, in response to changes in Newark Council’s business, risks, operations, programs, systems, and controls.
- Communicate with the Council/committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Council/committee and senior management [periodically] and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact Newark Council’s and communicate to the Council and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to TIAA’s relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be

resolved or documented and communicated to the Council and senior management.

- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If TIAA cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Council.

Communication with the Council/Committee and Senior Management

TIAA will report periodically to the Council and senior management regarding:

- The internal audit function’s mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function’s conformance with The IIA’s Global Internal Audit Standards and action plans to address the internal audit function’s deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Council.
- Results of assurance and advisory services.
- Management’s responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Newark Council’s risk appetite.

Quality Assurance and Improvement Programme

TIAA will develop, implement, and maintain a quality assurance and improvement program that covers all aspects

of the internal audit function. The program will include external and internal assessments of TIAA’s conformance with the Global Internal Audit Standards, as well as performance measurement to assess TIAA’s progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function’s deficiencies and opportunities for improvement. Annually, TIAA will communicate with the Council and senior management about the quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of TIAA.

Scope

The scope of internal audit services covers the entire breadth of the Council, including all Newark Council’s activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Council/committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Newark Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Newark Council’s strategic objectives are appropriately identified and managed.

- The actions of Newark Council’s officers, directors, management, employees, and contractors or other relevant parties comply with Newark Council’s policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Newark Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.
- Work will be carried out in a manner prescribed by TIAA’s professional standards, Information Security and Information Governance policies.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Assurance Assessment Gradings

We use four levels of assurance assessments as set out below.

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.

Data Protection

TIAA has policies, procedures and processes in place to comply with all associated regulation and legislation on information security, which is underpinned by mandatory annual awareness training for all staff. To carry out our role

effectively, we need to obtain information that is reliable, relevant and sufficient to support our findings and recommendations. The collection of data, particularly sensitive personal data, is minimised and is not shared with unauthorised persons unless there is a valid and legal requirement to do so. We have clear policies on the retention of data and its appropriate, controlled disposal. TIAA has a fully robust Information Security Management System that meets all the requirements of ISO27001:2022.

Disclaimer

The matters raised in this planning report, along with those raised in our audit and annual reports, are only those that came to the attention of the auditor during the course of our work 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.

Performance Standards

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Performance Measure	Target
Completion of planned audits.	100%
Audits completed in time allocation.	100%
Draft report issued within 10 working days of exit meeting.	100%
Management responses received by TIAA within 10 working days of draft report issue.	100%
Final report issued within 10 working days of receipt of responses.	100%
Compliance with TIAA's audit charter and IIA GIAS/PSIAS	100%

Approved by the Governance and Audit Committee at its meeting on date



Report to: Audit & Governance Committee Meeting
19 February 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 Annual Draft Audit Completion Report
Purpose of Report	To present the External Auditor’s Annual Audit Completion Report for Newark and Sherwood District Council for 2023/24.
Recommendations	<p>Members receive the External Auditors Annual Audit Completion Report for 2023/24.</p> <p>Members note the adjustments to the financial statements set out in the report.</p> <p>The letter of representation signed by the Director of Resources – S151 Officer and the chair of the committee, be approved.</p>
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 and the Value for Money conclusion.

2.0 Statement of Accounts

2.1 The Council’s Statement of Accounts for 2023/24 is considered elsewhere on this agenda.

2.2 The report confirms that the external auditor has issued an unqualified opinion of the 2023/24 Statement of Accounts.

2.3 The report asks the Committee to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements included in the report;
- approve the letter of representation on behalf of the Council (Appendix B).

4.0 Value for Money

4.1 The Annual Governance Report includes the external auditor's conclusion on whether the Council has satisfactory corporate arrangements in place for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money conclusion. The auditor considers whether the Council has proper arrangements for financial resilience

4.2 The external auditor is satisfied that they have not identified any significant weaknesses in the arrangement for Value for Money criterion and their full commentary is provided in the Auditor's Annual report.

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.

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



Audit Completion Report

Newark & Sherwood District Council – year ended 31 March 2024

February 2025

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Audit and Governance Committee Members
Newark and Sherwood District Council
Castle House
Great North Road
Newark
Nottinghamshire
NG24 1BY
February 2025

Forvis Mazars
2 Chamberlain Square
Birmingham
B3 3AX

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2024

We are pleased to present our Audit Completion Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 31 August 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me at mark.surridge@mazars.co.uk.

Yours faithfully

Mark Surridge

Forvis Mazars LLP

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01	Executive summary
02	Audit approach
03	Significant findings
04	Internal control conclusions
05	Summary of misstatements
06	Value for Money
A	Appendix A: Draft management representation letter
B	Appendix B: Draft audit report
C	Appendix C: Confirmation of our independence
D	Appendix D: Other communications

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

01

Executive Summary

Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of controls; and
- valuation of land & buildings; and
- valuation of the net pension liability.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have completed our audit in respect of the financial statements for the year ended 31 March 2024.



Audit opinion

We will issue an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We expect the Council to be below the threshold for reporting but are awaiting final information from the NAO prior to finalising this work..



Wider Powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts.

02

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 31 August 2024.

Materiality

Our provisional materiality at the planning stage of the audit was set at £2.9m for the single entity and £3.1m for the group using a benchmark of 2% of gross operating expenditure.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Use of experts





Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. No changes to those outlined in our Audit Strategy Memorandum.

Item of account	Management's expert	Our expert
Valuation of Council Dwellings and Other Land & Buildings	Wilks, Head & Eve (External Valuer)	None
Valuation of the Net Defined Benefit Liability	Barnett Waddingham (Actuary for Nottinghamshire Pension Fund)	PWC LLP (Consulting Actuary appointed by the NAO)
Business Rates Appeals Provisions	Inform CPI	None
Financial Instrument Disclosures	Link Asset Management	None

Audit approach

Overview of our group audit approach

Based on our risk assessment and the financial information for the 2023-24, we determined that certain components consolidated into the group financial statements should be subject to either a full scope audit or a specific scope audit, as set out in the table below.

Group component	Auditor	Scope	Changes to scope since planning?	Key points or other matters to report
Newark and Sherwood District Council	Forvis Mazars LLP		No	Detailed in this report.
RHH Newark Limited	Wright Vigar Limited		No	Analytical procedures carried out on the primary financial statements.
Arkwood Development Limited	Wright Vigar Limited		No	Analytical procedures carried out on the primary financial statements.
Active4Today Limited	Streets Audit LLP		No	Analytical procedures carried out on the primary financial statements.

Full audit
 Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality

Audit of balances and/or disclosures
 Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality

Specific audit procedures
 Performance of specific audit procedures on the component's financial information

Out of scope
 Component is determined to be out of scope based on size and/or risk.

03

Significant findings

Significant findings

Significant findings, including key areas of management judgement

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 13 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and

Significant Risks

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

addressed this risk through performing audit work over:

- accounting estimates impacting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

Audit conclusion

No material misstatements were noted in this section.

Significant findings

Net defined benefit liability valuation

Description of the risk

The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.

How we addressed this risk

We addressed this risk by:

- Critically assessing the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary;
- Liaising with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;
- Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by PWC, the consulting actuary engaged by the National Audit Office;
- Agreeing the data in the IAS19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements; and
- Considering the impact of IFRIC14 regarding pension fund surpluses. Including managements assessment on whether the present value of their secondary contributions would result in a net asset position.

Audit conclusion

No material misstatements were noted in this section.

Significant findings

Valuation of Other Land & Buildings and Council Dwellings.

Description of the risk

Property related assets are a significant balance on the Council's balance sheet. The valuation of land and buildings is complex and is subject to a number of management assumptions and judgements.

Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.

How our audit addressed this area of management judgement

Our tested included, but were not limited to:

- Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
 - Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
 - Assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends;
 - Testing a sample of asset valuations to underlying records; and
 - Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluation in 2023/24 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers.
-

Audit conclusion

Material errors noted and corrected, please see section 5 of this report for further explanation.

Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 appropriately tailored to the Council's circumstances.

- If the financial reporting framework has not been complied with then this should be explained, including the implications of this non-compliance.
- If you consider a significant accounting practice that is acceptable under the applicable financial reporting framework not to be the most appropriate to the particular circumstances of the entity then this should be explained.
- If there have been any changes in significant accounting policies then this should be explained here including the application of new accounting pronouncements.

In this section of the report we should explain the issues involved, and related judgements made, in formulating particularly sensitive financial statement disclosures (for example, disclosures related to going concern, revenue recognition, remuneration, subsequent events and contingency plans). There is no need to duplicate a significant finding that has been included earlier in this report.

Draft accounts were received from the Council in June 2024 and were of a good quality.

Significant matters discussed with management

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

- IFRIC 14 requires an entity participating in a funded pension scheme to consider whether any minimum funding requirement relating to past service will be available to the entity either as an unconditional right to a refund or a reduction in future contributions. This was an issue discussed with the Council during the 2022-23 audit. For the 2023-24 audit it was raised that most entities had not previously assessed whether positive secondary contributions give rise to an additional liability when there is an IAS19 net liability position at the balance sheet date. We confirm that the Council have considered this for 2023-24.
- The nature of errors arising from the work performed, including adjustments to the financial statements and control recommendations raised.

Significant difficulties during the audit

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

Wider responsibilities

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

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

We have not exercised any of these powers as part of our 2023/24 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account.

04

Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Council's internal controls, we are required to communicate to Audit and Governance Committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies Council's internal controls that we have identified as at the date of this report are in set out on the following pages.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Audit and Governance Committee.

We have not identified any significant deficiencies in the Council's internal controls as at the date of this report.

Other observations

We also record our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Our other internal control observations, as at the date of this report, are set out in this section. These have been reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by Audit and Governance Committee and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Internal control conclusions

Deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

As part of our testing of related party disclosures in the accounts, we reviewed declaration forms completed by members and officers. Through this testing we noted that 3 members had not completed these forms at the point in which the financial statements were being prepared. A subsequent review was carried out when these were received.

Potential effects

The related party's disclosure could be incomplete and there is a risk if there were related parties that these transactions were not carried out at arms length.

Recommendation

Council to ensure all of these have been received when preparing the financial statements to ensure all related parties are captured.

Management response

Members will be reminded of the importance of a timeliness response for their declarations and how these deadlines align with the overall schedule for producing the financial accounts

Internal control conclusions

Deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

As part of our journal's walkthrough, we noted that the system has two flaws with the £100k posting limit which can be bypassed if the journal is a historic one (GH) and if the staff member has admin access.

Potential effects

That posting limit is breached and could lead to large unverified transactions and/or an increase of fraud opportunity.

Recommendation

Council to implement controls to prevent this from being bypassed.

Management response

Finance staff will no longer have access to post historical journals; this capability will be restricted to senior finance officers only.

For finance staff with admin access, we will reiterate that they should not post journals exceeding £100k. Additionally, senior finance officers will run a quarterly journal report to review the journals posted by staff with admin access.

Internal control conclusions

Other recommendations on internal control

In our view, internal control should be strengthened in these additional areas when practicable.

Description of deficiency

A number of income and expenditure sample items selected were recorded in the incorrect year as noted in our summary of unadjusted misstatements.

Potential effects

This could lead to income or expenditure being understated or overstated in the financial statements.

Recommendation

The Council ensures income and expenditure is recorded in the correct year.

Management response

New processes have been incorporated into the year-end schedule to review income and expenditure for both the current and upcoming financial years, identifying any items that may require adjustments in the accounts. Additionally, finance staff have been assigned to conduct extra checks on key income and expenditure codes where time-sensitive transactions are likely to occur.

Internal control conclusions

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

No market value adjustments were made on properties not revalued in year

Potential effects

Non-compliance with the accounting framework and internal accounting policies. This could also result in material misstatement

Recommendation

We recommend that management reviews the potential impact of these revaluation movements and make the changes in the accounts to reflect the correct asset values at financial year end date.

Current position

We have reviewed the Council's method for determining assets not revalued in year are not materially different from their carrying value. No issues were noted and expected variance noted in adjustments.

Internal control conclusions

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

Members have not completed declaration of interest forms

Potential effects

Related party transactions could go undetected which may result in disclosure misstatements in the accounts. Non-compliance with internal policies.

Recommendation

All members must complete declaration of interest forms, and these must be adequately kept by management and made available to auditors for inspection when required.

Current position

Remains an issue in 2023-24.

05

Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £87k. .

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 31 August 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Income that should have been recognised in 2023-24 was not accrued for and recognised in 2024-25.				
Note amount is based off an extrapolation of sampling errors.				
Dr: Debtors			951	
Cr: Cost of Services - Income		(951)		
Expenditure that should have been recognised in 2023-24 was not accrued for and recognised in 2024-25.				
Note amount is based off an extrapolation of sampling errors.				
Dr: Cost of Sales – Expenditure	1,044			
Cr: Creditors				(1,044)

Summary of misstatements

Unadjusted misstatements continued

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Incorrect application of Beacon Valuations				
Dr: Surplus(-)/deficit on revaluation of non-current assets	112			
Cr: Property, Plant & Equipment				(112)
Potential understatement of assets not revalued compared to carrying value. Based on estimation of value.				
Dr: Property, Plant & Equipment			899	
Cr: Surplus(-)/Deficit on revaluation of non-current assets		(899)		
	1,156	(1,849)	1,849	(1,156)

Summary of misstatements

Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe Audit and Governance Committee should be made aware of.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Incorrect grossing up of interest paid and interest received in respect of a Housing Revenue Account recharge.				
Dr: Financing Income	905			
Dr: Interest Receivable			905	
Cr: Financing Expenditure		(905)		
Cr: Interest Payable				(905)
Incorrect classification of asset (32 Stodman Street) as Other Land & Buildings instead of Assets-Under-Construction (no overall effect on the overall balance of Property, Plant & Equipment)				
Dr: Assets-Under-Construction			3,613	
Cr: Other Land & Buildings				(3,613)
Errors noted in the Council's valuation of DRC and EUV assets.				
These adjustments have affected both the 2023-24 Statement of Accounts and also the prior year.				
Dr: Resusable Reserves			2,970	
Dr: General Fund	1,220			
Cr: Property, Plant & Equipment				(2,970)
Cr: Surplus(-)/deficit on revaluation of non-current assets		(1,220)		
	2,125	(2,125)	7,488	(7,488)

Summary of misstatements

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been agreed to adjust by management:

- Note 1 Accounting policies / Note 26 Heritage assets - Incorrectly refers to heritage asset valuations being increased annually for inflation
- Note 21 Audit Fee - Audit fees didn't match the most recent ASM, we requested this to be changed, and the client agreed to amend the figures to match. Additional note for 'Subsequent events' added in the updated financial statements.
- Note 1 Accounting policies - A number of discrepancies have been noted with the Council's accounting policy disclosures e.g. the absence of a prior period adjustment policy and the inclusion of heritage assets being increased annually for inflation when this is not the case.
- 'Note 22 - Capital Commitments - The Council have failed to complete this note in accordance with the Code requirements with a single actual contractual commitment being noted in respect of Yorke Drive for £277k.
- Incorrect disclosure of the Travelodge leasing entries.
- Incorrect disclosure of future minimum lease payments due in respect of lessor operating leases.
- Incorrect disclosure of financial instrument entries
- Incorrect disclosure of lessee finance lease underlying asset movements

06

Value for Money

Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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

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

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

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in February 2025.

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix B confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in February 2025.

Risks of significant weaknesses in arrangements

In our Audit Strategy Memorandum, we reported no risks of significant weaknesses in arrangements that we had identified as part of our planning procedures.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

Appendix A: Draft management representation letter

Dear Mark Surridge,

Newark & Sherwood District Council - audit for year ended 31 March 2024

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

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

I confirm as S151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable and:

- that the significant judgments made in making the accounting estimates have taken into account all relevant information of which management is aware;
- that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework;
- that appropriate specialized skills or expertise has been applied in making the accounting estimates;
- that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements; and/or

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Appendix A: Draft management representation letter continued

Group Accounts

I confirm that I have reviewed the accounting transactions of the Council's partnerships and joint ventures and am satisfied that the basis of Group Accounts is complete and accurate.

Contingencies

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

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

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

There are no contingent gains which should be disclosed.

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

Laws and regulations

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

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

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

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

Related party transactions

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

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

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have considered the impact of Covid-19 on the Council's Investment Properties. An impairment review is therefore not considered necessary.

Charges on assets

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

Appendix A: Draft management representation letter continued

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and there is no significant impact on the Council's operations from restrictions or sanctions in place.

Going concern

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

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Annual Governance Statement

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

Narrative report

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

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Sanjiv Kohli CPFA ACA

Deputy Chief Executive/Director of Resources

Appendix B: Draft audit report

Independent auditor's report to the members of Newark & Sherwood District Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Newark & Sherwood District Council ('the [Council]') and its subsidiaries ('the Group') for the year ended 31 March 2024, which comprise the Council and Group Comprehensive Income and Expenditure Statement(s), the Council and Group Movement in Reserves Statement(s), the Council and Group Balance Sheet(s), the Council and Group Cash Flow Statement(s), Housing Revenue Account and The Collection Fund and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2024 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the Annual Governance Statement information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Appendix B: Draft audit report continued

Responsibilities of the Director of Resource's for the financial statements

As explained more fully in the Statement of the Director of Resource's Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director of Resources is also responsible for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Resources is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992, the Accounts and Audit Regulations 2015, and the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but

were not limited to:

- inquiring with management and the Audit and Governance Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.

We evaluated the Director of Resource's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance.

Our audit procedures in relation to fraud included but were not limited to :

- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Director of Resource's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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

Appendix B: Draft audit report continued

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

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

Responsibilities of the Council

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Matter on which we are required to report by exception under the Code of Audit Practice

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

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

Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Newark & Sherwood District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate received further instruction from the NAO in respect of Whole of Government Accounts.

Mark Surridge

Key Audit Partner

For and on behalf of Forvis Mazars LLP

Appendix C: Confirmation of our independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.
External confirmations	We experienced some delays in obtaining confirmations.
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Director of Resources that Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements..</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
<p>Subsequent events</p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<p>Matters related to fraud</p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate Audit and Governance Committee, confirming that</p> <ul style="list-style-type: none"> a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. management; ii. employees who have significant roles in internal control; or iii. others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Contact

Forvis Mazars

Mark Surridge

Partner

Tel: +44 (0)7875 974 291

Mark.Surridge@mazars.com

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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Forvis Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

Telephone: 01636 655303
Email: Sanjiv.Kohli@newark-sherwooddc.gov.uk

Date 19th February 2025

Dear Sirs,

Newark & Sherwood District Council - audit for year ended 31 March 2024

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

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

I confirm as S151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable and:

- that the significant judgments made in making the accounting estimates have taken into account all relevant information of which management is aware;
- that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework;
- that appropriate specialized skills or expertise has been applied in making the accounting estimates;
- that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements; and/or

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

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I confirm that I have reviewed the accounting transactions of the Council's partnerships and joint ventures and am satisfied that the basis of Group Accounts is complete and accurate.

Contingencies

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

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

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

There are no contingent gains which should be disclosed.

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

Laws and regulations

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

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

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

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

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

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

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To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their

carrying value at the balance sheet date. I have considered the impact of Covid-19 on the Council's Investment Properties. An impairment review is therefore not considered necessary.

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

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and there is no significant impact on the Council's operations from restrictions or sanctions in place.

Going concern

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

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Annual Governance Statement

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

Narrative report

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

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Sanjiv Kohli
Deputy Chief Executive, Director of Resources
and S151 Officer

Councillor Peter Harris
Chair – Audit and Governance Committee



Report to: Audit & Governance Committee Meeting
19 February 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 Annual Audit Report
Purpose of Report	To present the External Auditor’s Final Annual Audit Completion Report for Newark and Sherwood District Council for 2023/24.
Recommendations	Members receive and note the External Auditors Final Annual Audit Report for 2023/24. Members note the adjustments to the 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 Report (AAR) in compliance with the International Standards on Auditing. The AAR summarises the work that has been undertaken for the year ended 31 March 2024.

2.0 Statement of Accounts

2.1 The AAR confirms that the external auditor anticipates issuing an unqualified opinion of the 2023/24 Statement of Accounts. Approval of the Statement of Accounts by this Committee has been granted elsewhere on this agenda.

3.0 Commentary on Value for Money arrangements

3.1 Included within the AAR is a commentary on the Value for Money arrangements.

- 3.2 Part 3 of appendix A details the work undertaken in or to be able to comment on the Council's arrangements for Value for Money, together with the outcomes of Mazars' work against each of the reporting criteria. This includes whether they have identified any significant weaknesses in arrangements or made any other recommendations.
- 3.3 The table on page 10 of the document shows that the outcome of their work has not identified any risk or actual significant weaknesses across the areas of:
- Financial Sustainability
 - Governance
 - Improving economy, efficiency and effectiveness.
- 3.4 It did however make a recommendation regarding Governance, and the effectiveness of the Audit Committee, which is described on page 21 of the appendix.
- 3.5 A further detailed commentary on each of the reporting criteria is included within pages 12 onwards.

4.0 Other reporting responsibilities

- 4.1 Section 4 of the report details the other reporting responsibilities that Mazars have powers to report on where necessary. The report confirms they have not exercised any of these statutory reporting powers.

5.0 Audit Fees and other Services

- 5.1 The fees for the audit are described on page 25 of the document. This shows a proposed figure of £188,218 for the audit, subject to Public Sector Audit Appointments approval. There is an additional fee included in relation to the work completed as a result of the additional testing completed due to errors in cut-off testing and asset valuations of £19,600. This additional cost can be absorbed by the General Fund within the 2024/25 financial year.

6.0 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.

6.1 Legal Implications (LEG2425/6672)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its terms of reference.

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



Auditor's Annual Report
Newark & Sherwood District Council – year ended 31 March 2024

February 2025

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- 04 Other reporting responsibilities
- 05 Audit fees and other services

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

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01

Introduction

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Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Newark & Sherwood District Council ('the Council') for the year ended 31 March 2024. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

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



Opinion on the financial statements

We expect to issue our audit report in February 2025. Our opinion on the financial statements is expected to be unqualified.



Value for Money arrangements

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



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Wider reporting responsibilities

We have not received any formal objections to the financial statements.
We are awaiting clarification on any final instructions on the Whole of Government Accounts return.

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2024 and of its financial performance for the year then ended. Our audit report, to be issued in February 2025 is expected to give an unqualified opinion on the financial statements for the year ended 31 March 2024.

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

Other reporting responsibilities

Reporting responsibility	Outcome
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

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03

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance - How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

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

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

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

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

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

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

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




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

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

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

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	No
 Governance	14	No	No	Yes – see commentary on page 20
 Improving economy, efficiency and effectiveness	17	No	No	No

VFM arrangements

Financial Sustainability

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



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Position brought forward from 2022/23

There are no indications of a significant weakness in the Council's arrangements for financial Medium-Terminability brought forward from 2022/23. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2023/24.

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and Committee reports, the Annual Governance Statement, and Statement of Accounts for 2023/24. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plan to best meet the needs of the Council's service users.

The Council's financial planning and monitoring arrangements

Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Council's arrangements for budget monitoring remain appropriate, including regular reporting to Members. On the 9 March 2023 the Council presented the Medium-Term Financial Plan (MTFP) which showed a balanced budget for 2023/24. In its MTFP the council projected surplus for 2023/24 and 2024/25 and deficit in 2025/26 and 2026/27, where this would be funded by contributions from reserves, as follows:

	2023/24	2024/25	2025/26	2026/27
	£'m	£'m	£'m	£'m
Estimated expenditure	16.959	17.978	18.895	19.655
Estimated Income	17.528	18.422	14.042	14.209
Contribution (to) or from Reserves	-0.569	-0.444	4.853	5.446

Budget setting and the Medium-Term Financial Plan

The Council's report refers to the limitations caused by delays in the local government funding reform. The Government initially intended for these reforms to take effect from 2020/21 although has now delayed these reforms further to 2025/26 at the earliest. The Council has put forward its view that the impact of the government's decision to delay the reform to the system has not hindered the funding position of Newark and

Sherwood District Council: the delay in re-setting the NDR baseline has meant that expected NDR income in 2023/24 and 2024/25 is c£6.9m higher than forecast within the MTFP that was approved on 8 March 2022. At the same meeting the Council presented how it proposes to bridge the funding gaps. Some of the mitigating methods were dividends to be received from Arkwood Developments Ltd, contributions from Nottinghamshire business rates pool. The transfers into the MTFP reserve during 2023/24 and 2024/25, is expected to increase the balance to £8.471m.

2023/24 Statement of Financial Position and financial outturn

The purpose of the Council's General Fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Whereas earmarked reserves are set aside for specific purposes.

We carried out a high-level analysis of the financial statements subject to our audit, including to comparing the Councils general fund as a proportion of gross revenue and net revenue expenditure (27% and 101% respectively) to other districts. The Council fall just below average (33% and 109%) and we believe these to be stable. Other reserve movements (based on draft financial statements):

- General Fund Balance & Earmarked Reserves of £32.649m, up from £32.320m in the prior year
- HRA Balance & Earmarked Reserves of £6.227m, down from £7.115m in the prior year
- Capital Reserves of £11.316m, down from £15.421m in the prior year.

Our work to date has not highlighted any risks of significant weakness in arrangements or indicators of an immediate risk to the Council's financial sustainability. However, the use of reserves to bridge the MTFP cannot be a long-term solution and the Council will need to evaluate how either savings or income generation activity can support spending plans.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

2023/24 Statement of Financial Position and financial outturn (continued)

We have further reviewed the Council's outturn reports as presented to Cabinet on 23 July 2024, which explained the overall budget variance to be:

Area	Budget £'m	Outturn £'m	Variance £'m
Net Cost of Services	32.538	32.286	-0.252
Net Cost of Council Expenditure	8.511	7.632	-0.879
Net Cost of HRA Services	0.063	-0.084	-0.147
(Surplus)/Deficit on HRA Services	2.195	2.294	0.099

As reviewed above, the accounts show a favourable variance of £0.252m on service budgets, with a total favourable variance of £0.879m. 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 7 March 2024. The HRA Revenue outturn is not significantly different to budget and the deficit in (Surplus)/ Deficit on HRA services is mainly due to increased Finance & Investment expenditure than budgeted.

Although our testing of the financial statements identified material issues in relation to asset valuations, we are satisfied that the reported financial position presented to cabinet is not inductive of a risk of significant weakness in the Council's arrangements for financial sustainability.

The Council's capital expenditure and financing

Capital expenditure in the current financial year amounted £55.385m made up of £41.350 General Fund (including REFUS) and £14.035m HRA expenditure. Capital expenditure has been financed largely from External Grants and Contributions, Capital Receipts as well as Revenue Contributions.

In 2023/24, the Council spent £23.9m on capital additions and £31.6m of REFUS (Revenue Expenditure Funded from Capital Under Statute). Our testing of these balances did not identify any material issues.

As part of paying down the capital financing requirement, the Council charged £0.769m to the General Fund as a "Minimum Revenue Provision". The duty to make Minimum Revenue Provision (MRP) is an important

component of the Prudential Framework to ensure capital expenditure and borrowing can be repaid. We reviewed the Council's Policy for 2023/24 and its supporting calculations as part of our work on the financial statements audit.

- The Council's opening Capital Financing Requirement (CFR) is £134.6m and the split between General Fund (GF) and Housing Revenue Account (HRA) amounts to £28.0m and £106m respectively.
- The Council uses the asset life method to calculate its MRP with a General Fund charge of £0.769m which is 2.2% of the General Fund Capital Financing Requirement
- The Council also made a Voluntary Revenue Provision (VRP) of £5.9m.

Additionally, a further £5.5m has been charged against the Major Repairs Reserve in respect of the repayment of HRA debt.

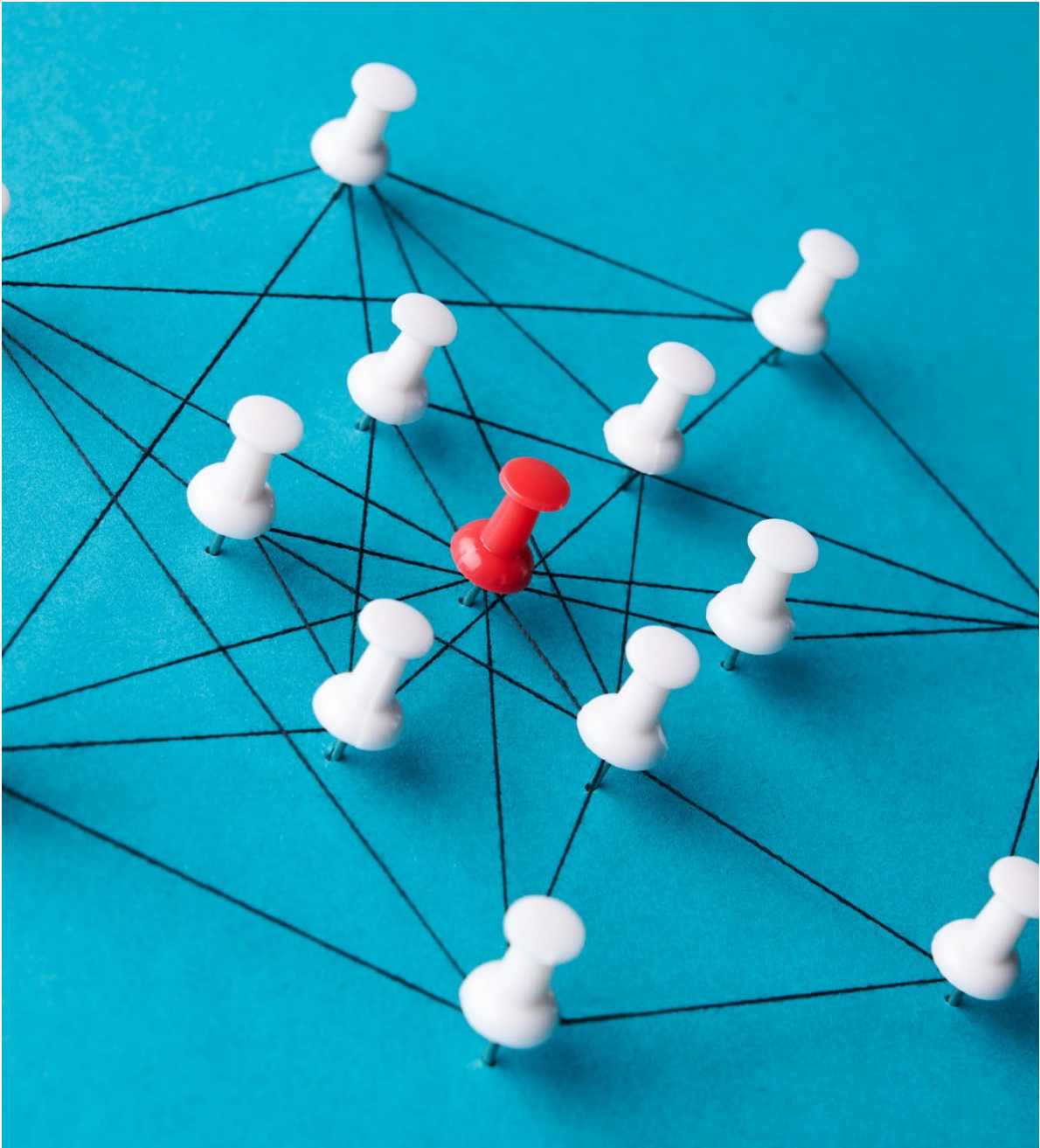
We note that the 2023/24 closing CFR also includes £3.3m of capital expenditure incurred during the year with any MRP charge only commencing in the year after acquisition, in line with Council policy.

We are satisfied the Council's capital expenditure and capital financing does not give rise to a risk of significant weakness in arrangements, however, the importance and impact of the MRP is often poorly understood outside of finance teams and can lead to significant issues affecting the financial sustainability of a local authority.

VFM arrangements

Governance

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



VFM arrangements – Governance

Overall commentary on Governance

Position brought forward from 2022/23

There are no indications of a significant weakness in the Council's arrangements for Governance brought forward from the previous year and overall arrangements are not significantly different in 2023/24.

The Council's Governance structure

This governance arrangement is detailed in the Council's Constitution and the summary is included in the Annual Governance Statement. The Council's governance structure prioritises seven core principles as identified in the Framework. These are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capacity of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

We have attended the Council's Audit and Governance Committee meetings; we have reviewed minutes from the different committees against our understanding of the Council as part of our audit. Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. Minutes are published and reviewed by Cabinet and Committees to evidence the matters discussed, challenge and decisions made. Based on our work we are satisfied that the Council has established adequate governance arrangements in line with that expected for a district council.

Risk management

The Council has a cross-service Risk Management Group that meets regularly to identify and evaluate all significant risks. Strategic, Corporate and Operational Risk Registers are in place and appropriate staff have been trained in the assessment, management and monitoring of risks. In addition to this, a Fraud Risk Register is in place with a refresh taking place during 2023/24. This was presented to the Audit and Governance Committee at its meeting in July 2024. Risk management policies and procedures are in place with the objective of ensuring that the risks facing the authority in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.

We have reviewed the risk registers and noted that these are reviewed regularly, with each strategic risk identified being assigned a 'risk owner' in order for there to be accountability. The 'risk owners' would then review their allocated strategic risks at quarterly intervals. Additionally, the strategic risks are also communicated to the Audit and Governance Committee for additional scrutiny. Similar actions are taken with operational and fraud risks. Our work has not identified any significant weakness in arrangements for risk management.

VFM arrangements – Governance

Overall commentary on Governance

Internal controls

We have considered arrangements for assurance over the effective operation of internal controls, including the prevention and detection of fraud. We considered the role of Internal Audit, which is provided by an outsourced team of internal auditors, led by the Head of Internal Audit. Internal Audit undertake a series of key control assignments throughout the year which look at the critical areas of business for the Council. The main reason for these audits are to ensure that internal controls surrounding these key tasks are working effectively. The planned tests are compiled into an annual audit plan which is agreed with management at the start of the financial year and is reviewed by the Audit and Governance Committee prior to final approval.

We have reviewed minutes, reports and attended committee meetings to confirm that Internal Audit progress reports are presented to each Audit and Governance Committee meeting including follow up reporting on recommendations from previous Internal Audit reports. We are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Internal Audit provides an Annual Report including an opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework based on the work completed during the year. For the 2023/24 financial year, the opinion of the Head of Internal Audit is that the Council 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."

We made specific enquiries of management and internal audit regarding fraud and corruption and have not been made aware of any significant issues.

Effectiveness of the Audit Committee

In our view, good governance forms the foundation of resilient and sustainable organisations and enhances stakeholder confidence. The Audit and Governance Committee is a critical component of good governance and should function without political bias.

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, sets out that "The [audit] committee should:

- be directly accountable to the authority's governing body...
- in local authorities, be independent of both the executive and the scrutiny functions...

- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided."

MHCLG published a policy paper "[Local authority financial reporting and external audit: government response to the independent review](#)" in December 2020, which included a recommendation that "The governance arrangements within local authorities be reviewed by local councils with the purpose of... consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee."

The Council's Audit & Governance Committee comprises 12 members, which is more than any other district in Nottinghamshire (including Nottingham City Council). Reports and minutes are published on the Council's website, including a broadcast of the meetings that take place.

We have attended numerous meetings of the Committee during the year. We have considered minutes of meetings and supporting reports. We have also met with the chair of the committee on 18 October in a private meeting, where we discussed having future meetings "in private" as an area of best practice and also discussed initial feedback from the recent LGA peer review.

Based on the work we have performed, the Committee is adequately serviced and attended by officers as required and there is evidence of challenge by members of the Committee.

Overall, whilst we do not believe there is evidence that there is a significant weakness in arrangements, there have been numerous occasions when questions and discussion have veered into political debate and the effectiveness of the Committee has not been consistently at the standard it should be.

VFM arrangements – Governance

Overall commentary on Governance

2024/25 Budget setting and the Medium-Term Financial Plan (MTFP)

The Council's budget setting and medium-term financial planning follows a similar process and format to previous years and our review is supported by discussions with officers during the year and experience from prior year audits. We read the report to Council in March 2024, where a balanced budget was set. We are satisfied that the reports contain an adequate amount of detail regarding assumptions and that these are not unreasonable. The Council reflects on the limitations of medium-term financial planning through the one-year local government finance settlements.

The General Fund Budget, Medium-Term Financial Plan and capital programme was appropriately approved by Council in March 2024.

The table below reproduces the MTFP table highlighting funding shortfalls have reduced compared to the previous MTFP.

Year	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m
Estimated Expenditure	19.879	22.097	22.968	23.626
Estimated Income	-20.673	-20.808	-18.959	-19.257
Contribution (to) or from Reserves	0.994	0.272	0.278	0.283
Funding shortfall prior to mitigations	0.200	1.551	4.277	4.642

Although the Council have sufficient reserves to combat the shortfalls in the medium terms, they have confirmed they understand that the use of reserves cannot be a long-term solution and already have started putting in place plans to generate efficiency savings and income generation, evidenced by the Council's Commercialisation Plan and service reviews carried out/planned by the Transformation Business Unit. Management also recognise that further work will be required in 2024/25 to identify ways of reducing the Council's net budget requirement.

Budgets are appropriately monitored throughout the year. At the end of months 4, 6 and 8 a report is taken to

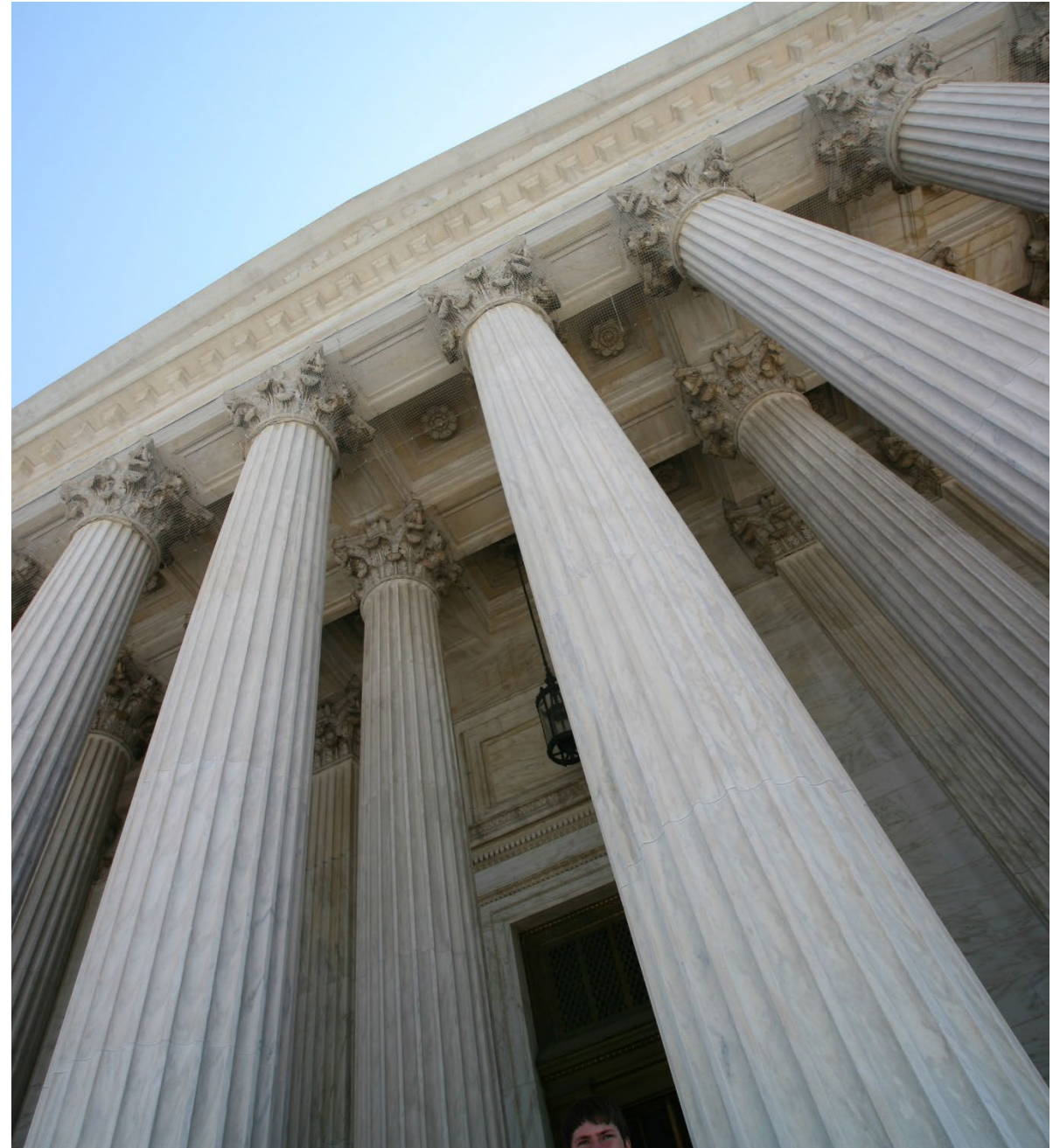
Policy Performance and Improvements Committee and then onto each individual committee and Policy and Finance on the overall Council position. This details variances against the revised budget and the impact on the General Fund, HRA and Capital positions should the variances occur at year end. This is to ensure that service committees are updated with relevant financial monitoring information on the committees' budgets.

Our work has not identified a risk of significant weakness in the Council's arrangements for governance.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

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



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Position brought forward from 2022/23

There are no indications of a significant weakness in the Council's arrangements brought forward from the prior year and the Council's arrangements are not significantly changed since the prior year.

Community Plan and performance monitoring

The Council adopted the Community Plan during the current financial year which was approved at Council on the 12 December 2023. The Community Plan spans the medium term from 2023 through to 2027. The Community Plan includes 8 objectives, which are:

- Improve health and well being
- Increase the supply, choice, and standard of housing.
- Raise peoples' skills levels and create employment opportunities for them to fulfil their potential
- Reduce crime and anti-social behaviour.
- Protect and enhance the district's natural environment and green spaces.
- Reduce the impact of Climate Change.
- Celebrate and invigorate community spirit, pride of place and a sense of belonging.
- To be a top performing, modern and accessible Council.

The Council has a performance monitoring process in place. We have reviewed minutes of the Policy and Performance Improvement Committee on the 24 June 2024 where the Council reviewed performance against the set indicators. We noted that performance is assessed through achievement of objectives and activities within the Community Plan. The report adequately indicates the target set for the financial period, and thereafter shows the Council's performance against the target as well as comparatives for the previous two financial periods. Performance is also colour coded where green indicates good performance whilst red is reflective of where improvements are needed. A narrative is also included to show how the

Council plans to improve results where necessary.

On an annual basis, the Council's overall performance is summarised in the Narrative Report as part of the Statement of Accounts. This outlines the Council's progress against its ambitions, highlighting key successes and risk areas. This provides the public with an overall assessment of the Council's activities for the financial year.

We have reviewed a sample of targets as reported in the Q4 report for 2023/24 and confirmed that this report is in line with what has been reported in the financial statements. The quarterly reports demonstrate that performance has been managed throughout the 2023/24 year and any significant variances have been justified.

Overall, we believe there is sufficient evidence to demonstrate adequate arrangements for performance monitoring and management at the Council.

Procurement

The Council has specific arrangements through standing financial instructions and purchase order controls and our work on the financial statements has not identified any significant internal control deficiencies in these areas.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



VFM arrangements - Identified significant weaknesses and our recommendations

We have not identified any significant weaknesses in arrangements. We have, however, identified one “Other” recommendation for improvement

Description	Financial sustainability	Governance	Improving the 3Es	Recommendation(s) for improvement	Our views on the actions taken to date
<p>Effectiveness of the Audit Committee As described on page 16, our presence at Audit and Governance Committees have highlighted that improvement is required and that the Council isn't aligned with best practice.</p>		●		<p>Ultimately, the functioning and effectiveness of the Audit & Governance Committee requires improvement, and we recommend the Council performs a formal review of effectiveness that considers, but is not limited to:</p> <ul style="list-style-type: none"> • Committee make-up and size, including number of members and whether a suitably qualified independent member be appointed. • A programme of training for all members, ensuring all do attend. Training for the chair on the role and purpose of an Audit Committee and how to lead an assurance committee effectively. • Formal reminder at the beginning of each meeting over the purpose and behaviour required from members, particularly the need to be apolitical. • Formal review of effectiveness using and mix of qualitative and quantitative assessment. 	<p>The Council are currently implementing changes to improve the functioning of the Audit and Governance Committee.</p>

04

Other reporting responsibilities

Other reporting responsibilities

Matters we report by exception

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

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

We have not exercised any of these statutory reporting powers

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have yet to submitted this information to the NAO.

05

Audit fees and other services

Audit fees and other services

Fees for our work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented. Having completed our work for the 2023/24 financial year, we can confirm that our fees, subject to PSAA agreement, are as follows :

	2022/23	2023/24	2024/25
Scale Fee	£49,797	£148,208	£162,977
Additional fees in relation to the VFM Commentary	£8,960	N/A included in scale fee	
Additional fees in respect of additional work from the introduction of new auditing standards (ISA540 Estimates)	£3,181	N/A included in scale fee	
Additional fees in respect of additional work from the introduction of new auditing standards (ISA315 Planning and Risk Assessment)	£5,991	£9,410	
Additional costs arising in testing material new grant income schemes (Towns Deal Fund) and material errors in asset valuations and group consolidation	£6,546	-	
Additional fees in respect of Group Accounts	£6,361	£11,000	
Additional costs arising from material errors in asset valuations and additional testing due to errors from cut-off testing	-	£19,600	
Total	£80,836	£188,218	£162,977

Fees for other work

We confirm that we have undertaken one assurance related service for the Council in the year: Assurance return on the pooling of housing capital receipts for £5,600. We are satisfied there are adequate safeguards in place regarding our independence and objectivity.

Contact

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Report to: Audit & Governance Committee Meeting 19 February 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 on ext 5317

Report Summary	
Report Title	Approval of the Statement of Accounts
Purpose of Report	To obtain approval of the Council's Statutory Accounts for the financial year ended 31 March 2024.
Recommendations	<p>Members approve the Annual Governance Statement for the financial year ended 31 March 2024</p> <p>Members approve the Audited Statement of Accounts for the financial year ended 31 March 2024</p> <p>Members note that as per the previous report the s151 Officer and the Chairman have signed the Letter of Representation.</p>
Reason for Recommendation	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

1.0 Background Information

1.1 In accordance with the Accounts and Audit Regulations 2015 there is a legal requirement that the Statement of Accounts for the Council receive approval by an appropriate Committee by the 30 September following the end of the financial year to which the Accounts relate. In accordance with the Council's Constitution and the remit of this Committee, the Statement of Accounts is brought to this Committee for approval.

1.2 The contents of the accounts are largely determined by statutory requirements and mandatory professional standards as set out within the 'Code of Practice on Local Authority Accounting' and 'Standard of Professional Practice on Financial Reporting' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

- 1.3 The appendix should be read in conjunction with the External Auditors Completion Report (elsewhere on this agenda). The draft Statement of Accounts was noted by this committee on 31 July 2024, with the amendments agreed with the External Auditors noted within their completion report. The appendix attached therefore includes the original draft set of accounts with the amendments agreed with the External Auditors.

2.0 Approval of the Accounts

- 2.1 Although the regulations require the accounts to be approved by a resolution of a Committee it should be noted that approval in this context has, to some extent, a different meaning from other Committee resolutions. The Responsible Financial Officer (RFO) for the District Council, the Deputy Chief Executive/Director of Resources – S151 Officer, retains responsibility for the preparation of the annual accounts and is required to certify that they present a true and fair view of the financial position of the Council at 31 March 2024.
- 2.2 The aim of the Regulations is for Members to demonstrate ownership of the accounting statements. In order to assist Members in doing this the draft Statement of Accounts were presented at the Committee on the 31 July 2024.
- 2.3 There is a statutory requirement for the accounts of Arkwood Developments Ltd and Active4Today Ltd, the Council's two subsidiary companies, to be combined with the District Council's accounts to produce Group accounts. Also, as per the previous financial year the Council has been required to include its 50% ownership in the group accounts of the joint venture in the company RHH Newark Ltd.

3.0 Changes made to the Statements

- 3.1 There is a requirement that the external auditor, Mazars, provides details of all the errors in the financial statements that need amendment within the Report. Their full Audit Completion Report can be found under agenda item 'External Auditors Completion Report' and Appendix A, section 5 of the appendix fully details the summary of misstatements.
- 3.2 The main areas that audit identified where there was a misstatement relate to capital transactions and the capital accounting requirements, which is naturally a very technical area. None of the identified misstatements had an impact of the General Fund Usable reserves.

Management Letter of Representation

- 3.3 The Council's letter of representation to the external auditor attests to the accuracy of the financial statements submitted to the auditors for their analysis. In essence the letter states that all the information submitted is accurate and that all material information has been disclosed to the auditors. The letter must be signed by the Chairman of the Audit and Accounts Committee and the Responsible Financial Officer. A copy of the letter is attached for information at Appendix B.

Annual Governance Statement

- 3.4 The Council is responsible for ensuring that its business is conducted in accordance with the law and with proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement (AGS).
- 3.5 Following the 2022/23 review of the system of internal control, this Committee considered the draft AGS at its meeting on the 31 July 2024. The AGS has not been amended since that point and is included in the Audited Statement of Accounts at Appendix A.

4.0 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.

4.1 Legal Implications (LEG2425/3340)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its terms of reference.

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

STATEMENT OF ACCOUNTS AND NARRATIVE REPORT

2023 / 2024



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Contact Us

Our residents, tenants and businesses can contact us in a number of ways.

Telephone: 01636 650000

Email: customerservices@newark-sherwooddc.gov.uk

In person: Castle House, Great North Road, Newark, Nottinghamshire NG24 1BY

The offices and telephone lines are open 9am to 5pm Monday to Friday. Most of our services are available on our website.



/NSDCouncil



@NSDCouncil



@NSDCouncil



@Newark and Sherwood District Council

WELCOME

Welcome to our Annual Statement of Accounts for 2023/24, which details our financial performance over this past year. We have been working hard to make significant progress in delivering on our top priorities.

We have continued to secure more investment for our district which will help us in further promoting Newark's heritage while striving to achieve our ambition of making our district a place people want to visit, study, live and work. The pandemic, cost-of-living crisis and Brexit have changed our landscape and it is important that we do all we can to continue to support our residents and businesses while completing financial planning, allocating the right resources at the right time.

I am so incredibly proud of what we have achieved over this last year.



John Robinson

Chief Executive, Newark and Sherwood District Council

Newark and Sherwood District Council has adopted a series of values, which guide and drive the way we design and deliver our services. We wanted to consider the views of as many residents as possible in the development of our Community Plan so we set out to gather the views of as many people as possible in our Resident Survey. As a result of this, it was important that the consultation provided a holistic and balanced account of the district.

The Community Plan was under development for a number of months, in which Cabinet, Chairs and Vice Chairs met a number of times to develop and shape the priorities of the Community Plan 2023-2027. The results of the Resident Survey 2022 were reviewed and reflected upon to ensure that the Community Plan was developed to reflect the priorities of the community.

During 2023/2024 we found ourselves in the final year of our Community Plan 2019-2023 during which we remained as committed as ever to improving residents' quality of life and enabling those who live, work and invest in Newark and Sherwood to prosper and fulfil their potential. The priorities identified during the consultation period with residents when drafting the community plan remained our focus and, as such, direct resources were allocated accordingly to ensure these priorities were met.

I am aware of the future challenges that the District Council faces. Listening to our residents must always be the council's driving ambition - to tackle the district's challenges and continue delivering and maintaining high quality services. As can be shown in this report, despite still being impacted by the pandemic, the District Council can demonstrate value for money, linking spend to priorities and performance, and a sound financial landscape going forward.

Councillor Peter Harris

Chairman Audits and Accounts Committee

Councillor Paul Peacock

Leader of Newark and Sherwood District Council



INTRODUCTION BY S151 OFFICER

Sanjiv Kohli

Deputy Chief Executive and Director of Resources (S151 Officer)

I am pleased to introduce our Statement of Accounts for 2019-2023 and the beginning of the 2023-2027 Community Plan. This report represents the performance at the end of the 2019-2023 plan. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the financial year. This narrative report is set out in eight parts, as outlined below:



Part one	Introduction to Newark and Sherwood
Part two	Our purpose – why the District Council is here
Part three	How the District Council worked during 2023/24 and how it will work in the future
Part four	Community Plan delivery
Part five	Financial performance for the year 2023/24 summarising the information within the main Statement of Accounts document
Part six	Looking forward at the adopted Community Plan and Medium Term Financial Plan
Part seven	Identified corporate risks
Part eight	Explanation of the Financial Statements to help navigate through what is at times quite a technical document

In considering this report, it should be noted that the favourable variance reported against service budgets, which we use internally to monitor our financial performance, is not directly comparable to the deficit disclosed in the Statement of Accounts. This is mainly due to the accounting adjustments required to comply with reporting requirements, which do not impact on the amount of our spending to be met by local taxpayers. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies and the glossary.



PART ONE

Introduction to Newark and Sherwood

We are proud to be home to 122,900 people with a total of 53,300 households over 651 square kilometres. The population of Newark and Sherwood has increased by 7% between 2011 and 2021, meaning our population has grown more quickly when compared with the population nationally.

The population of residents aged 65 years and over has increased the most (by 26.7%) with the number of residents in all age groups 50 and over being higher than the national average. In contrast those aged 15 years and under has increased by 1.3%, with the number of residents in all age groups 14 and below being lower than the national average. Despite the growing population, as of 2021 Newark and Sherwood is the 12th least densely populated local authority area out of 35 in the East Midlands. 13.9% of households in the district are socially rented, which is 3.2% lower than the national average. However, there are 7,814 socially rented households within Newark and Sherwood, and of those 5,534 (70.82%) properties are owned by Newark and Sherwood District Council.



Our Area

Newark and Sherwood is a district which has much to celebrate and be proud of. The district is fortunate enough to have access to green spaces throughout, including five green flag parks as of 2023, as well as a number of green space visitor destinations which are detailed in the map of the district below. The district also has a number of historic visitor destinations, Sherwood Forest is a historic and ancient woodland that is associated with the world-renowned legend of Robin Hood and draws many visitors into the district.

Newark and Sherwood is also the home of the National Civil War Centre and Newark Castle and Gardens. Looking at the residents who call Newark and Sherwood home, we know that 69.8% of households own their own home, either outright or with a mortgage, loan or shared ownership and this is 7.5% higher than the national average. Newark and Sherwood District Council is the largest social landlord in the district, with 69.24% of all socially rented properties being owned and maintained by the Council.



PART TWO

Our purpose: why the District Council is here

The ethos of Newark and Sherwood District Council is ‘Serving People, Improving Lives’. We exist for the benefit of others and we are accountable for making things better. Our Council wants to make a positive difference - now and for future generations. We’re passionate for everyone within our community to fulfil their potential and our aspiration is to be at the forefront of sustainable living. We are proud to represent Newark and Sherwood and although everyone may not agree with everything that we do, we are a Council that is true to its values: welcoming, ambitious, responsive, professional and value for money.

We want to serve our local community in the best way we possibly can. As public servants we place a great emphasis on adopting a public sector ethos and seek to embody this in the way that we interact with you. This extends to how we interact with our internal and external stakeholders and partners, as this is at the heart of ensuring we achieve the very best outcome for you, our residents. The Council’s purpose and values make it clear what we are here to do and how we will go about it.

Our values:

Ambitious and forward thinking

Focused on achieving the very best and always looking to improve and innovate.

Caring and compassionate

Sensitive to the different needs and circumstances of others; seeks to empower people to fulfil their potential.

Commercial and business-like

Careful and creative with resources; securing value for money.

Professional and trustworthy

Consistently delivering on promises; providing good quality and demonstrating integrity.

Welcoming and responsive

Approachable, open to feedback and challenge and swift to act.



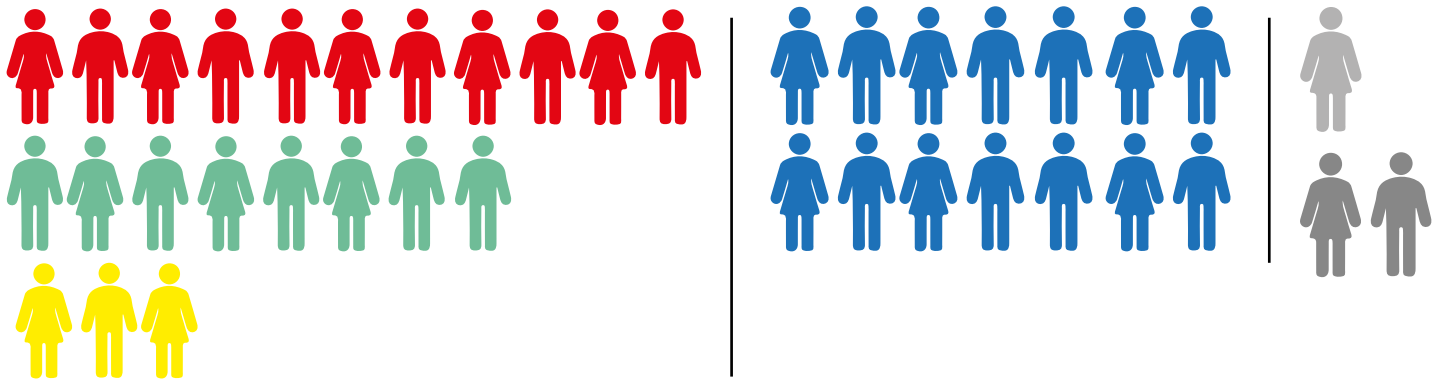
Click on the image to see our Community Plan.



PART THREE

How the District Council works

Residents of Newark and Sherwood are represented by 39 elected members. The political make-up of the Council from May 2023 is shown below.



As no single political group has a majority of seats (20) on the Council, a collective has been formed between the Labour group, Independents for Newark and District and the Liberal Democrat Group who between them provide the political leadership of the Council. Councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which he or she has been elected to serve a term of office. They have regular contact with the general public through Council meetings, telephone calls or surgeries.

Surgeries provide an opportunity for any ward resident to go and talk to their Councillor face-to-face and these take place on a regular basis. Councillors appoint a Leader and Deputy Leader to provide political leadership and direction for the Council as a whole. Each year, Councillors also appoint a Chairman to undertake civic responsibilities on behalf of the whole Council.

Find out more about our Councillors, including the Councillor representative for each ward [here](#).

All Councillors meet together as the "Full Council" and these meetings are open to the public.

How the District Council works: Governance Structure

The council moved from a Committee to Cabinet model of governance in May 2022. A Cabinet-scrutiny system is inclusive and allows for more transparent and agile decision making. It is also more modern, accessible and easy to understand.

The Leader and Cabinet system, introduced by the Local Government Act 2000, is the most common form of governance. Cabinet is led by a Leader, who is elected by Full Council, who selects the Cabinet members. These Cabinet members have decision-making powers grouped into Portfolios. Newark and Sherwood has 8 portfolios (listed below) and the ninth and final member of Cabinet is the Leader of the largest opposition party. They are a voting member of the Cabinet, but they do not have a portfolio.

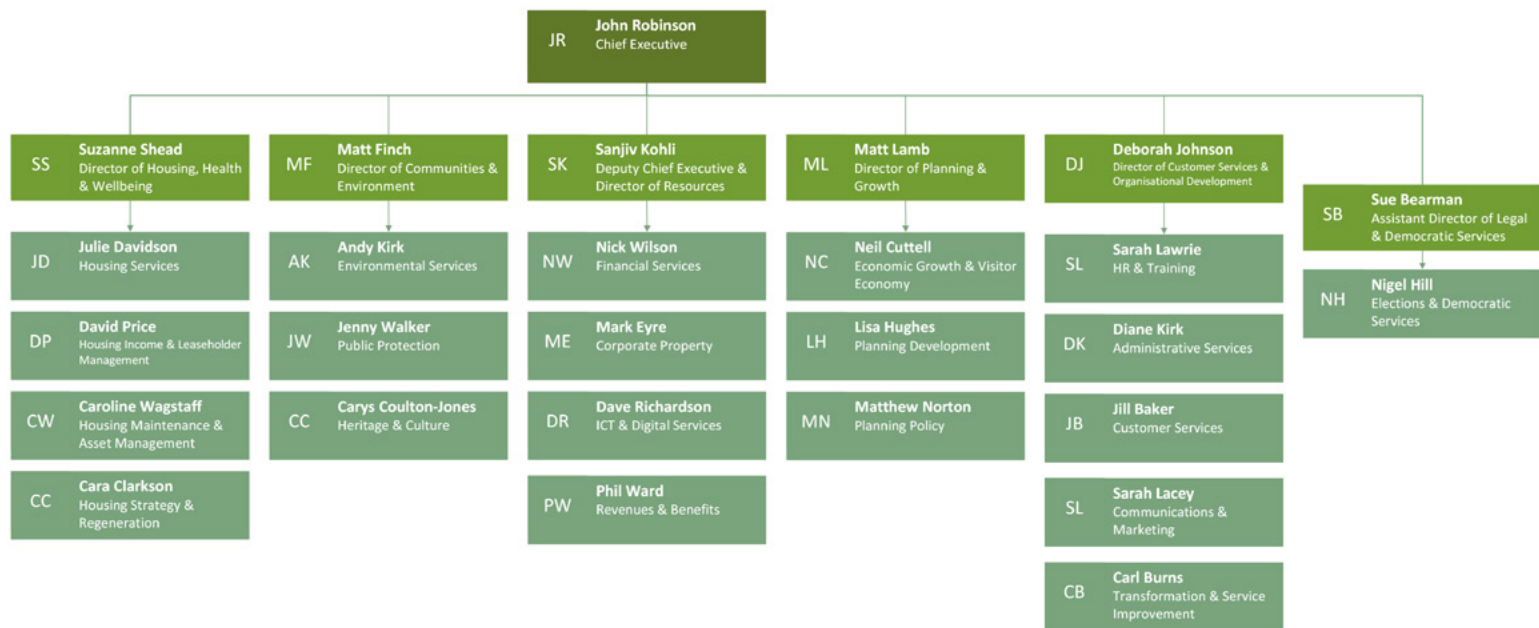
Newark and Sherwood's Cabinet Portfolios include:

- Strategy, Performance and Finance Portfolio
- Heritage, Culture and the Arts
- Climate Change
- Biodiversity and Environmental Services
- Sustainable Economic Development
- Housing
- Health, Wellbeing and Leisure
- Public Protection and Community Relations

Councils which conduct business under this model are required to have at least one 'overview and scrutiny' committee, which at Newark and Sherwood is the Policy and Performance Improvement Committee. Effective overview and scrutiny acts as a constructive 'critical friend', challenging the council to drive improvement as well as amplifying the voices and concerns of the public. The Policy and Performance Committee provides this critical friendship as well as having a vital role in the development of policy and strategy. The Committee also works to improve council services through working groups which undertake a range of activities from developing strategy to reviewing a service to recommending improvements. This Committee allows for a greater challenge of performance in a purposeful and constructive manner that is also open to external outlook and input, from partners as well as residents and tenants.



How the Council works - internal staffing structure



PART FOUR

Community Plan Delivery

Newark and Sherwood District Council's Community Plan sets out what the Council intends to achieve over the next four years and outlines how we will go about doing this. The current version of the Community Plan recently came to an end in quarter 4 2023/24. The plan was revised in 2020 and contained seven key objectives. Those objectives are outlined below, accompanied by some of the activities that we have delivered over the past year.

This is the final time we will report progress against these 7 objectives, as we have recently developed a new Community Plan, which will take effect as of quarter 1 2024. More information can be found in part six, page 19.

Create vibrant and self-sufficient local communities where residents look out for each other and actively contribute to their local area.

- A review of the community grant scheme criteria has been undertaken and was subsequently presented and approved by Cabinet in October 2023, the scheme was then launched in November 2023.
- We have continued to promote the Community Lottery which annually raises over £30,000 per annum for local good causes registered with the Lottery.
- We supported residents impacted by the flooding experienced during Storm Babet and Storm Henk. This has included immediate emergency support in the form of aqua sacs, guidance to residents and in the more extreme cases evacuation. This assistance continued through to the recovery phase, providing grant funding to eligible properties and signposting to the Property Flooding Resilience Grants which have also been released. This was managed by Nottinghamshire County Council.
- The Humanitarian Assistance Response Team (HART) team were also stood up in response to the flooding. The team provided a full range of humanitarian assistance which included safe and well checks, food and medicine deliveries and home verification visits. Households were supported in how to access grants through application support, arranging waste collections and signposting to services.

Deliver inclusive and sustainable economic growth.

- The 2022 Levelling Up Fund bid for Sherwood has been approved in principle, with focus now on the delivery of the three component parts of the original bid, which include the Ollerton Town Centre Scheme, Clipstone Employment Project and Clipstone Development Project.
- We submitted the Amended Allocations & Development Management Development Plan Document (DPD) for examination on the 16 January 2024. It is expected that the DPD will be formally adopted in Autumn 2024.
- We have progressed in a supportive role and continue to do so, on key infrastructure projects around the district including the Newark Southern Link Road, AI over bridge, Ollerton Roundabout and the A614.
- We have been working towards developing the Newark Investment Plan for 2024 - 2034 to secure the proposed additional £20m Long Term Plan for Towns Fund alongside the Newark Town Centre Masterplan and Design Code by August 2024.
- Construction of the Air & Space Institute has progressed well and is due for practical completion in Spring 2024, opening to a new cohort of learners by Autumn 2024.
- In September 2023 Sherwood Forest provided a stunning backdrop to the world-famous Tour of Britain cycle race. NSDC hosted both the start and finish of stage 4 of the race. The world-class field of riders passed through several towns and villages in the districts of Bassetlaw and Newark and Sherwood along the 170-kilometre stage.



Create more and better quality homes through our roles as landlord, developer and planning authority.

- We continue to exceed national performance targets for determining planning applications. The national target is 60% determined in 13 weeks for major applications and 70% determined in 8 weeks for non-majors applications. Both of our indicators are exceeding the national targets at 90% or over.
- Our new temporary accommodation facility, Alexander Lodge reached practical completion in January 2024, and has been undergoing site and process trials ahead of the first occupants.
- We launched the new online repairs facility for tenants in September 2023. The online repairs facility provides our tenants with a quick and easy way to report a repair and book their own appointment. This means tenants can now report non-urgent repairs 24 hours, 7 days a week and enables tenants to choose a time that best suits them.
- We have introduced 'fit to let' inspections, which are carried out by tenants from our Local Influence Network groups. The results of these inspections are fed back to the Voids team, who use the information to drive continued improvements.

Continue to maintain the high standard of cleanliness and appearance of the local environment.

- 93.6% of fly-tipping offences were removed within 72 hours of them being reported.
- 99.96% of 3,530,800 bins were collected on time, meaning 1,431 were missed at time of collection
- The District Council has been delivering a grounds maintenance service for social housing (HRA), this year the average performance monitoring inspections scored 1.58 out of 5 (1 being best).
- We have completed the £350,000 play area improvement works with 10 sites having been improved and refreshed over the last quarter. Highlights include the new fitness zone and castle play area at Sconce and Devon Park. At Vicar water, we have conducted a number of drainage and footpath improvements and are working with Nottinghamshire wildlife trust to improve the health and flow of Vicar Water stream as it runs through Vicar Water Country Park.

Enhance and protect the district's natural environment.

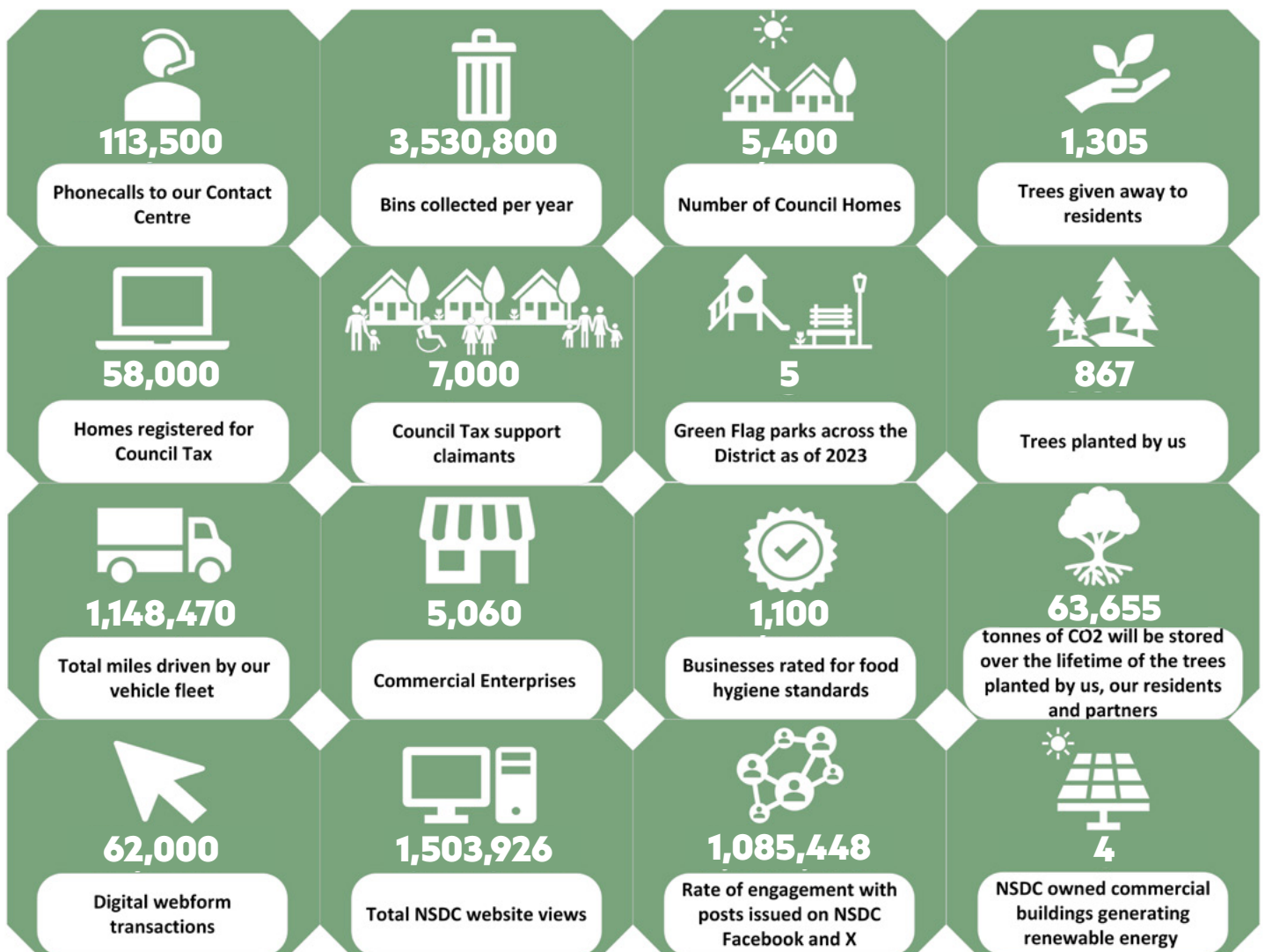
- The introduction of Kerbside Glass recycling provision for our residents has progressed this year. Some significant milestones achieved included writing to every household, ordering the vehicles, submitted a planning application, and initiated the procurement of the bins. The service began in April 2024.
- We undertook comprehensive engagement on the Forest Corner Masterplan with key stakeholders, as well as assessment of traffic, planning review, options analysis and project review this year. We are now working towards completion of the Forest Corner Masterplan and developing the project plans for implementation over the next 5 years.
- As part of the move towards net zero carbon emissions, we secured a government grant of £1.3m this year, which we will match fund to deliver a £2.6m social housing decarbonisation programme over two years. The programme will target at least 102 eligible households with oil or LPG heating systems. The plan is to replace these costly, carbon intensive fossil fuel systems with carbon neutral alternatives, using air source heat pumps, solar panels and battery storage to reduce carbon emission and make them cheaper to run. Creating warm homes that are free from damp and mould.
- An additional £583,000 of funding was granted from the Department of Levelling Up, Housing and Communities as part of the preparation for the East Midlands Combined Authority. The funding means 38 homes will benefit from greener heating or lower costs and energy usage from the installation of solar panels – keeping homes warm and cheaper to run.
- We continued to be a part of the Nottinghamshire wide Green Rewards App this year, which is an online platform designed to incentivise and encourage residents to undertake positive behaviour change by enabling users to log carbon reducing activities and gain points for these activities (which equate to prizes). The scheme has been live for almost 2 years and continues to be successful with over 567 users utilising the application.

Reduce crime and anti-social behaviour and increase feelings of safety in our communities.

- As of March 2024, anti-social behaviour reduced by 17% across the whole district when compared to the County.
- We secured approval to operate the CCTV control room, moving it back to Newark. We are now working to create the full feasibility study and business case move. Linked to this, approval was secured for the draft CCTV replacement scheme and that all the cameras will move under our control and ownership.
- The Safer Streets initiative has continued this year, with Safer Streets 4 having drawn to a close and Safer Streets 5 has commenced.

Improve the health and wellbeing of local residents.

- 1,101,987 visits have been recorded across all District Council owned leisure centres.
- 326 events have been delivered in District Council owned parks.
- 818 children have benefited from environmental education visits to all District Council owned parks.



* Please note, figures have been rounded where necessary, so may be an approximation.

PART FIVE: 2023/24 FINANCIAL PERFORMANCE

The Comprehensive Income and Expenditure Statement shows the District Council's outturn for the authority on an accounting basis (to include notional entries such as depreciation and revaluations). The Expenditure Funding Analysis shows the actual increase in the General Reserves (held for unforeseen circumstances) and the Housing Revenue Account (HRA) reserves. The Expenditure Funding Analysis shows an increase in General Fund reserves of £0.329m and a decrease in HRA reserves of £0.888m.

	Balance at 31 March 2023	Increase/ (decrease) in year	Balance at 31 March 2024
General Fund working balance	£1.500m	£0.000m	£1.500m
General Fund earmarked reserves	£30.820m	£0.329m	£31.149m
General Fund total	£32.320m	£0.329m	£32.649m
HRA working balance	£2.000m	£0.000m	£2.000m
HRA earmarked reserves	£5.115m	(£0.888m)	£4.227m
HRA total	£7.115m	(£0.888m)	£6.227m

General Fund Revenue

The General Fund supports the day-to-day running of the District Council's services (excluding housing). The District Council set its General Fund budget for the 2023/24 financial year on 9 March 2023. You can find the budget report pack [here](#).

The revenue outturn performance for the year showed an overall favourable variance of £0.989m for the General Fund, with services showing a favourable £0.252m variance. The table below describes the main variances:

Reason for Variance	Value £'m
Savings in Microsoft licencing £0.073m, £0.100m in additional charges to the HRA in respect of the build of the new Housing Management system	(0.194)
Vacant posts within the Administration Business Unit	(0.071)
Increase in cost of rent allowance payments and discretionary support for Council Tax payers	0.165
Housing Benefit grant income less than budgeted	0.120
Additional income of £0.052m across Trade refuse, Bulky waste and Garden waste together with reductions in payments to Notts County Council for waste disposal and a lower reliance on agency staff	(0.088)
Additional net income generated at the Palace Theatre of £0.170m offset by funds set aside for Building bridges project	(0.110)
Vacant posts within the Health and Community relations team	(0.072)
Additional planning income of £0.190m together with a saving in outsourced legal costs	(0.266)
Reduction in income generation as major tenant moved out of the Beacon within the year.	0.073
Increase in utility costs within Castle House	0.093
Costs incurred by the Council in relation to the flooding events.	0.094
Reduction in income generation at the lorry park due to the floods, together with the cleaning costs of taking away flood waters	0.097
Charge to HRA no longer applicable for Farrar Close	0.053

Budgets created in relation to glass recycling not expended in year £0.050m additional vehicle inspection income of £0.018m and additional recharge to HRA for the cost of repairs to vehicles £0.046m	(0.128)
Other Variances	(0.017)
Favourable variance on services	(0.252)
Contribution towards bad debt provision	0.154
Additional income from the Nottinghamshire Business Rates Pool	(0.541)
Reduction in Minimum Revenue Provision due to slippage on Bowbridge Road Carpark scheme in 2022/23	(0.110)
Internal Drainage Board grant received in year	(0.240)
Favourable variance in cost of running Council	0.989

As actual capital expenditure levels did not meet budgeted levels, there has been a significant overachievement of interest receivable. This is due to having higher bank balances than expected due to the slippage in some of the capital schemes. £1.165m additional interest receivable has been received and transferred into the capital provision reserve which will reduce future borrowing requirements, therefore reducing the burden on the revenue account. Service variances combined with non-service related income and expenditure variances has meant that overall the District Council has increased its General Fund reserves by £0.329m.

This increase has been identified as being related to:

Brought Forward Reserves balance	32.320
Budgeted increase in reserves	1.457
Business Rates Pool contribution to MTFP reserve	0.600
Contributions to capital expenditure	-3.209
Contributions from additional interest receivable	1.165
Favourable variance in cost of running Council	0.989
Other movements	-0.673
Reserves balance as at 31st March 2024	32.648

Housing Revenue Account (HRA)

The HRA is a ring-fenced landlord account for the running of the District Council's housing stock. The budget was approved on 7 February 2023. The budget report back can be seen [here](#).

The Service outturn position compared to budget amounted to a surplus of £1.154m with an overall outturn position of £0.522m:

HRA £0.099m	Value £'m
Timing delay of budget requirement for Yorke Drive, budgeted for now in 2024/25	(0.424)
Vacancies and timing delays of budget requirement in Voids maintenance	(0.123)
Vacancies within the Tenancy and Estates team, together with delays in the workplan for engagement with tenants due to influx of regulatory consultations in 2023/24	(0.074)
Increase in numbers of properties where gas servicing carried out for compared with the budget	0.203
Backdated Business Rates charge for all Community Centres, as they had never been rated by the Valuation Office Agency previously	0.100
Concierge service was agreed not to be provided during 2023/24, hence a reduction in budgeted income	0.079
Vacancies within the Income Management Team	(0.053)

Other Variances individually less than £0.050m	0.145
Net cost of HRA Services	(0.147)
Additional interest costs due to bank rate increases	0.160
Increase in loss allowance provision due to revision of assumptions	0.086
Total Transfer from HRA Balances	0.099
Reduction in Depreciation chargeable to the Major Repairs Reserve (MRR)	(0.210)
Additional transfer to Major Repairs Reserve	0.111
Total HRA Balance	0.00

Brought Forward Reserves balance	7.115
Budgeted decrease in reserves	-0.500
Contribution to capital expenditure	-0.350
Favourable variance in cost of running HRA	0.113
Other movements	-0.151
Reserves balance as at 31st March 2024	6.227



Capital Spending

Capital money is spent on building or enhancing our asset base. There are rules and regulations regarding what can be classed as capital expenditure, and this spend must be financed separately from the day to day running costs. During 2023/24, we spent £55.385m on capital works. Key projects are listed below:

- £0.516m spent on Disabled Facilities Grants following referrals from an occupational therapist
- As part of the annual Vehicles, Plant and Equipment replacement programme, in 2023/24 spend was incurred of £1.125m, replacing 2 existing Refuse Collection Vehicles, and acquiring 3 new Glass Collection Vehicles, along with a Telehandler for the glass transfer station, a POP waste collection vehicle and two smaller vehicles, one hybrid and one full electric.
- The purchase of 12 houses, part funded by the Local Authority Housing Fund (LAHF) were completed in 2023/24, one home is a four-bed property that will be specifically allocated to an Afghan Refugee family from bridging accommodation and the remaining 11 are two and three bed properties being allocated to Ukrainian families. Total spend £2.432m.
- Work on the homeless hostel at the former Seven Hills site now named Alexander Lodge, has been completed with spend in 2023/24 amounting to £1.663m.
- Land off Bowbridge Road, adjacent to Newark Hospital (purchased during 2022/23), has been developed into a car park and is leased to the Sherwood Forest Hospital Trust. Spend incurred £0.601m.
- £23.224m passed to Urban & Civic towards the delivery of the Southern Link Road, fully utilising the Levelling Up Fund money of £20m.
- Towns Fund schemes are progressing, with spend on the Air and Space Institute (ASI) of £6.802m, and the build of the redevelopment of the former Marks and Spencers building at Stodman Street £1.575m.
- Investment in existing Council Dwellings to maintain a decent standard incurred costs of £9.575m in 2023/24. Including £1.269m on Decarbonisation, £0.902m of which is 50% grant funded from the Social Housing Decarbonisation Fund (SHDF) and is a two year programme, £0.366m of which is the Devolution Retrofit Programme which is fully funded by grant from The Midlands Net Zero Hub (MNZH).
- The Council is progressing with its 5 phase council house development programme to deliver 335 additional homes across the district to meet the housing needs of local residents. Total programme spend in 2023/24 equates to £4.146m. Phase 5 is due to deliver 31 units with sites due for completion during 2024/25.

Major Movements on the Balance Sheet

Property, Plant and Equipment

Property, Plant and Equipment has increased by £0.152m. £23.555m has been added through the capital programme whilst the economic use of assets has reduced the value by £8.105m. £0.103m worth of assets have been transferred back from assets held for sale. Other assets have had their values decreased by £15.401m.

Short Term Investments and Cash and Cash Equivalents

The reduction of £27.473m in short term investments and cash and cash equivalents (such as instant access cash deposit accounts) is due to a number of investment products maturing during the financial year and the funds then being required for usage within the immediate cash flow requirements and therefore not being reinvested over a period of time.

Short Term Debtors

The decrease of £2.282m relates mainly to the reduction in monies owed to the District Council from Government departments for items including the year end balance of Housing Subsidy claims and the monthly VAT returns. There is a £0.593m reduction in monies owed to the District Council where an invoice has been issued for goods or works supplied by the District Council but not yet paid.

Short and Long Term borrowing

The overall decrease of borrowing relates to the repayment of £5.494m worth of loans that had come to the maturity date during the financial year.

Short and Long Term Capital Grants Receipts in Advance

The District Council was able to release capital grants, where conditions have now been met, totalling £20.469m which has then been used to fund capital projects including the Southern Link Road (£14.430m), Contribution to IAS1 (£3.951m) and 32 Stodman Street Regeneration (£1.575m).

There was also a number of capital grants received, including those from housing developers, which have yet to be utilised in line with the grant agreement conditions and therefore have been moved to Capital Grants receipts in advance.

Other Long Term Liabilities

The decrease of £10.932m relates mainly to the District Council's future pension fund liabilities. This change has arisen from an increase in the anticipated liabilities of £2.534m together with an offsetting increase in the value of the District Council's portion of the overall fund assets of £10.434m.



PART SIX: LOOKING FORWARD

Work is now ongoing to deliver on the agreed actions from our Community Plan 2023-2027. This was formed throughout several workshops and clinics between our Elected Members our Officers and feedback received from our Resident Survey. With a new Community Plan comes new business Plans and Key Performance Indicators. These help us ensure that our officers have an effective plan to deliver on our promises in addition to a Performance Framework.

You can find our new Community Plan here: [Community Plan 2023-2027](#) and you can follow our progress in achieving our aims by checking out our committee meetings here: [Calendar of Meetings](#).

We are also very interested in your opinion and are actively recruiting members of the public for our Resident Panel. If you're a resident of Newark and Sherwood who is keen to share your views on the Council's services, plans, proposals and development of the local area, why not join here: [Resident Panel Information](#).



Medium Term Financial Plan (MTFP)

The District Council's Medium Term Financial Plan (MTFP) for the period 2024/25 to 2027/28 was approved at Council on 7 March 2024 and is available [here](#). This sets out the District Council's assumptions on expenditure, income and financing in order to ensure the delivery of the District Council's Community Plan for the same period.

Central Government has had plans to reform the local government finance system for a number of years. The Government initially intended for these reforms to take effect from 2020/21. It has now delayed these reforms further to 2026/27 at the earliest.

The reforms of the system are principally to increase the proportion of non-domestic rates (NDR) business rates retained locally; and to make fairer the Government's annual funding allocations for local authorities.

The impact of the government's decision to delay the reform to the system has been positive on the funding position of Newark and Sherwood District Council. The delay in re-setting the NDR baseline has meant that expected NDR income in 2024/25 and 2025/26 is £8.0m higher than forecast within the MTFP that was approved on 8 March 2022.

As it is not known how exactly the local government finance system will change or from when these changes will take effect from, the council's current modelling of funding projections for 2026/27 and future years are subject to high levels of volatility.

Throughout 2024/25, officers will closely monitor the government's announcements relating to the local government finance system and assess the implications of these on the council's funding for 2026/27 and future years.

The MTFP as approved set out the high level budget projections for the next four financial years:

	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)
Net Service Expenditure (less capital charges)	19.787	20.749	20.718	21.376
Total Other Expenditure	0.092	1.348	2.250	2.250
Total Expenditure	19.879	22.097	22.968	23.626
Business Rates: receivable annually	(9.117)	(9.597)	(9.597)	(9.597)
Business Rates: other adjustments	(0.093)	0.000	0.000	0.000
Council Tax: receivable annually	(8.286)	(8.614)	(8.955)	(9.307)
Council Tax: other adjustments	0.117	0.000	0.000	0.000
Other Grants	(3.294)	(2.597)	(0.407)	(0.353)
Contribution (to) or from Reserves	0.994	0.272	0.278	0.283
Funding Shortfall prior to Mitigations	0.200	1.551	4.277	4.642

The above table shows the likely levels of contributions from reserves necessary to fund the Community Plan over the four year period. Clearly there are large shortfalls in each of the final two years based on the assumption at the time with the anticipated reforms to the local Government finance system.

The table below demonstrates how the District Council anticipates funding the gaps in each of the financial years:

	2024/25 (£m)	2025/26 (£m)	2026/27 (£)	2027/28 (£)
Funding Shortfall prior to Mitigations	0.200	1.551	4.277	4.642
Dividends from Arkwood Developments Ltd	-	(0.500)	(0.650)	(0.650)
Savings from service reviews	-	(0.100)	(0.170)	(0.170)
Savings/efficiencies from making business processes more efficient	-	(0.100)	(0.150)	(0.150)
Increased income from the council becoming more commercial	-	(0.100)	(0.200)	(0.200)
Use of MTFP reserve to offset contributions from reserves in future years	(0.200)	(0.751)	(3.107)	(1.845)
Proposed General Fund Funding Gap	0.000	0.000	0.000	1.627



PART SEVEN: CORPORATE RISKS

The District Council has a risk management strategy to identify and evaluate risk. This strategy supports better decision making by enabling the understanding of risk, whether its a positive opportunity or threat, and the likely impact. The risk management processes are subject to regular review and updating. Set out below are the key risks from the District Council's corporate risk register.

RISK	RISK	CONTROLS
Financial sustainability of the General Fund	Ensuring financial sustainability of the general fund to allow the District Council to undertake its core functions, deliver services, and to meet its corporate priorities and objectives	<ul style="list-style-type: none"> • Medium term financial planning • District Council approved capital programme • Financial implications added to Committee reports by Financial Services • Quarterly budget monitoring report tabled at Senior Leadership Team (SLT) and Policy and Finance Committee and (in the future) Cabinet. • Approved Investment Plan and Commercial strategy to support objectives set out in the MTFP • Annual review of budgets • Consultation and communication plan to manage political and public expectations • Key financial strategy documents in place such as the Treasury Management Strategy and Medium Term Financial Plan • Commercial group established to identify and review business opportunities • Financial regulations training
Financial sustainability of the HRA	Financial sustainability of the HRA to ensure the District Council is able to provide, maintain and develop its housing stock.	<ul style="list-style-type: none"> • Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee and (in the future) Cabinet • Quarterly capital monitoring meetings • Financial implications added to Committee reports by Financial Services • Financial strategies and budget reviewed through Policy and Finance Committee (in the future Cabinet) annually • Key financial strategy documents in place such as a Treasury Management Strategy and HRA business plan • Reserves in place • Council approved Capital programme



RISK	RISK	CONTROLS
Failure to deliver growth infrastructure	Facilitating the provision of key local infrastructure projects to ensure growth within the district to meet agreed plans and corporate priorities.	<ul style="list-style-type: none"> Continued liaison with key funders to monitor progression of SLR and A1 overbridge A high performing planning service Active lobbying of central Government and engagement with developers, stakeholders and partners Key documents in place such as the Community Infrastructure Levy charging schedule, a defined infrastructure list, Economic Growth Strategy and Development plan (Amended Core Strategy and Allocations and Development Management DPD and community plan Governance arrangements - Planning Committee, Planning policy board, Cabinet and Full Council Economic Growth Strategy - Newark Town Investment plan & Visitor economy strategy
Contract/ supply failure	Managing contracts with key suppliers, including Newark and Sherwood District Council's wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the District Council's priorities and objectives.	<ul style="list-style-type: none"> Procurement advice provided through Welland Procurement Contract register maintained on Pro-Contract and contract managers named for every contract Regular contract management meetings in place Wholly owned companies- Management agreements for wholly owned companies regularly reviewed. SLA register devised and actively managed by service areas and reviewed annually Comprehensive audit undertaken of contracts
Workforce	Ensuring the District Council is able to recruit, maintain and retain appropriate staffing resource to ensure it is able to deliver its services and meet its corporate objectives.	<ul style="list-style-type: none"> Business planning embedded throughout the District Council with clear links to community planning and performance framework Partnership approach with recognised trade unions to support staff and organisational change Training and development programme to support ongoing development of skills and competencies with Business Managers as well as other staff (i.e. change management, sickness and performance management and recruitment and softer skills) Procedures, policies and guidance, such as the managing absence guidance, in place to ensure best practice, and a rolling programme of review for HR policies to ensure they remain robust and fit for purpose Family friendly policies and enhanced workplace entitlements to attract and retain quality candidates including hybrid working, flexible working, employee counselling and therapy services, health and wellbeing initiatives Targeted training interventions to support individual employee development and the facilitation of succession management.

RISK	RISK	CONTROLS
Corporate governance	Risk of failure in systems of governance within the District Council, District Council owned/ influenced organisations and partnerships or other collaborative arrangements.	<ul style="list-style-type: none"> • Annual internal review of the fraud risk register to carry out proactive work, check on internal controls. This is reported to members • Corporate governance self-assessment against the Code of Corporate Governance undertaken periodically • Annual review of the District Council’s Constitution which ensures it is fit for purpose and up to date • Periodic review of governance by three statutory officers • Code of corporate governance created, maintained and monitored in accordance with CIPFA guidance • Officer training on governance issues including anti-fraud and financial regulations and member inductions for new members • Key Procedures, policies and guidance in place, such as Officer code of conduct, Officer registers of interests, Gifts and hospitality, Council Financial regulations and procedures, Contract procedures, Whistle blowing policy, Anti-fraud and corruptions strategy. • Annual governance statement • Annual combined assurance • Internal Audit work including risk-based Audit Plan. Effective use of External Auditor.
Data management and security	Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation	<ul style="list-style-type: none"> • IG and Cyber security strategy • Data protection and cyber awareness training including a section on information security and targeted training ongoing for staff located elsewhere and forms part of the induction process • Guidance and training for elected members. GDPR sessions provided for new members • External Audit on ICT security annually • Use of data processing and agreements with contractors and partners • CIGG group • Public Sector Network and Cyber Essentials compliant • Information security and governance is monitored and reviewed by the corporate information governance group on a monthly basis • ISMS - Key information management documents in place including Security Policy, Retention Policy, Data Protection Policy etc.
Environment	Ability to meet requirements of the Government’s green agenda and aspirations/ expectations of the Newark and Sherwood community in delivering a greener/carbon neutral service.	<ul style="list-style-type: none"> • Annual report to members on progress against the action plan and carbon footprint target • Climate Emergency was declared in July 2019 • The Carbon Trust were appointed to work alongside officers and members to develop a Climate Emergency Strategy and Action Plan. The approved strategy, and costed action plan, support a net neutral date of 2035 • Appointed a dedicated officer to drive carbon reduction projects forward • Costed action plan to support net neutral date • Climate emergency project working group • Financial planning - MTFP • Community plan

RISK	RISK	CONTROLS
Statutory compliance management	Implementation and maintenance of suitable statutory safety compliance management systems.	<ul style="list-style-type: none"> • Key policies and procedures in place e.g. auditing, inspection and reconciliation processes • Dedicated compliance teams • Training for staff and contractors • A complaints process for customer and tenants • A robust maintenance and inspection programme • Compliance reporting systems in place • Procurement processes to ensure competent/licenced/registered engineers/inspectors • Contract and Performance management systems • Assurance and scrutiny processes in place • Business planning



PART EIGHT: EXPLANATION OF FINANCIAL STATEMENTS

The Statement of Accounts sets out the District Council's income and expenditure for the year, as well as its financial position at 31 March 2024. It comprises core and supplementary statements, together with disclosure notes.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards.

A glossary of key terms in the Statement of Accounts document can be found [here](#).

The core statements are:

The Comprehensive Income and Expenditure Statement

This records all of the District Council's income and expenditure for the year. The top half of the statement provides an analysis by the District Council's internal management structure. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of services and activities that the District Council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and discretionary expenditure focused on local priorities and needs.

The Movements in Reserves Statement

Shows the movement in the year on the different reserves held by the District Council, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves" which must be set aside for specific purposes.

The Balance Sheet

Is a "snapshot" of the District Council's assets, liabilities, cash balances and reserves at the year-end date.

The Cash Flow Statement

Shows the reason for the changes in the District Council's cash balances during the year and whether the change is due to operating activities (day-to-day costs), new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

The Supplementary Financial Statements are:

The Annual Governance Statement which sets out the governance structures of the District Council and its key internal controls.

The Housing Revenue Account (HRA) which separately identifies the District Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989. The Collection Fund Account summarises the collection of Council Tax and Business Rates, and the redistribution of some of that money to other organisations on whose behalf the District Council collects these taxes.

The Group Accounts which consolidate the District Council's accounts together with Active4Today Ltd and Arkwood Development Ltd, which are both wholly owned by the District Council. In addition to the above companies, the District Council has consolidated its 50% share of RHH Limited into its group accounts.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1 The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, the Chief Financial Officer during the financial year and at the date of signing the statement of accounts is the Deputy Chief Executive, Director of Resources and S151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

2 Responsibilities of the Chief Financial Officer

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

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

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Prepared the accounts on a 'going concern' basis.

Certificate of the Chief Financial Officer

This statement of accounts is that upon which the auditor should enter their opinion. It presents a true and fair view of the financial position of the authority at 31st March 2024 and its income and expenditure for the year then ended.

Signed:

Sanjiv Kohli, CPFA, ACA
Deputy Chief Executive, Director of Resources
and S151 Officer

Date 19 February 2025

Signed:

Councillor Peter Harris
Chair - Audit and Governance Committee

Date 19 February 2025

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED 2022/23				2023/24		
Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000		Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000
2,564	-384	2,180	Biodiversity and Environmental Services	1,982	-443	1,539
4,653	-1,916	2,737	Climate Change	4,682	-2,053	2,629
3,627	-679	2,948	Community Safety & Community Development	3,837	-1,356	2,481
2,363	-317	2,046	Health, Wellbeing and Leisure	4,200	-362	3,838
2,199	-1,401	798	Heritage, Culture & the Arts	2,539	-1,824	715
25,633	-28,023	-2,390	Housing	34,305	-29,244	5,061
32,211	-23,421	8,790	Strategy, Performance & Finance	34,225	-23,911	10,314
13,109	-5,562	7,547	Sustainable Economic Development	34,127	-29,513	4,614
86,359	-61,703	24,656	Cost of Services	119,897	-88,706	31,191
5,875	-2,400	3,475	Other Operating Income and Expenditure Note 14	5,691	-1,005	4,686
8,430	-2,983	5,447	Financing and Investment Income and Expenditure Note 15	4,541	-3,111	1,430
14,463	-45,373	-30,910	Taxation and Non Specific Grant Income Note 16	14,850	-43,364	-28,514
115,127	-112,459	2,668	Surplus (-) or Deficit on Provision of Services	144,979	-136,186	8,793
		-25,798	Surplus(-) or Deficit on Revaluation of Non Current Assets			-1,481
		-71,824	Remeasurements of the Net Defined Benefit Liability (Asset)			-8,192
		-97,622	Other Comprehensive Income and Expenditure			-9,673
		-94,954	Total Comprehensive Income and Expenditure			-880

MOVEMENT IN RESERVES STATEMENT

	Earmarked			Earmarked			Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	General Fund Balance	General Fund Reserves	Housing Revenue Account	Housing Revenue Account	Major Repairs Reserve						
Movement in reserves 2023/24	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023 carried forward	1,500	30,820	2,000	5,115	13,244	14,047	1,374	68,100	306,955	375,055	
Total Comprehensive Income and Expenditure	-6,498	0	-2,295	0	0	0	0	-8,793	9,673	880	
Adjustment between accounting basis & funding basis under regulations (Note 12)	6,827	0	1,407	0	-5,219	-2,890	-1,215	-1,090	1,090	0	
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	329	0	-888	0	-5,219	-2,890	-1,215	-9,883	10,763	880	
Transfers to/from(-) Earmarked Reserves(Note 13)	-329	329	888	-888	0	0	0	0	0	0	
Increase/Decrease(-) in 2023/24	0	329	0	-888	-5,219	-2,890	-1,215	-9,883	10,763	880	
Balance at 31 March 2024 carried forward	1,500	31,149	2,000	4,227	8,025	11,157	159	58,217	317,718	375,935	

	Earmarked			Earmarked			Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	General Fund Balance	General Fund Reserves	Housing Revenue Account	Housing Revenue Account	Major Repairs Reserve						
Movement in reserves 2022/23 RESTATED	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2022 carried forward	1,500	34,843	2,000	5,294	17,450	13,052	2,910	77,049	203,052	280,101	
Total Comprehensive Income and Expenditure	-2,301	0	-367	0	0	0	0	-2,668	97,622	94,954	
Adjustment between accounting basis & funding basis under regulations (Note 12)	-1,722	0	188	0	-4,206	995	-1,536	-6,281	6,281	0	
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-4,023	0	-179	0	-4,206	995	-1,536	-8,949	103,903	94,954	
Transfers to/from(-) Earmarked Reserves(Note 13)	4,023	-4,023	179	-179	0	0	0	0	0	0	
Increase/Decrease(-) in 2022/23	0	-4,023	0	-179	-4,206	995	-1,536	-8,949	103,903	94,954	
Balance at 31 March 2023 carried forward	1,500	30,820	2,000	5,115	13,244	14,047	1,374	68,100	306,955	375,055	

BALANCE SHEET

RESTATED 31 March 2022 £'000	RESTATED 31 March 2023 £'000		Notes	31 March 2024 £'000
417,803	448,663	Property, Plant & Equipment	21	448,815
2,020	3,560	Heritage Assets	25	3,560
337	376	Intangible Assets	27	651
16,653	15,384	Long Term Investments - Fair Value through Profit and Loss	40	15,024
3,143	2,377	Long Term Debtors	29	2,373
4,455	4,342	Long Term Finance Lease Debtor	23	4,225
444,411	474,702	TOTAL LONG TERM ASSETS		474,648
23,121	27,435	Short Term Investments	40	7,240
412	407	Inventories		409
17,269	12,925	Short Term Debtors	29	10,671
4,418	4,054	Assets Held For Sale	26	3,194
27,658	23,234	Cash and Cash Equivalents	24	15,956
72,878	68,055	TOTAL CURRENT ASSETS		37,470
-10,900	-10,081	Short Term Borrowings	40	-7,863
-27,534	-17,379	Short Term Creditors	30	-17,905
-8	-354	Provisions Short Term	31	-203
-12,197	-25,472	Grants Receipts in Advance	19	-6,461
-50,639	-53,286	TOTAL CURRENT LIABILITIES		-32,432
0	0	Long Term Creditors	30	0
-1,464	-1,117	Provisions Long Term	31	-377
-5,233	-4,863	Long Term Finance Lease Liability	22	-4,714
-86,972	-81,435	Long Term Borrowing	40	-78,403
-84,899	-19,798	Pensions Liability	38	-11,898
-7,981	-7,203	Grants Receipts in Advance	19	-8,359
-186,549	-114,416	TOTAL LONG TERM LIABILITIES		-103,751
280,101	375,055	TOTAL NET ASSETS		375,935
77,049	68,100	Usable Reserves	32	58,217
203,052	306,955	Unusable Reserves	33	317,718
280,101	375,055	TOTAL RESERVES		375,935

CASH FLOW STATEMENT

RESTATED			
2022/23		Notes	2023/24
£'000			£'000
-2,668	Net Surplus/Deficit(-) on the Provision of Services		-8,793
14,320	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	35A	26,959
-16,023	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	35A	-33,462
-4,371	Net Cash Flows from Operating Activities		-15,296
8,408	Investing Activities	35C	15,271
-8,461	Financing Activities	35D	-7,253
-4,424	Net Increase or Decrease(-) in Cash and Cash Equivalents		-7,278
27,658	Cash and Cash Equivalents at the Beginning of the Reporting Period		23,234
23,234	Cash and Cash Equivalents at the End of the Reporting Period	24	15,956

NOTES TO THE CORE FINANCIAL STATEMENTS

The values held within the preceding Notes to the Accounts may vary slightly when compared to the main Statements or other Notes. This is due to amounts being rounded. It is not expected that a difference would be in excess of £2,000 in any single case.

1 ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/2024 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual statement of accounts by the Accounts and Audit Regulation 2015 which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2023/2024 (the Code) supported by International Financial Reporting Standards (IFRS).

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

1.2 Accruals of Income and Expenditure

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

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

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments with immediate call back or instant access from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Prior period adjustments, changes in accounting policies and estimates and errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.5 Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance in the form of the Minimum Revenue Provision (MRP). This charge is based on the Asset Life method of calculation as per the Councils approved MRP Policy, and will commence in the financial year after the asset becomes operational, by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

1.6 Council Tax and Non-Domestic Rates

The Council is a billing Council and acts as an agent collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors, including government for NDR, and as principals collecting Council Tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund i.e. the Collection Fund for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item through the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the year-end balance in respect of Council Tax and NDR relating to the arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.7 Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and time in lieu earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable at the year end. The accrual is charged to the Surplus/Deficit on Provision of Services but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Nottinghamshire County Council (the pension fund). The scheme provides defined benefits to members (retirement lump sums and pensions), which have been earned by members in the time they worked as employees of the Council.

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

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price.
 - unquoted securities - professional estimate.
 - unitised securities - current bid price.
 - property - market value.

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

Service Cost comprising

- current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the (Surplus)/Deficit on Continuing Operations in the Comprehensive Income and Expenditure Statement as part of Policy and Finance.
- net interest on the net defined benefit liability or asset i.e. net interest expense for the Council – the change during the period in the net defined benefit liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period – taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments

Re-measurements comprising

- the return on plan assets – excluding amounts included in net interest on the defined benefit liability or asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

1.8 Financial Instruments

Financial Liabilities

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account through the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The Council holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL).

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial assets measured at fair value through profit or loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

1.9 Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific

Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance through the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

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

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

1.10 Heritage Assets

The Council's heritage assets are held in the Council's museum. The museum has an extensive collection comprising of art, Civil war, artefacts, clock, coins and tokens of heritage assets which are held in support of the primary objective of the Council's museum, i.e. increasing the knowledge, understanding and appreciation of the Councils history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Councils accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Councils collections of heritage assets are accounted for as follows.

- Ceramics, Jewellery, Regalia, Statues, Art Collection and Samplers together with Machinery, Equipment and Furniture – these are measured at insurance valuation, based on market value, at five yearly intervals. As they are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Councils general policies on impairment – see note 1.14 in this summary of significant accounting policies. The trustees of the Council's museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Councils general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 1.14 in this summary of significant accounting policies).

1.11 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

1.12 Interests in companies and other entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.13 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are

added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.14 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. Expenditure under the value of £15,000 is treated as de-minimis. All capital expenditure will be depreciated in the following financial year of acquisition.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred while assets are under construction.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

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

- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Community Assets, Infrastructure and Assets Under Construction – measured at depreciated historical cost
- Other Land and Buildings – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Valuation

Assets are included in the Balance Sheet at current value on the basis recommended by CIPFA and in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (RICS). Non-current assets are classified into the groupings required by the CIPFA Code of Practice on Local Council Accounting.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Council Dwellings are valued using the beacon methodology in order to provide an accurate assessment of the vacant possession value of the Council's entire stock, with a full revaluation of each beacon property undertaken on a five yearly basis. In the intervening periods a revaluation of a representative sample of the beacon properties is undertaken with the identified average percentage change in value (subject to the removal of outliers) being applied across the remaining beacons. Community Assets, Infrastructure Assets and Assets Under Construction are held at historical cost and are not revalued. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for by:

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

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a

determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Asset	Depreciation Method	Useful Life in Years
Council Dwellings	Straight line allocation over the life of the property as estimated by the Valuer	35-50
Other Buildings	Straight line allocation over the life of the property as estimated by the Valuer	20-100
Vehicle, Plant and Equipment	Straight line allocation, taking into account any residual value, over their useful life as advised by a suitably qualified officer	5-10
Infrastructure	Straight line allocation over the estimated residual life of the asset	10-50
Community Assets	Straight line allocation over the estimated residual life of the asset	100
Surplus Assets	Straight line allocation over the life of the property as estimated by the Valuer	10-100

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying

value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance through the Movement in Reserves Statement.

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

1.15 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

1.16 Reserves

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

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

1.17 Revenue Expenditure Funded from Capital under Statute

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

1.18 Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

1.19 Fair Value Measurement of non-financial assets

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset, or
- in the absence of a principal market, in the most advantageous market for the asset.

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

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

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice requires that, where new or amended accounting standards have been issued but not adopted by 31st March 2024, the Council discloses the impact that this change would have had on the current year's financial statements had it already been adopted. The following changes to accounting standards will be applicable to the Council's accounts from 1 April 2024:

- a) IFRS 16 Leases issued in January 2016.
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.

IFRS 16 will be implemented from 1 April 2024 into the financial statements, however the effects of this standard are presently being evaluated.

It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Note 39-42 - The Council uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Assumptions are based, on observable data as far as possible, but this is not always available. In such a case the best information available would be used. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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

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

The items in the Council's Balance Sheet at 31 March 2024 for which there may be a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Assets are valued on a five-year rolling basis. Building indices are not applied to approximate for those assets that are not subject to the revaluation process in the year.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement (CIES) of approximately £43m.</p>
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured, based on quoted prices in active markets (i.e. domestic Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p>	<p>The Council uses a combination of indexation techniques, beacon valuations and discounted cash flow (DCF) models to measure the fair value of its Surplus Assets and Assets Held for Sale under IFRS13 depending on which technique it considers most appropriate.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, beacon classifications and others.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p> <p>If property value were to reduce by 10%, this would lead to a £0.3m reduction. This would impact the Council's CIES Surplus/Deficit.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured; however, the assumptions interact in complex ways.</p> <p>During 2023/24, the Council's actuaries advised that the net pensions liability had decreased by £7.9m attributable to updating of the assumptions.</p> <p>An increase in the discount rate would, if all other factors remained unchanged, result in a decrease in the present value of the defined benefit obligation.</p>

Arrears	At 31 March 2024, the Council had a balance of short term debtors totalling £12.906m. A review of significant balances suggested that a loss allowance of £2.263m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the loss allowance would require an additional £2.263m to set aside as an allowance.
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5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2023/2024 there were no material transactions, which are not disclosed separately.

6 MATERIAL INTEREST IN JOINT BODIES

The Council has a joint interest in Mansfield Crematorium. The annual net surplus from the running of the crematorium amounts to £0.039m (2022/23 £0.058m) and is included within Other Operating Income and Expenditure. The Council also includes its share of the assets and liabilities of the crematorium in its Balance Sheet. For a more detailed breakdown please see Note 37.

7 TRUST FUNDS

The Council acts as sole trustee for two Trusts:

The W.E. Knight Trust

A permanently endowed charity established by an indenture dated 6 January 1920 as varied by a conveyance of 6 July 1933 by the Trustees to the Mayor, Aldermen and Burgesses of the Borough of Newark-on-Trent. Separate accounts for this Charity have been maintained since 1 April 1984. Up to that date the costs of administering the Trust and any income received had been included in the accounts of the Borough and District Councils. The Trustees resolved at their meeting on the 22 July 2013 to retain the income earned by the endowment until a significant sum had been accrued at which time a decision on distribution would be taken.

The Gilstrap Endowment

The history of the Gilstrap charity is that in 1883 Sir (then Mr) William Gilstrap gave land in Castlegate on trust to the Borough of Newark for the purposes of a library. In 1884 the former Borough of Newark made a "one-off" payment to the Trust of £1,200 to be invested in compensation of loss of income, to enable the whole of the Castle Grounds to be laid out as "public walks and pleasure grounds". The accounts in respect of the Endowment were maintained by Nottinghamshire County Council until 31 March 1987 when Newark and Sherwood District Council took over as Trustees consequent upon the County Council acquiring a new site for a Central Library. The District Council agreed a new scheme of administration which was sealed by the Charity Commissioners on the 28 August 1990 and applied the income of the Endowment to the upkeep and use of the Gilstrap building. From 1 April 2013, the Gilstrap building was leased to Nottinghamshire County Council with the rental income being applied in fulfilment of the Trust objectives. The new arrangements were approved by the Charity Commission prior to agreement of the lease.

9 EXPENDITURE AND FUNDING ANALYSIS

This note shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

RESTATED* 2022/23			2023/24		
Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustment between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustment between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
1,260	920	2,180	1,391	148	1,539
1,936	801	2,737	2,140	489	2,629
1,946	1,002	2,948	2,412	69	2,481
570	1,476	2,046	837	3,001	3,838
549	249	798	645	70	715
-13,039	10,649	-2,390	-12,949	18,010	5,061
6,640	2,150	8,790	7,541	2,773	10,314
1,260	6,287	7,547	1,435	3,179	4,614
1,122	23,534	24,656	3,452	27,739	31,191
3,080	-25,068	-21,988	-2,893	-19,505	-22,398
4,202	-1,534	2,668	559	8,234	8,793
General Fund & Earmarked Reserve	HRA & Earmarked Reserve	Total	General Fund & Earmarked Reserve	HRA & Earmarked Reserve	Total
£'000	£'000	£'000	£'000	£'000	£'000
-36,343	-7,294	-43,637	-32,320	-7,115	-39,435
4,023	179	4,202	-329	888	559
-32,320	-7,115	-39,435	-32,649	-6,227	-38,876
Closing Balances Split by Reserve:					
-1,500	-2,000	-3,500	-1,500	-2,000	-3,500
-30,820	-5,115	-35,935	-31,149	-4,227	-35,376
-32,320	-7,115	-39,435	-32,649	-6,227	-38,876

* See Prior Period Adjustment note 43

9 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2023/24

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Biodiversity and Environmental Services	197	-49	0	148
Climate Change	556	-67	0	489
Community Safety & Community Development	119	-50	0	69
Health, Wellbeing and Leisure	3,003	-2	0	3,001
Heritage, Culture & the Arts	93	-23	0	70
Housing	18,169	-159	0	18,010
Strategy, Performance & Finance	2,988	-215	0	2,773
Sustainable Economic Development	3,238	-59	0	3,179
Net Cost of Services	28,363	-624	0	27,739
Other income and expenditure from the Expenditure and Funding Analysis	-20,428	915	8	-19,505
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	7,935	291	8	8,234

Adjustments between Funding and Accounting Basis 2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts RESTATED*	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Biodiversity and Environmental Services	596	294	30	920
Climate Change	362	402	37	801
Community Safety & Community Development	665	300	37	1,002
Health, Wellbeing and Leisure	1,465	15	-4	1,476
Heritage, Culture & the Arts	99	145	5	249
Housing	9,684	945	20	10,649
Strategy, Performance & Finance	712	1,287	151	2,150
Sustainable Economic Development	5,890	365	32	6,287
Net Cost of Services	19,473	3,753	308	23,534
Other income and expenditure from the Expenditure and Funding Analysis	-23,165	2,225	-4,128	-25,068
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-3,692	5,978	-3,820	-1,534

* See Prior Period Adjustment note 43

The following headings of other operating expenditure, financing and investment income and expenditure and taxation and non-specific grant income and expenditure all relate to the comprehensive income and expenditure statement. The Expenditure and Funding Analysis groups all the headings under 'Other income and expenditure'.

Note 1 Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjustments for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

10 EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

Expenditure/Income 2023/24	Biodiversity and Environmental £'000	Climate Change £'000	Community Safety & Community £'000	Health, Wellbeing and Leisure £'000	Heritage, Culture & the Arts £'000	Housing £'000	Strategy, Performance & Finance £'000	Sustainable Economic Developme £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	-409	-2,053	-643	-99	-1,422	-28,129	-5,006	-1,313	0	-39,074
Income on Joint Associates	0	0	0	0	0	0	0	0	-139	-139
Interest and Investment Income	0	0	0	0	0	0	0	0	-3,103	-3,103
Income from Council Tax	0	0	0	0	0	0	0	0	-11,363	-11,363
Income from Non Domestic Rates	0	0	0	0	0	0	0	0	-20,277	-20,277
Housing Benefit Subsidy Rent Allowance	0	0	0	0	0	0	-9,810	0	0	-9,810
Housing Benefit Subsidy Rent Rebates	0	0	0	0	0	0	-8,541	0	0	-8,541
Grants and Contributions	-34	0	-713	-263	-402	-1,115	-554	-28,200	-11,723	-43,004
Disposal of Assets	0	0	0	0	0	0	0	0	-875	-875
Total Income	-443	-2,053	-1,356	-362	-1,824	-29,244	-23,911	-29,513	-47,480	-136,186
Employee Expenses	1,810	2,507	1,936	75	1,060	6,176	8,198	2,379	0	24,141
Other Service Expenses	-26	1,619	1,795	1,125	1,386	10,064	4,574	31,727	244	52,508
Housing Benefit Rent Allowance	0	0	0	0	0	0	9,900	0	0	9,900
Housing Benefit Rent Rebates	0	0	0	0	0	0	8,566	0	0	8,566
Expenditure on Joint Associates	0	0	0	0	0	0	0	0	156	156
Developers Contribution Payment	0	0	0	0	0	0	0	0	387	387
Depreciation, Amortisation and Impairment	198	556	106	3,000	93	18,059	2,987	21	0	25,020
Changes in Fair Value	0	0	0	0	0	0	0	0	360	360
Interest Payments	0	0	0	0	0	6	0	0	4,179	4,185
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	14,462	14,462
Precepts and Levies	0	0	0	0	0	0	0	0	4,519	4,519
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	0	0	775	775
Total Operating Expenses	1,982	4,682	3,837	4,200	2,539	34,305	34,225	34,127	25,082	144,979
Surplus(-)/Deficit on Provision of Services	1,539	2,629	2,481	3,838	715	5,061	10,314	4,614	-22,398	8,793

Expenditure/Income 2022/23	Biodiversity and Environmental	Climate Change	Community Safety & Community	Health, Wellbeing and Leisure	Heritage, Culture & the Arts	Housing	Strategy, Performance & Finance	Sustainable Economic Developme	Corporate Amounts	Total
RESTATED*	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-371	-1,915	-630	-138	-1,298	-26,900	-4,655	-1,416	0	-37,323
Income on Joint Associates	0	0	0	0	0	0	0	0	-148	-148
Interest and Investment Income	0	0	0	0	0	0	0	0	-2,981	-2,981
Income from Council Tax	0	0	0	0	0	0	0	0	-11,004	-11,004
Income from Non Domestic Rates	0	0	0	0	0	0	0	0	-21,594	-21,594
Housing Benefit Subsidy Rent Allowance	0	0	0	0	0	0	-9,356	0	0	-9,356
Housing Benefit Subsidy Rent Rebates	0	0	0	0	0	0	-8,451	0	0	-8,451
Government Grants and Contributions	-13	-1	-49	-179	-103	-1,123	-959	-4,146	-12,774	-19,347
Disposal of Assets	0	0	0	0	0	0	0	0	-2,255	-2,255
Total Income	-384	-1,916	-679	-317	-1,401	-28,023	-23,421	-5,562	-50,756	-112,459
Employee Expenses	2,028	2,857	2,109	97	1,030	6,483	9,086	2,460	0	26,150
Other Service Expenses	-60	1,434	1,380	1,168	1,070	10,239	4,525	10,646	-293	30,109
Housing Benefit Rent Allowance	0	0	0	0	0	0	9,414	0	0	9,414
Housing Benefit Rent Rebates	0	0	0	0	0	0	8,497	0	0	8,497
Expenditure on Joint Associates	0	0	0	0	0	0	0	0	151	151
Developers Contribution Payment	0	0	0	0	0	0	0	0	1,262	1,262
Depreciation, Amortisation and Impairment	596	362	138	1,098	99	8,898	689	3	0	11,883
Changes in Fair Value	0	0	0	0	0	0	0	0	1,269	1,269
Interest Payments	0	0	0	0	0	13	0	0	7,158	7,171
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	13,202	13,202
Precepts and Levies	0	0	0	0	0	0	0	0	4,103	4,103
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	0	0	1,916	1,916
Total Operating Expenses	2,564	4,653	3,627	2,363	2,199	25,633	32,211	13,109	28,768	115,127
Surplus(-)/Deficit on Provision of Services	2,180	2,737	2,948	2,046	798	-2,390	8,790	7,547	-21,988	2,668

* See Prior Period Adjustment note 43

11 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid into and which all liabilities of the Council are to be met from, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. For housing authorities however, the balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources, limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the yearend.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the yearend.

2023/24 Usable Reserves	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	-231	-61	0	0	0	292
Financial instruments (transferred to the Financial Instrument Adjustment Account)	4	0	0	0	0	-4
Pooled Investment (transferred to the Pooled Investment Adjustment Account)	5					-5
Council tax and NDR (transfers to (or from) Collection Fund)	349	0	0	0	0	-349
Holiday pay (transferred to the Accumulated Absences Reserve)	0	0	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital Adjustment Account - CAA):	-12,632	-12,800	0	775	0	24,657
Total Adjustments to Revenue Resources	-12,505	-12,861	0	775	0	24,591
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	65	809	0	0	-874	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-17	0	0	17	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	0	0	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	10,363	-10,363	0	0	0
Statutory and voluntary provision for the repayment of debt (transfer from the CAA)	1,139	0	5,535	0	0	-6,674
Capital expenditure financed from revenue balances (transfer to the CAA)	4,474	299	0	0	0	-4,773
Total Adjustments between Revenue and Capital Resources	5,678	11,454	-4,828	0	-857	-11,447
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	2,184	-2,184
Use of the Major Repairs Reserve to finance capital expenditure	0	0	10,047	0	0	-10,047
Application of capital grants to finance capital expenditure	0	0	0	2,115	0	-2,115
Cash payments in relation to deferred capital receipts	0	0	0	0	-112	112
Total Adjustments to Capital Resources	0	0	10,047	2,115	2,072	-14,234
Total Adjustments	-6,827	-1,407	5,219	2,890	1,215	-1,090

2022/23 Usable Reserves	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Grants Unapplied	Capital Receipts Reserve	Movement in Unusable Reserves
RESTATED*	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	-4,714	-1,263	0	0	0	5,977
Financial instruments (transferred to the Financial Instrument Adjustment Account)	4	0	0	0	0	-4
Pooled Investment (transferred to the Pooled Investment Adjustment Account)	-1,676					1,676
Council tax and NDR (transfers to (or from) Collection Fund)	5,395	0	0	0	0	-5,395
Holiday pay (transferred to the Accumulated Absences Reserve)	-309	0	0	0	0	309
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to CAA):	-1,397	-10,224	0	-1,007	0	12,628
Total Adjustments to Revenue Resources	-2,697	-11,487	0	-1,007	0	15,191
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,145	1,867	0	0	-3,012	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-26	0	0	26	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	0	0	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	9,458	-9,458	0	0	0
Statutory and voluntary provision for the repayment of debt (transfer from the CAA)	1,863	0	6,532	0	0	-8,395
Capital expenditure financed from revenue balances (transfer to the CAA)	1,411	0	0	0	0	-1,411
Total Adjustments between Revenue and Capital Resources	4,419	11,299	-2,926	0	-2,986	-9,806
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	4,522	-4,522
Use of Capital Receipts to offset debt on associated Finance Lease Liability	0	0	0	0	106	-106
Use of the Major Repairs Reserve to finance capital expenditure	0	0	7,132	0	0	-7,132
Application of capital grants to finance capital expenditure	0	0	0	12	0	-12
Cash payments in relation to deferred capital receipts	0	0	0	0	-106	106
Total Adjustments to Capital Resources	0	0	7,132	12	4,522	-11,666
Total Adjustments	1,722	-188	4,206	-995	1,536	-6,281

*See Prior Period Adjustment note 43

12 TRANSFERS TO/FROM(-) EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure during the financial year.

	Balance as at 31st March 2022 £'000	Movement in Year £'000	Balance as at 31st March 2023 £'000	Movement in Year £'000	Balance as at 31st March 2024 £'000
General Fund for known pressures Reserves					
Financial Instruments Revaluation	91	-91	0	0	0
Election Expenses	77	-31	46	69	115
Insurance	261	-171	90	17	107
ICT & Digital Services	0	95	95	15	110
Renewal and Repairs	2,400	13	2,413	50	2,463
Building Control	75	8	83	-22	61
Domestic Homicide Review	0	10	10	0	10
Museum Purchases	40	6	46	13	59
Training Provision	191	91	282	0	282
Community Safety Fund	142	-19	123	13	136
Restructuring & Pay	141	-141	0	0	0
Court Costs	58	-58	0	0	0
Planning Costs	201	0	201	0	201
Homelessness Fund	306	174	480	-370	110
Fuel and Energy Reserve	62	-62	0	0	0
Refuse Bin Purchase	15	-15	0	0	0
Energy and Home Support	103	0	103	0	103
Growth and Prosperity	127	0	127	-127	0
Emergency Planning Reserve	43	-43	0	60	60
Other Earmarked Reserves	25	-25	0	0	0
Mangement Carry Forward	993	215	1,208	-437	771
Mansfield Crematorium	145	15	160	-1	159
CSG/Enforcement Reserve	47	-16	31	64	95
Flood Defence Reserve	250	0	250	0	250
NNDR Volatility Reserve	793	-293	500	0	500
Community Initiative Fund	154	-53	101	10	111
MTFP Reserve	5,588	604	6,192	2,270	8,462
Asset Management Fund	500	0	500	-149	351
Capital Projects Feasibility Fund	347	-26	321	-99	222
Community Engagement Fund	220	-141	79	-38	41
COVID Pressures	186	-186	0	0	0
Collection Fund Budget	6,250	-5,175	1,075	303	1,378
COVID Compliance	198	-198	0	0	0
Theatre Centenary	15	0	15	3	18
Commercial Plan Invest to Save	0	200	200	0	200
Workforce Development Reserve	0	200	200	-30	170
Community Lottery	7	5	12	6	18
Homes for Ukraine Fund	0	320	320	34	354
Unapplied Revenue Grants and Contributions	620	250	870	108	978

Total for known pressures	20,671	-4,538	16,133	1,762	17,895
Reserves					
Change Management	13,097	1,074	14,171	-2,185	11,986
Total General Fund Revenue	33,768	-3,464	30,304	-423	29,881
<u>Capital Revenue Reserves</u>					
Capital Revenue Financing	1,075	-559	516	752	1,268
Total General Fund Capital	1,075	-559	516	752	1,268
Total General Fund Earmarked Reserves	34,843	-4,023	30,820	329	31,149
<u>Housing Revenue Reserves</u>					
Newark and Sherwood Homes Merger Transfer	3,967	-3,967	0	0	0
Insurance Fund	50	0	50	0	50
Development and ICT	116	-116	0	0	0
Restructuring & Pay	100	0	100	0	100
Other Earmarked Reserves	735	-735	0	0	0
HRA Mangement Carry Forward	0	305	305	-249	56
Future Rents Bad Debt	326	-326	0	0	0
Decent Homes Reserve	0	1,500	1,500	0	1,500
Unused Efficiency Savings	0	687	687	312	999
Service Improvements	0	1,856	1,856	-951	905
Regulatory Compliance/Modernisat	0	250	250	0	250
Health & Safety	0	367	367	0	367
Total HRA Revenue	5,294	-179	5,115	-888	4,227
Total General Fund and HRA Earmarked Reserves	40,137	-4,202	35,935	-559	35,376

Renewal and Repairs - all sections of the Council who are responsible for assets contribute to this fund to ensure that planned maintenance is delivered in the future when it is due. For example buildings are redecorated every three years, software is upgraded as necessary. This flattens out the cost to ensure that tax levels do not fluctuate unnecessarily. All available funds are allocated to specific schemes.

Change Management - a reserve for uncommitted funds held for future requirements and for support of transformational change.

Management Carry Forward - a reserve for requests by management to transfer budgets not spent on a particular purpose into the next financial year for spending.

Medium Term Financial Plan (MTFP) - a reserve to mitigate the financial implications identified within the MTFP.

Collection Fund Budget - a reserve to fund the Collection Fund deficit which has arisen because of General Fund grant being given to compensate councils for statutory NDR reliefs paid by councils in-year.

Unapplied Revenue Grants and Contributions - revenue grants which have not yet been used where the grant providers do not require the grants to be repaid if unused.

Capital Provision – to support future capital projects.

Decent Homes Reserve - to support the challenge of the upcoming changes due to be proposed from Government regarding the improvement of the quality of social housing.

Unused Efficiency Savings - unallocated efficiency savings from the Council bringing social housing management services formerly provided by NSH back in-house.

Service Improvements - used for improvements identified for the service provision for tenants.

13 OTHER OPERATING INCOME AND EXPENDITURE

2022/23 £'000	2023/24 £'000
3,425 Parish Council Precepts	3,572
678 Levies	947
0 Payments to the Government Housing Capital Receipts Pool	0
-339 Gains(-)/losses on the disposal of non-current assets	-99
-292 Loss Allowance	241
3 Mansfield Crematorium - Net Cost of Service	25
3,475 Total	4,686

14 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2022/23 £'000	2023/24 £'000
4,942 Interest payable and similar charges	3,266
2,217 Net interest on the net defined benefit liability (asset)	914
-2,981 Interest receivable and similar income	-3,102
1,269 Net (gains)/losses on financial assets at fair value through profit and loss	360
0 Mansfield Crematorium - Financing and Investment Income and Expenditure	-8
5,447 Total	1,430

15 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2022/23 £'000	2023/24 £'000
-11,004 Council tax income	-11,362
-4,460 Non-Domestic Rates income and expenditure	-5,816
-6,108 Non ring-fenced Government grants	-6,978
-1 Revenue Developers grants & contributions	-39
-1,655 Capital Developers grants & contributions	413
-7,682 Capital grants and contributions	-4,732
-30,910 Total	-28,514

16 OFFICIALS' EMOLUMENTS

Amounts payable to senior employees in 2023/24 are disclosed below.

	2022/23 £	2023/24 £
<u>Chief Executive</u>		
Salary, Fees & Allowances	132,142	136,754
Expenses Allowances	398	499
Employer's Contribution to Pension	23,123	25,128
% Employee's Contribution to Pension	11.4%	11.4%
<u>Deputy Chief Executive & Director of Resources</u>		
Salary, Fees & Allowances	108,888	112,761
Expenses Allowances	160	70
Employer's Contribution to Pension	19,066	20,974
% Employee's Contribution to Pension	10.5%	10.5%
<u>Director of Customer Services & Organisational Development</u>		
Salary, Fees & Allowances	80,956	83,980
Expenses Allowances	59	99
Employer's Contribution to Pension	14,167	15,620
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Communities & Environment</u>		
Salary, Fees & Allowances	89,159	92,344
Expenses Allowances	88	87
Employer's Contribution to Pension	15,599	17,176
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Planning & Growth</u>		
Salary, Fees & Allowances	89,137	93,154
Expenses Allowances	71	100
Employer's Contribution to Pension	15,599	17,327
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Housing, Health & Welbeing</u>		
Salary, Fees & Allowances	89,137	92,687
Expenses Allowances	66	94
Employer's Contribution to Pension	15,599	17,240
% Employee's Contribution to Pension	9.9%	9.9%
<u>Assistant Director Law & Democratic Services</u>		
Salary, Fees & Allowances	76,210	78,877
Expenses Allowances	0	0
Employer's Contribution to Pension	13,337	14,671
% Employee's Contribution to Pension	9.9%	9.9%

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table.

Exit Package Cost Band	No of Compulsory Redundancies		No of Other Agreed Departures		Total No of Exit Packages		Total Cost of Exit Packages	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
								£'000
£0 to £20,000	0	1	3	2	3	3	8	25
£20,001 to £40,000	0	0	0	0	0	0	0	0
£40,001 to £60,000	0	0	0	0	0	0	0	0
£60,001 to £80,000	0	0	0	0	0	0	0	0
£80,001 plus	0	0	0	0	0	0	0	0
Total	0	1	3	2	3	3	8	25

The number of employees, including senior employees as disclosed above, whose remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 were:-

	Number of Employees 2023/24	Employees Included in 2023/24 leaving in same year	Number of Employees 2022/23
£50,000 to £54,999	6	0	6
£55,000 to £59,999	4	0	5
£60,000 to £64,999	5	0	4
£65,000 to £69,999	3	0	4
£70,000 to £74,999	5	0	2
£75,000 to £79,999	1	0	2
£80,000 to £84,999	1	0	1
£85,000 to £89,999	0	0	3
£90,000 to £94,999	3	0	0
£105,000 to £109,999	0	0	1
£110,000 to £114,999	1	0	0
£130,000 to £134,999	0	0	1
£135,000 to £139,999	1	0	0
Total	30	0	29

Bandings are removed where each financial year has no value.

17 RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows an assessment of the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts as follows:

Party	Disclosure
• UK Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions the Council has with other parties.	Comprehensive Income and Expenditure Statement Cash Flow Statement
•Members of the council have direct control over the council's financial and operating policies.	Note 19 Members Allowances
•Precepts from other Local Authorities.	Collection Fund Accounts
•Arkwood Developments Ltd is a wholly owned subsidiary of the Council.	Group Accounts
•Active4Today Ltd is a wholly owned subsidiary of the Council.	Group Accounts
•RHH Newark Ltd is a 50% owned joint venture of the Council.	Group Accounts
•The Council has joint control of Mansfield Crematorium.	Note 38 Joint Crematorium Committee

During 2023/24 the following transactions occurred with companies and organisations in which Members, Officers and their close family members, had an interest.

	Receipts £'000	Payments £'000
Gilstrap	5	0

18 MEMBERS ALLOWANCES

2022/23 £'000	2023/24 £'000
84 Special Responsibility Payments	110
197 Basic Allowances	205
4 Travel and Subsistence	10
285 Total	325

19 GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2022/23 £'000	2023/24 £'000
<u>Credited to Taxation and Non Specific Grant</u>	
-88 Revenue Support Grant	-228
-1,573 New Homes Bonus Grant	-888
-422 DCLG Grant	-157
-52 New Burdens Grant	-53
-3,933 S31 Grant Business Rates	-4,560
-40 Rural Services Delivery Grant	-45
0 Drainage Board Grant	-240
0 Funding Guarantee	-807
-1 Section 106	-39
<u>Capital Related:</u>	
0 Recycled Capital Housing Grant	-610
-140 Supported Housing	0
-1,654 Developers Contributions (Net of Payments)	413
-7,239 Other Grants and Contributions	-508
-304 Towns Fund - Stodman Street Regeneration	-1,574
0 DLHUC - Housing Fund	-1,222
0 Decarbonisation	-818
-15,446 Total	-11,336
<u>Credited to Services</u>	
-9,356 Housing Benefits Subsidy - Rent Allowances	-9,810
-8,451 Housing Benefits Subsidy - Rent Rebates	-8,541
-266 Housing Benefits Administration Grant	-258
-111 Council Tax Support Grant	0
-21 Council Tax Hardship Grant	-149
-196 Council Tax Rebate Discretionary Grant	0
0 Cultural Health and Wellbeing Alliance	-8
-42 NHS Test & Trace Support	0
0 Social Housing Decarbonisation Grant	-34
-323 Shared Prosperity Grant	-692
-30 Discretionary Housing Payment	-70
-125 Levelling Up Fund	-86
-200 Towns Fund - Cultural Heart	-173

-138 Towns Fund - Feasibility	-163
0 Sport England Support Grant	-180
-43 Safer Streets	-85
-128 High Street Heritage Action Zone	-18
-288 Homelessness Grant	-419
25 Rough Sleepers	0
-19 New Apprentice Grants	-3
-5 LGA's Cyber Security Programme	-11
0 National Portfolio Organisation	-250
-280 New Burdens Grant	-77
0 Locality Funding Police and Crime Commissioner	-39
0 Keep Britain Tidy	-24
-7 Apprentice Levy	-8
-56 Domestic Abuse Support	-43
0 NCC Flooding Grant	-3
0 Biodiversity Net Gain	-1
0 Local Nature Reserve	-7
-16 West Midlands History	0
-24 DEFRA Environmental Schemes	-42
-45 Heritage Lottery Fund - Gateway	-152
-3 Newark Castle	0
<u>Capital Related:</u>	
-834 Private Sector Disabled Facilities	-644
-101 Other Capital Grants and contributions	-808
0 SLR - Sherwood LEP	-6,000
0 SLR - Newark LUF 1	-14,032
-3,298 Town Fund - Contribution to IASI	-6,802
-24,381 Total	-49,632

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

CURRENT LIABILITIES - GRANTS RECEIPTS IN ADVANCE

2022/23 £'000	2023/24 £'000
<u>Capital Related:</u>	
-23,399 Government	-4,076
-149 Other Third Parties	-230
-1,341 Section 106	-1,495
<u>Revenue Related:</u>	
-548 Government	-635
-29 Other Third Parties	-17
-6 Section 106	-8
-25,472	-6,461

Section 106 of the Town and Country Planning Act 1990 relates to money paid by developers to Local Planning Authorities in order to offset the costs of the external effects of development.

LONG TERM LIABILITIES - GRANTS RECEIPTS IN ADVANCE

2022/23 £'000		2023/24 £'000
	<i>Capital Related:</i>	
0	Government	0
-6,893	Section 106	-8,039
-48	Other Third Parties	0
	<i>Revenue Related:</i>	
-126	Government	-166
-82	Section 106	-99
-54	Other Third Parties	-55
-7,203		-8,359

20 AUDIT FEE

For 2023/2024 Newark and Sherwood District Council incurred the following fee in relation to the audit of the Statement of Accounts:

2022/23 £'000	Fees Payable to Mazars LLP in respect of:	2023/24 £'000
50	External Audit Services	148
3	Other Services	5
53	Total	153

In addition, audit fees of £31,039 (£21,930 2022/23) were paid which related to work undertaken in prior financial years.

21 PROPERTY PLANT AND EQUIPMENT

Movements in 2023/24									
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant Equipment £'000	Infrastruct- ure Assets £'000	Commun- -ity Assets £'000	Surplus Assets £'000	Assets Under Constru- ction £'000	Total £'000	
Cost or Valuation									
At April 2023	343,441	87,775	13,151	448	179	0	10,509	455,503	
Additions	11,018	4,049	2,147	0	0	0	6,216	23,430	
Donations	0	125	0	0	0	0	0	125	
Revaluation increases/decreases(-) to Revaluation Reserve	-4,130	-658	0	0	0	0	0	-4,788	
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-8,020	-9,487	0	0	0	0	0	-17,507	
Derecognition - Disposals	0	0	-651	0	0	0	0	-651	
Derecognition - Other						0		0	
Assets reclassified to(-)/from Held for Sale	103	0	0	0	0	0	0	103	
Reclassifications - Other	4,106	2,849	187	0	0	0	-7,142	0	
At 31 March 2024	346,518	84,653	14,834	448	179	0	9,583	456,215	
Accumulated Depreciation & Impairment									
At April 2023	0	821	5,867	152	0	0	0	6,840	
Depreciation charge	5,481	1,363	1,226	35	0	0	0	8,105	
Depreciation written out to the Revaluation Reserve	-5,124	-1,145	0	0	0	0	0	-6,269	
Depreciation written out to the Surplus/Deficit on the Provision of Services	-358	-267	0	0	0	0	0	-625	
Impairment losses/reversals(-) to Revaluation Reserve	0	0	0	0	0	0	0	0	
Impairment losses/reversals(-) to Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	
Derecognition - Disposals	0	0	-651	0	0	0	0	-651	
Reclassifications	1	-69	0	0	0	0	68	0	
At 31 March 2024	0	703	6,442	187	0	0	68	7,400	
Net Book Value									
at 31 March 2024	346,518	83,950	8,392	261	179	0	9,515	448,815	
at 31 March 2023	343,441	86,954	7,284	296	179	0	10,509	448,663	

Comparative Movements in 2022/23									
	Council Dwellings	Other Land and Buildings	Vehicles Plant Equipment	Infrastruct- ure Assets	Communi- ty Assets	Surplus Assets	Assets Under Constru- ction	Total	
RESTATED*	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At April 2022	323,686	80,290	12,697	448	120	0	7,993	425,234	
Additions	7,704	4,179	2,068	0	59	0	5,996	20,006	
Donations	0	0	0	0	0	0	0	0	
Revaluation increases/decreases(-)to Revaluation Reserve	12,504	5,621	0	0	0	0	0	18,125	
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-2,884	-1,807	0	0	0	0	0	-4,691	
Derecognition - Disposals	0	-40	-1,614	0	0	0	0	-1,654	
Derecognition - Other	0	0	0	0	0	0	0	0	
Assets reclassified to(-)/from Held for Sale	-1,453	0	0	0	0	0	0	-1,453	
Reclassifications - Other	3,884	-468	0	0	0	0	-3,480	-64	
At 31 March 2023	343,441	87,775	13,151	448	179	0	10,509	455,503	
Accumulated Depreciation & Impairment									
At April 2022	0	854	6,460	117	0	0	0	7,431	
Depreciation charge	5,154	1,374	1,008	35	0	0	0	7,571	
Depreciation written out to the Revaluation Reserve	-4,898	-1,235	0	0	0	0	0	-6,133	
Depreciation written out to the Surplus/Deficit on the Provision of Services	-259	-167	0	0	0	0	0	-426	
Impairment losses/reversals(-) to Revaluation Reserve	0	0	0	0	0	0	0	0	
Impairment losses/reversals(-) to Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	
Derecognition - Disposals	-1	-1	-1,601	0	0	0	0	-1,603	
Reclassifications	4	-4	0	0	0	0	0	0	
At 31 March 2023	0	821	5,867	152	0	0	0	6,840	
Net Book Value									
At 31 March 2023	343,441	86,954	7,284	296	179	0	10,509	448,663	
At 31 March 2022	323,686	79,436	6,237	331	120	0	7,993	417,803	

See Prior Period Adjustment note 43

DEPRECIATION

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings - 2-75 years
- Other Land and Buildings - 9-75 years
- Vehicles, Plant, Furniture and Equipment - 3-25 years
- Infrastructure - 10-190 years
- Surplus - 20-98 years

CAPITAL COMMITMENTS

At 31 March 2024, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years budgeted to cost £0.277m. Similar commitments at 31 March 2023 were £27.557m.

REVALUATIONS

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All 31 March 2024 valuations were carried out by the Council's appointed surveyors, Wilks Head and Eve, who are suitably qualified and experienced for this purpose. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Plant and machinery is included implicitly in the valuation of the buildings. Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the asset, the depreciated replacement cost. Properties regarded by the Council as non-operational have been valued on the basis of open market value.

The significant assumptions applied in estimating the fair values are:

- Good title can be shown and all valid planning permissions and statutory approvals are in place.
- The property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted.
- An inspection of those parts not inspected would not reveal defects that would affect the valuation.
- The testing of electrical or other services would not reveal defects that would cause the valuation to alter.
- There are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

The following statement shows the progress of the Council's rolling programme for the revaluation of non current assets.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra- Structure £'000	Community Assets Construction £'000	Assets Under Surplus £'000	Total £'000
Valued at Historical Cost	0	0	14,834	448	179	9,583	25,044
Valued at Current Value in:							
31 March 24	346,518	63,024	0	0	0	0	409,542
31 March 23	0	4,495	0	0	0	0	4,495
31 March 22	0	10,391	0	0	0	0	10,391
31 March 21	0	5,425	0	0	0	0	5,425
31 March 20	0	360	0	0	0	0	360
	346,518	83,695	14,834	448	179	9,583	455,257
Non Revaluation adjustments	0	958	0	0	0	0	958
Gross Book Value	346,518	84,653	14,834	448	179	9,583	456,215

Note - non revaluation adjustments relates to all movements in Gross Book Value that don't relate to a revaluation .i.e. acquisitions and disposals.

22 LEASES - DISCLOSURE AS LESSEE

Finance Leases

The Council has two finance leases, a 25 year lease on the Beaumont Cross site, for the hotel and retail units on commercial terms, and a 25 year lease on Southwell Leisure Centre at nil consideration. The assets are included on the Balance Sheet under Property, Plant and Equipment.

The following amounts are included within Other Land and Building assets Note 22 for the Property, Plant and Equipment held under finance leases:

2022/23 £'000	2023/24 £'000
2,202 Balance at 1 April	2,152
185 Additions	150
0 Revaluations	-474
-86 Depreciation	-94
0 Disposals	0
-149 Early Termination of Lease due to purchase	0
2,152 Net Book Value at 31 March	1,734

The Council is committed to making minimum payments under the leases comprising settlement of the long term liability for the interest in the property acquired by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2022/23 £'000	2023/24 £'000
Finance Lease Liabilities (net present value of minimum lease payments)	
145 • Current	150
4,863 • Non Current	4,714
2,120 Finance costs payable in future years minimum lease payments	1,956
7,128 Minimum Lease Repayments	6,820

The minimum lease payments will be payable over the following periods:

2022/23			2023/24	
Minimum Lease Payments	Finance Lease Liabilities (NPV)		Minimum Lease Payments	Finance Lease Liabilities (NPV)
£'000	£'000		£'000	£'000
310	145	Not later than one year	310	150
1,240	634	Later than one year and not later than five years	1,240	656
5,580	4,230	Later than five years	5,270	4,058
7,130	5,009	Total	6,820	4,864

The Council sub-lets the hotel asset on the Beaumont Cross site held under the finance lease. The annual minimum payments are detailed in note 24 as the sub lease is classified as a finance lease.

Operating Leases

The authority has no leases for Vehicles, Plant, Furniture and Equipment.

Land and Buildings - the Council leases several items of land. The leasing arrangements for each being accounted for as operating leases.

Future minimum lease payments due in future years are:

2022/23		2023/24
£'000		£'000
31	Not later than one year	29
126	Later than one year and not later than five years	119
2,131	Later than five years	1,297
2,288	Total Operating Lease Costs	1,445

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2022/23		2023/24
£'000		£'000
46	Minimum lease payments	29
46	Total Operating Lease Costs	29

23 LEASES - DISCLOSURE AS LESSOR

Finance Leases

With effect from April 2015, under the Devolution agreement with Newark Town Council, the Council has leased Newark Market Place and the Arena toilets and retail unit, Tolney Lane, Newark to Newark Town Council. The leases are for a peppercorn rent and therefore there will be no lease payments receivable from these arrangements. The leases have been accounted for as finance leases and the asset values have transferred to Newark Town Council.

	Fair Value at inception of lease April 2015	Lease Term
Newark Market Place	£56,450	99 years
Arena toilets and retail unit, Tolney Lane, Newark	£209,186	25 years

The Council Sub lets the hotel asset on the Beaumont Cross site, on a finance lease with a remaining term of 22 years.

The Council has a gross investment in the lease of minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

2022/23 £'000	2023/24 £'000
Finance Lease Debtor (net present value of minimum lease payments)	
112 • Current	118
4,342 • Non Current	4,225
2,567 Unearned Finance Income	2,373
7,021 Minimum Lease Repayments	6,716

The gross investment in the lease and the minimum lease payments will be received over the following periods:

2022/23		2023/24	
Minimum Lease Payments £'000	Gross Investment in the Lease £'000	Minimum Lease Payments £'000	Gross Investment in the Lease £'000
305	112	305	118
1,221	504	1,221	527
5,495	3,838	5,189	3,697
7,021	4,454 Total	6,715	4,342

Operating Leases

The Council has granted leases in respect of a range of industrial units, lorry wash and other commercial land and buildings. A number of village halls are also included. All arrangements are accounted for as operating leases with the village halls being charged peppercorn rents. All the leases as lessor are land and buildings. The Council does not currently lease any vehicle, plant or equipment.

Aggregate rentals received by the Council in its capacity as lessor for 2023/24 was £1,370k (£1,617k 2022/23).

The total future lease commitments are:

2022/23 £'000	2023/24 £'000
1,384 Not later than one year	946
4,250 Later than one year and not later than five years	2,493
4,371 Later than five years	3,609
10,005 Total Operating Lease Costs	7,048

24 CASH AND CASH EQUIVALENTS

2022/23 £'000	2023/24 £'000
4 Cash held by the Council	4
-7 Cash in transit	5
573 Bank current accounts	950
22,664 Short-term deposits with Money Market Funds	14,997
23,234 Total Cash and Cash Equivalents	15,956

25 HERITAGE ASSETS

The following table shows the reconciliation of the carrying value of the heritage assets held by the Council.

	Museum Collection £'000	Other Assets £'000	Total Assets £'000
Cost or Valuation			
At 1 April 2023	3,450	110	3,560
Additions	0	0	0
Revaluations	0	0	0
At 31 March 2024	3,450	110	3,560
Cost or Valuation			
At 1 April 2022	1,930	90	2,020
Additions	0	0	0
Revaluations	1,520	20	1,540
At 31 March 2023	3,450	110	3,560

Items held on the balance sheet for Heritage assets for both the museum collections and other heritage assets are revalued every five years, based on market value, supported by a specialist valuation. The last formal valuation was undertaken 17/03/23 by Golding, Young and Mawer an external firm of Chartered Auctioneer and Valuers. In the intervening periods, where insurance information is available, this will be considered to see if a change to the valuation is required.

The Council's heritage assets held on the Balance Sheet have been split into the following categories:

Museum Collection – The Council has an extensive museum collection comprising art, civil war artefacts, clocks, coins and tokens and other items of interest. The museum was established in 1912 and the majority of artefacts have been donated by local residents over the course of the years. All exhibits are either on display at the National Civil War Centre in Newark or held at the Council's resource centre; however, all items at the resource centre are available for viewing by appointment. The collection is the responsibility of the Heritage, Culture and Visitors Business Manager and is kept in a controlled environment to ensure minimal deterioration. Should any remedial conservation be required this is contracted out to specialist third parties on an as and when basis. Items are valued for insurance purposes at a minimum of every five years and held on the balance sheet at this value. The assets held within the museum collection are deemed to have indeterminate lives and as such are not depreciated.

A significant item of the collection is the Newark Torc, a complete Iron Age gold alloy neck ring which was purchased by a combination of council funding, grant funding and public donations in 2006. The torc is on display at the National Civil War Centre.

Other – other heritage assets held by the Council include various sculptures which have been commissioned and are on display in the Council's parks and gardens and the Chairman's chains of office. Items are valued on an insurance basis every five years and held on the balance sheet at this value.

The Council also owns heritage assets which are not shown on the Balance Sheet as detailed:

Newark Castle – the castle was built in the 12th century and is a scheduled ancient monument. The castle was partly destroyed at the end of the English Civil War but has a number of rooms which are open to the public as part of a guided tour and is sited in a public garden. The Council does not consider that reliable cost or valuation information can be obtained for the castle due to the age and state of the building. A fund is in place to cover the costs of any future repairs and renewals.

Queen's Sconce – this scheduled ancient monument is one of the few remaining earthworks from the English Civil War. It is distinctively star shaped and is considered an internationally important heritage feature, surrounded by open space and playing fields. The Council does not consider that reliable cost or valuation information can be obtained for the sconce due to the age and nature of the structure. A fund is in place to cover the costs of any future repairs and renewals.

26 ASSETS HELD FOR SALE

Strict requirements are identified in the Code regarding the classification of an asset as Held for Sale. If an asset does not meet these requirements then it would continue to be classified within the standard classification, either as Property Plant and Equipment or as Investment Property. The Council holds the following current assets with the intent of selling them within 12 months of the balance sheet date.

2022/23 £'000	2023/24 £'000
4,418	4,054
Assets newly classified as held for sale:	
1,576	3,610
Assets declassified as held for sale:	
-1,817	-757
-123	-3,713
4,054	3,194

27 INTANGIBLE ASSETS

During 2023/2024 the Council's intangible assets consisted of computer software. These were considered to have significant long term value to justify inclusion within the Balance Sheet. They are amortised on a straight line basis over the estimated period of economic benefit to the Council which varies between 5 and 10 years depending on the particular system. The amortisation amount is charged to the relevant revenue service and is included within the (Surplus)/Deficit on Continuing Operations.

2022/23 £'000	2023/24 £'000
Balance at start of year:	
1,722	1,675
-1,385	-1,299
337	376
Movements:	
49	334
-14	0
-60	-59
64	0
376	651
Comprising:	
1,675	1,970
-1,299	-1,319
376	651

28 CAPITAL EXPENDITURE AND FINANCING

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

2022/23 £'000	2023/24 £'000
137,540	134,618
<i>Opening Capital Financing Requirement</i>	
	4,454
<i>Opening Balance adjustment for Finance Lease Correction</i>	
	139,072
<i>Revised Opening Capital Financing Requirement (CFR)</i>	
<u>Capital Investment:</u>	
20,006	23,555
Property, Plant and Equipment	
-761	0
Capital Loans and Shares	
49	334
Intangible Assets	
11,824	31,629
Revenue Expenditure Funded from Capital Under Statute	
<u>Sources of Finance</u>	
-4,522	-2,184
Capital Receipts	
-12,581	-35,254
Government Grants and Contributions	
-16,937	-21,495
Sums set aside from Revenue (inc MRP and finance leases)	
134,618	135,657
<i>Closing Capital Financing Requirements</i>	
<i>Explanation of Movements in Year</i>	
5,472	3,257
Increase in underlying need to borrow (unsupported by Government financial assistance)	
-8,394	-6,672
Other Movements (MRP including finance leases)	
-2,922	-3,415
<i>Increase in Capital Financing Requirement</i>	
<i>Split on Capital Financing Requirement between General Fund and Housing Revenue Account</i>	
28,018	34,591
General Fund	
106,600	101,066
Housing Revenue Account	
134,618	135,657

29 ANALYSIS OF DEBTORS

The amounts due to the Council were:-

2022/23 £'000	2023/24 £'000
<i>Amounts falling due within one year:-</i>	
1,850	1,259
Trade Receivables	
490	625
Prepayments	
12,895	11,050
Other Receivable Amounts	
-2,310	-2,263
Less Loss Allowance	
12,925	10,671
<i>Total Short Term Debtors</i>	
2,377	2,373
Other Entities and Individuals	
2,377	2,373
<i>Total Long Term Debtors</i>	
15,302	13,044
<i>Total Debtors</i>	

DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) within the total debtors figure is analysed below;

2022/23 £'000	2023/24 £'000
631 Council Tax	523
703 Non-Domestic Rates	427
1,334 Total Debtors for Local Taxation	950

30 ANALYSIS OF CREDITORS

The amounts owed by the Council were:-

2022/23 £'000	2023/24 £'000
Amounts falling due within one year:-	
7,483 Trade Payables	10,729
9,896 Other Payables	7,176
17,379 Short Term Creditors	17,905
0 Other Payables	0
0 Long Term Creditors	0
17,379 Total	17,905

31 PROVISIONS

2022/23 £'000	Non Domestic Rate Appeals £'000	2023/24 Total £'000
8 Short Term Balance at 1 April	354	354
-622 Amounts used in year	-388	-388
968 Transfer from Long Term	237	237
354 Short Term Balance at 31 March	203	203
1,464 Long Term Balance at 1 April	1,117	1,117
619 Increase/Decrease (-) in provisions made in year	-503	-503
-966 Transfer to Short Term	-237	-237
1,117 Long Term Balance at 31 March	377	377

New arrangements for the retention of business rates came into force on 1 April 2013 whereby local authorities have assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts that were paid over to Central Government in respect of 2012/2013 and prior years. Previously such amounts would not have been recognised as income by the authorities but would have been transferred to DLUHC. A provision has been made for the possible settlement of refunds, based on consideration of the type and history of appeals awarded in the past, and the length of time normally taken for the appeal process.

As the outcome of any appeals are determined by the Valuation Office Agency (VOA), it is uncertain when the claims will be settled. As there are still claims outstanding from 2017 it has been decided to classify the provision as long term. This provision relates to only the Council's share of the potential costs which is 40%.

32 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

33 UNUSABLE RESERVES

RESTATED	
2022/23	2023/24
£'000	£'000
153,332 Revaluation Reserve	152,027
168,648 Capital Adjustment Account	172,574
-106 Financial Instruments Adjustment Account	-103
-19,731 Pensions Reserve	-11,842
-66 Crematorium Pension Reserve	-56
6,805 Deferred Capital Receipts Reserve	6,692
-1,521 Pooled Investment Adjustment Account	-1,516
-7 Collection Fund Adjustment Account	342
-400 Accumulated Absences Account	-400
306,954 Total Unusable Reserves	317,718

REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation.
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance in the Capital Adjustment Account.

RESTATED*	
2022/23	2023/24
£'000	£'000
130,726 Balance at 1 April	153,332
38,834 Upward revaluations of assets	13,049
-13,037 Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-11,568
25,797 Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	1,481
-2,230 Difference between fair value depreciation and historical cost depreciation	-2,546
-961 Accumulated gains on assets sold or scrapped	-240
-3,191 Amount written off to the Capital Adjustment Account	-2,786
153,332 Balance at 31 March	152,027

* See Prior Period Adjustment note 43

CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and revaluation gains on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

RESTATED*		
2022/23		2023/24
£'000		£'000
156,505	Balance as at 1st April	168,648
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
-7,570	Charges for depreciation and impairment of non-current assets	-8,105
-4,263	Revaluation losses on Property, Plant and Equipment	-16,879
-60	Amortisation of intangible assets	-59
407	Revaluation on Financial Instrument classed as capital	-365
-11,824	Revenue expenditure funded from capital under statute	-31,629
-1,884	Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-758
-25,194		-57,795
961	Adjusting amounts written out of the Revaluation Reserve	240
-24,233	Net written out amount of the cost of non-current assets consumed in the year	-57,555
	Capital financing applied in the year:	
4,522	Use of Capital Receipts Reserve to finance new capital expenditure	2,184
7,132	Use of Major Repairs Reserve to finance new capital expenditure	10,047
12,568	Capital grants and contributions credited to the CIES that have been applied to capital financing	33,139
12	Applications of grants to capital financing from the Capital Grant Unapplied Account	2,115
106	Use of Capital Receipts to offset debt on associated Finance Lease Liability	0
1,863	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	769
6,532	Voluntary provision against General Fund and repayment of HRA debt	5,906
1,411	Capital expenditure charged against the General Fund and HRA balances	4,775
34,146		58,935
2,230	Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	2,546
168,648	Balance at 31 March	172,574

* See Prior Period Adjustment note 43

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

The Financial Instrument Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provision. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund balance to this account in the Movement in Reserves Statement. Over time the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on the council tax payer.

2022/23 £'000	2023/24 £'000
-110 Balance at 1 April	-106
4 Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	3
-106 Balance at 31 March	-103

PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £'000	2023/24 £'000
-85,489 Balance at 1 April	-19,731
71,727 Remeasurements of the net defined benefit liability/(asset)	8,181
-9,655 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-4,300
3,686 Employers pensions contributions and direct payments to pensioners payable in the year	4,008
-19,731 Balance at 31 March	-11,842

CREMATORIUM PENSION RESERVE

The total assets and liabilities of the Mansfield and District Joint Crematorium Pension Account are apportioned between Newark and Sherwood District Council, Ashfield District Council and Mansfield District Council. The balance held in the Crematorium Pension Account represents Newark and Sherwood District Council's proportion of the assets and liabilities of the scheme.

2022/23 £'000	2023/24 £'000
-1,562 Balance at 1 April	-268
1,415 Remeasurements of the net defined benefit liability/(asset)	165
-206 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-109
85 Employers pensions contributions and direct payments to pensioners payable in the year	105
-268 Balance at 31 March	-107
Balance split by Authority:	
-66 Newark and Sherwood District Council's proportion	-56
-127 Ashfield District Council's Proportion	-50
-75 Mansfield District Council's Proportion	-1
-268 Balance at 31 March	-107

DEFERRED CAPITAL RECEIPTS RESERVE

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2022/23 £'000	2023/24 £'000
6,912 Balance at 1 April	6,805
0 Transfer of deferred capital receipt repayable credited as part of the gain(-)/loss on disposal to the CIES	0
-107 Transfer to Capital Receipts Reserve	-113
6,805 Balance at 31 March	6,692

POOLED INVESTMENT FUNDS ADJUSTMENT ACCOUNT

The pooled investment fund adjustment account represents the fair value movement in the value of its investments that are measured at fair value through profit and loss. Under regulation 30k of SI2023/241 the fair value movement can continue to be reversed until the period ending 31 March 2025. After that period the value of the movement will then be charged against the general fund balance.

2022/23 £'000	2023/24 £'000
156 Balance at 1 April	-1,521
0 Upward revaluation of investments	242
-1,677 Downward revaluation of investments	-237
-1,521 Balance at 31 March	-1,516

COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23 £'000	2023/24 £'000
-5,402 Balance at 1 April	-7
5,395 Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	349
-7 Balance at 31 March	342

ACCUMULATED ABSENCES ACCOUNT

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23 £'000	2023/24 £'000
-91 Balance at 1 April	-400
91 Settlement or cancellation of accrual made at the end of the preceding year	400
-400 Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-400
-400 Balance at 31 March	-400

34 CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities to disclose.

35 CASH FLOW STATEMENTS

A Cash Flow Statement - Adjustment To Net Surplus Or Deficit On The Provision Of Services For Non Cash Movements

RESTATED		
2022/23		2023/24
£'000		£'000
-2,668	Net Surplus or Deficit(-) on the Provision of Services	-8,793
	Adjust net surplus or deficit on the provision of services for non-cash movements	
7,570	Depreciation of Property, Plant and Equipment	8,105
4,262	Impairment and downward valuations	16,880
60	Amortisation of Intangible Assets	59
-407	Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	365
1,676	Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	-4
-56	Increase/Decrease(-) in interest Creditors	56
-6,833	Increase/Decrease(-) in Creditors	-292
-210	Increase(-)/Decrease in interest and dividend Debtors	-677
392	Increase(-)/Decrease in Debtors	2,310
6	Increase(-)/Decrease in Inventories	-2
5,978	Pension Liability	292
-3	Increase/Decrease(-) in Provisions	-891
1,885	Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	758
14,320	Total	26,959
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
-13,576	Capital Grants credited to surplus or deficit on the Provision of Services	-32,605
538	Premiums or Discounts on the repayment of financial liabilities	0
-2,985	Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-857
-16,023	Total	-33,462
-4,371	Net Cash Flows from Operating Activities	-15,296

* See Prior Period Adjustment note 43

B Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2022/23		2023/24
£'000		£'000
2,765	Interest received	2,426
-3,621	Interest paid	-3,208
-856	Total	-782

C Cash Flow Statement - Investing Activities

2022/23 £'000		2023/24 £'000
-18,114	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-20,693
-11,000	Purchase of short-term and long-term Investments	0
0	Other payments for investing activities	-100
3,093	Proceeds from the sale of Property, Plant and Equipment, Intangible Assets and Finance Lease Receivables	969
7,000	Proceeds from short-term and long-term Investments	20,000
27,429	Other receipts from investing activities	15,095
8,408	Net cash flows from investing activities	15,271

D Financing Activities

2022/23 £'000		2023/24 £'000
3,701	Cash receipts for short and long-term Borrowing	4,140
0	Other receipts from financing activities	0
-364	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	-145
-10,003	Repayments of short and long-term Borrowing	-9,446
-1,795	Other payments for financing activities	-1,802
-8,461	Net cash flows from financing activities	-7,253

36 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2023/24		Non-cash changes		2023/24
	1 April	Financing Cash Flows	Acquisit- ion	Other non-cash changes	
	£'000	£'000	£'000	£'000	£'000
Long-term borrowings	81,434	-5,535	0	2,503	78,402
Short-term borrowings	9,374	188	0	-2,503	7,059
Lease Liabilities	5,010	-145	0	0	4,865
Total Liabilities from financing activities	95,818	-5,492	0	0	90,326

37 JOINT CREMATORIUM COMMITTEE

The Council, along with Ashfield District Council and Mansfield District Council, operates the Mansfield and District Joint Crematorium.

The Council's share of income, expenditure, assets and liabilities in respect of the Joint Crematorium Committee is as follow;

2022/23			2023/24	
Total £'000	NSDC Share £'000	Comprehensive Income and Expenditure Statement	Total £'000	NSDC Share £'000
-2,110	-146	Gross Income	-2,039	-130
1,275	88	Gross Expenditure (includes surplus distribution)	1,550	99
-835	-58	Charged to Other Operating Income and Expenditure before Surplus Distribution	-489	-31
875	60	Surplus Distribution	875	56
40	2	Total Charged to Other Operating Income and Expenditure	386	25
1	0	Financing and Investment Income and Expenditure	-119	-8
41	2	Surplus (-) or Deficit on Provision of Services	267	17
-1,416	-98	Remeasurements of the Net Defined Benefit Liability (Asset)	-166	-11
-1,375	-96	Total Comprehensive Income and Expenditure	101	6

2022/23			2023/24	
Total £'000	NSDC Share £'000	Balance Sheet	Total £'000	NSDC Share £'000
1,784	224	Property, Plant and Equipment	2,300	257
1,784	224	Long Term Assets	2,300	257
280	26	Short Term Debtors	292	27
2,079	220	Cash and Cash Equivalents	2,123	223
2,359	246	Current Assets	2,415	250
-992	-87	Short Term Creditors	-1,064	-92
-992	-87	Current Liabilities	-1,064	-92
-268	-66	Pensions	-107	-56
-268	-66	Long Term Liabilities	-107	-56
2,883	317	Net Assets	3,544	359
Financed By:				
1,367	159	General and Capital Reserve	1,352	158
-268	-66	Pension Reserve	-107	-56
1,397	192	Capital Adjustment Account	1,230	181
387	32	Revaluation Reserve	1,069	76
2,883	317	Total Reserves	3,544	359

38 POST EMPLOYMENT BENEFITS

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The authority participates in the Local Government Pension Scheme, administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Nottinghamshire County Council. Day to day administration of the fund is undertaken by a team within the County Council. Where appropriate some functions are delegated to the Fund's professional advisors.

The cost of retirement benefits is recognised in the (Surplus)/Deficit on Continuing Operations when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the council tax is based on the cash payable in the year, so the real cost of retirement benefit is reversed out of the Comprehensive Income and Expenditure Statement after the (Surplus)/Deficit on Provision of Services.

These transactions are as follows:-

2022/23 £'000	2023/24 £'000
Comprehensive Income and Expenditure Statement	
<u>Cost of Services</u>	
7,450 Current service cost	3,389
0 Past service costs	3
0 (Gain)/loss from settlements	0
<u>Financing and Investment Income and Expenditure</u>	
2,168 Net interest expense	854
52 Administration costs	61
9,670 Total charged to Surplus/Deficit on Provision of Services	4,307
<u>Remeasurement of the net defined benefit liability</u>	
-6,004 Return on plan assets	4,579
567 Other actuarial gains/(losses)	0
85,009 Changes in financial assumptions	2,371
11,890 Changes in demographic assumptions	2,035
-19,638 Experience gains/(losses)	-794
71,824 Total charged to Other Comprehensive Income and Expenditure	8,191
81,494 Total charged to Comprehensive Income and Expenditure Statement	12,498
Movement in Reserves Statement	
-5,723 Reversal of net charges made for retirement benefits	-292
Actual amount charged against the General Fund Balance	
Employers' contributions payable to scheme (including release of prepaid contributions)	4,015

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Funding Arrangements

The LGPS Regulations require that a full actuarial valuation of the Fund is carried out every three years. The purpose of this is to establish that the Nottinghamshire Council Pension Fund is able to meet its liabilities to past and present contributors and to review the employer contribution rates.

The latest full triennial valuation of the Fund was carried out by Barnet Waddingham, the Fund's actuary, as at 31 March 2022 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008. The purpose of the valuation is to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period from 1 April 2023 to 31 March 2026 as required under Regulation 62 of the Regulations.

The results were published in the triennial valuation report dated 30 March 2023, with the funding level increased from 93% at the 2019 valuation. This report details the fund assumptions and employer contribution rates for the three years from 2023/24.

The triennial valuation undertaken as at 31 March 2022 covers the three financial years to 2025/26. The actuary's market value of the scheme's assets at 31 March 2022 was £6.62bn and the Actuary assessed the smoothed value of the funded obligation at £6.50bn. This indicates a net surplus of £9m, which equates to a funding level of 100% (2019 deficit: £405m and 93%).

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

2022/23 £'000	2023/24 £'000
213,553 1st April	144,926
7,450 Current service cost	3,389
5,497 Interest cost	6,861
1,049 Contributions by scheme participants	1,199
<i>Remeasurement (gains)/losses</i>	
-11,890 Changes in demographic assumptions	-2,035
-85,009 Changes in financial assumptions	-2,371
19,638 Other	794
0 Past service cost	3
0 Losses (gains) on curtailment	0
-5,362 Benefits paid	-5,306
144,926 31st March	147,460

Reconciliation of fair value of the scheme assets:

2022/23 £'000	2023/24 £'000
128,654 1st April	125,128
3,329 Interest income	6,008
<i>Remeasurement gain/(loss)</i>	
-6,004 Return on plan assets	4,579
568 Other	0
2,946 Contributions from employer	4,015
1,049 Contributions from scheme participants	1,199
-5,362 Benefits paid	-5,306
-52 Administration costs	-61
0 Settlement Paid	0
125,128 31st March	135,562

Pension Assets and Liabilities Recognised in Balance Sheet

Assets	2023/24 £'000	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000
Present value of liabilities	-147,460	-144,926	-213,553	-216,468	-171,331
Fair value of assets	135,562	125,128	128,654	121,222	99,842
Net liability	-11,898	-19,798	-84,899	-95,246	-71,489

Basis for estimating assets and liabilities

The following tables exclude the Councils portion of Mansfield Crematorium pension liability due to materiality. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, the estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2022.

The principal assumptions used by the actuary have been:

2022/23 £'000	2023/24 £'000
<u>Mortality Assumptions</u>	
Longevity at 65 for current pensioners	
20.7 Men	20.4
23.5 Women	23.3
Longevity at 65 for future pensioners	
22.0 Men	21.7
25 Women	24.7
3.30% Rate of inflation – Retail Price Index	3.25%
3.90% Rate of increase in salaries	3.90%
2.90% Rate of increase in pensions (CPI)	2.90%
4.80% Rate for discounting scheme liabilities	4.90%
Take up of option to convert annual pension into retirement	
50% Lump Sum	50%
10% Take up of option to pay 50% contributions for 50% benefits	10%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme.

Impact on the defined benefit obligation	Adjustment	Increase in assumption £'000	Decrease in assumption £'000
Discount Rate	+/- 0.1%	-2,220	2,276
Salary Increase	+/- 0.1%	149	-147
Pension Increase	+/- 0.1%	2,170	-2,117
Mortality Age	+/- 1 year	5,776	-5,532

The Pension Scheme's assets consist of the following categories, by proportion of the total assets held.

2022/23 £'000		Quoted	Unquoted	2023/24 £'000
	Equity Investment			
21,269	UK investment	23,289	0	23,289
51,653	Overseas investment	58,678	0	58,678
4,649	Private equity investment	0	4,340	4,340
77,571				86,307
	Gilts			
2,586	UK fixed interest	3,246	0	3,246
2,586				3,246
	Other Bonds			
1,235	UK corporates	0	0	0
6,175	Overseas corporates	6,724	0	6,724
7,410				6,724
14,849	Property	0	14,409	14,409
6,546	Cash/Credit/Unit Trust	0	8,160	8,160
6,315	Inflation-linked pooled fund	0	6,894	6,894
9,833	Infrastructure	0	9,799	9,799
125,110		91,937	43,602	135,539

Projected Pension Expense for the Year to 31 March 2025

	Year to 31-Mar-25
Projection for Year to 31 March 2025	£'000
Service cost	3,333
Net Interest on the defined liability (asset)	480
Administration expenses	61
Total	3,874
Employer contributions	3,996

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2024. These projections are based on the assumptions as at 31 March 2024.

39 FINANCIAL INSTRUMENTS – RISK AND RISK MANAGEMENT

Disclosure of nature and extent of Risk arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, the key risks being:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Credit Risk: Treasury Investment

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £15m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £5m applies. The Council also sets limits on investments in certain sectors. No more than £15m in total can be invested for a period longer than one year.

A summary of the credit quality of the Council's investments at 31 March 2024 is shown below:

2022/23			2023/24		
Fair Value through Profit & Loss £'000	Investments (Amortised Cost) £'000	Credit Rating	Fair Value through Profit & Loss £'000	Investments (Amortised Cost) £'000	
0	17,575	AAA	0	9,910	
0	0	AA+	0	0	
0	0	AA	0	0	
0	0	AA-	0	0	
0	25,000	A+	0	5,000	
0	5,000	A	0	5,000	
0	2,000	A-	0	0	
0	0	BBB+	0	2,000	
15,384	0	N/A	15,024	0	
15,384	49,575	Total	15,024	21,910	

Credit Risk: Amounts arising from Expected Credit Losses

The loss allowance for investments at amortised cost during the year are as follows:

Investment at Amortised Cost	Principal Amount £'000	Historic Risk of Default	Lifetime Expected Credit Losses – not credit impaired £
<u>Money Market Funds</u>			
Deutsche	50	0.000%	0
Invesco	4,710	0.000%	0
CCLA	2,240	0.000%	0
Northern Trust	2,600	0.000%	0
Goldmans Sachs	310	0.000%	0
<u>Other Investments</u>			
Lloyds Call Account	5,000	0.000%	6
Santander UK Plc - 180 day notice a/c	5,000	0.022%	1,090
Close Brothers	2,000	0.033%	652
Total	21,910		1,748

Please note that we are currently using Historic Default Rates from 1990-2023 for Fitch, 1983-2023 for Moody's and 1981-2023 for S&P. Under IFRS 9 please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil.

Due to the immaterial amount calculated on the lifetime expected credit losses the transaction has not been reflected within the accounts.

The loss allowance requirements do not apply to financial assets classified as 'fair value through profit or loss', as current market prices are considered to be an appropriate reflection of credit risk, with all movements in fair value (including those relating to credit risk) impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services as they arise.

Credit Risk: Trade Receivables

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets based on experience of default.

	Amount at 31st March 2024 £'000	Historical Experience of Default %	Adjustment for Market 31st March 2024 %	Estimated Maximum Exposure to Default 31st March 2024 £'000	Estimated Maximum Exposure to Default 31st March 2023 £'000
Trade Receivables	1,258	4.8	4.8	60	89
	1,258			60	89

The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included. The Council does not generally allow credit to its trade debtors, such that £1.086m of the £1.258m balance is past its due date for payment. The past due amount can be analysed by age as follows:

2022/23 £'000	2023/24 £'000
Debtor Analysis	
638 Up to 30 days	260
44 31 to 60 days	33
6 61 to 90 days	1
775 Greater than 90 days	792
1,463 Total	1,086

Community Infrastructure Levy and section 106 receivables have payment terms of 90 days before recovery action is taken. £0.747m of the £0.792m debt which is over 90 days old relates to these debtors.

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to redeem funds invested from the money market to cover any day to day cash flow need, and the Public Works Loan Board provides access to longer term borrowing funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 15% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

2022/23				2023/24		
Liabilities	Assets	Net		Liabilities	Assets	Net
£'000	£'000	£'000	Time to Maturity (years)	£'000	£'000	£'000
5,834	50,099	44,265	Not over 1	3,565	21,910	18,345
3,000	0	-3,000	Over 1 but not over 2	5,041	0	-5,041
14,009	15,384	1,375	Over 2 but not over 5	18,136	10,985	-7,151
15,994	0	-15,994	Over 5 but not over 10	7,856	0	-7,856
48,432	0	-48,432	Over 10	47,365	4,039	-43,326
3,500	0	-3,500	Uncertain date*	3,500	0	-3,500
90,769	65,483	-25,286	Total	85,463	36,934	-48,529

* The Council has £3.5m (2022/23: £3.5m) of “Lender’s option, borrower’s option” (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

Liquidity Risk: Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies to address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council’s day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

Market Risk: Interest Rate Risk

Interest Rate Risk – The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall.
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	-581
Impact on Surplus or Deficit on the Provision of Services	-581
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus(-) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	6,577

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Market Risk: Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

However, it does have shareholdings to the value of £4m in Arkwood Developments Ltd (100% Council owned). Whilst these holding are generally illiquid, the Council is exposed to gains or losses arising from movements in the price of the shares.

The shares in this company are not traded in an active market and fair value has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on the net assets in the company's latest audited accounts.

The £4m shares are all classified at fair value through profit or loss, however as the transaction is a classed as capital all pricing movements will be reversed to the Capital Adjustment Account to remove impact on the tax payer. The carrying value as at 31 March 2024 is £4.039m.

The Council also holds £12.5m in the CCLA property fund and diversified income fund that has a carrying value as at 31 March 2024 of £10.984m. However, any movements in price will not impact on the General Fund Balance as regulations are currently in force to remove the impact of the fair value movements on the tax payer.

40 FINANCIAL INSTRUMENTS – BALANCES

The following categories of financial instrument are carried in the balance sheet:

	Long Term		Current	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Financial Assets				
Investments				
Principal at amortised cost	0	0	7,000	27,000
Accrued Interest	0	0	249	435
Fair Value through Profit and Loss	15,024	15,384	0	0
Total Financial Assets	15,024	15,384	7,249	27,435
Cash and Cash Equivalents				
Cash (including bank accounts)	0	0	974	573
Cash equivalents at amortised cost	0	0	14,910	22,575
Accrued interest	0	0	87	89
Total Cash and Cash Equivalents	0	0	15,971	23,237
Loans and Receivables				
Trade Debtors	0	0	1,258	1,851
Other Debtors	6,598	6,719	1,001	1,503
Loans	0	0	0	0
Total Loans and Receivables	6,598	6,719	2,259	3,354
Total	21,622	22,103	25,479	54,026

	Long Term		Current	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Financial Liabilities				
Principal sum borrowed at Amortised cost	78,401	81,435	7,062	9,334
Accrued Interest	0	0	803	747
Fair Value through Profit and Loss	0	0	0	0
Total Financial Liabilities	78,401	81,435	7,865	10,081
Trade Creditors	0	0	9,206	5,658
Other Creditors	221	0	277	1,242
Finance Lease Liability	4,714	4,864	150	145
Provisions	0	0	0	0
Total Non-Financial Liabilities	4,935	4,864	9,633	7,045
Total	83,336	86,299	17,498	17,126

Note – Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique.

41 FINANCIAL INSTRUMENTS – GAINS/LOSSES

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities		Financial Assets	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Net gains/losses on:				
• Financial assets measured at fair value through profit and loss via Surplus or Deficit on Provision of Services	0	0	360	1,269
Total Net (Gains) / Losses	0	0	360	1,269
Interest expense	3,239	4,189	0	0
Interest Payable and Similar Charges	3,239	4,189	0	0
Interest income	0	0	-3,052	-2,930
Interest and Investment Income	0	0	-3,052	-2,930

42 FINANCIAL INSTRUMENTS – FAIR VALUES

Basis for recurring fair value measurements:

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

Fair Value of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	2023/24 £'000	2022/23 £'000
<i>Fair Value through Profit and Loss</i>				
Equity shareholdings in Arkwood Developments Ltd	Level 3	Net Assets valuation (see * below)	4,039	4,404
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	5,829	6,066
CCLA Diversified Income Fund (DIF)	Level 1	Unadjusted quoted prices in active markets for identical shares	5,155	4,914
Total			15,023	15,384

*Equity Shareholding in Arkwood Developments Ltd

The Council's shareholding in Arkwood Developments Ltd – the shares in this company are not traded in an active market and fair value of £4.039m has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on an analysis of the net assets in the company's latest audited accounts.

History of Fair Value Movements of Financial Assets

	Opening Principal 1.4.23 £'000	In Year Principal Movement £'000	Closing Principal 31.3.24 £'000	Opening Fair Value Adj 1.4.23 £'000	In year Movement £'000	Closing Fair Value Adj 31.3.24 £'000	Carrying Value 31.3.24 £'000
Equity in Arkwood Developments Ltd	4,000	0	4,000	404	-365	39	4,039
CCLA Property Fund	7,000	0	7,000	-934	-237	-1,171	5,829
CCLA Diversified Income	5,500	0	5,500	-586	241	-345	5,155
Total	16,500	0	16,500	-1,116	-361	-1,477	15,023

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

	2023/24 £'000	2022/23 £'000
Opening balance	4,404	3,997
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
<i>Total gains or loss (-) for the period:</i>		
• Included on line Financing and Investment Income and Expenditure within the Surplus or Deficit on the Provision of Services	-365	407
• Included in Other Comprehensive Income and Expenditure	0	0
Additions	0	0
Disposals	0	0
Closing Balance	4,039	4,404

Gains and losses included in the Surplus or Deficit on the Provision of Services for the current and the previous year relate to the unquoted shares in Arkwood Developments Ltd.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing the benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.

The fair values calculated are as follows:

Fair values of financial liabilities:	2023/24		2022/23		
	Fair Value Level	£'000	Fair value £'000	Balance Sheet £'000	Fair value £'000
<i>Financial Liabilities held at amortised cost:</i>					
Public Works Loans Board	2	68,992	55,782	74,465	63,589
Non PWLB debt	2	17,274	14,539	17,051	15,815
Total		86,266	70,321	91,516	79,404
<i>Liabilities for which fair value is not disclosed:</i>					
Short-term creditors		9,483	9,483	6,900	6,900
Long term Creditors		221	221	0	0
Finance Lease Liabilities		4,864	4,864	5,009	5,009
Total		14,568	14,568	11,909	11,909
Total Liabilities		100,834	84,889	103,425	91,313

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

Fair values of financial assets:	2023/24		2022/23		
	Fair Value Level	£'000 Balance Sheet £'000	£'000 Fair value £'000	£'000 Balance Sheet £'000	£'000 Fair value £'000
<i>Financial assets held at amortised cost:</i>					
Long term investments	2	0	0	0	0
Total		0	0	0	0
<i>Assets for which fair value is not disclosed:</i>					
Short term Debtors		2,259	2,259	3,354	3,354
Long term Debtors		6,598	6,598	6,719	6,719
Short term investments		7,249	7,249	27,435	27,435
Cash and Cash Equivalents		15,971	15,971	23,237	23,237
Total		32,077	32,077	60,745	60,745
Total Assets		32,077	32,077	60,745	60,745

43 PRIOR PERIOD ADJUSTMENT

A review of the Council's gross internal and land area measurements used in a number of high valued assets has identified an error. Additionally, another error was found in a land valuation due to the incorrect basis of valuation being used as well as the incorrect land area measurement.

An adjustment was made to reflect the corrected valuations of the assets identified in the 2021/22 PPE, CAA and Revaluation Reserve closing balances. Further to this, the depreciation and relevant revaluation charges to the income and expenditure charges in 2022/23 have been corrected.

	Balance Sheet Adjustment		
	Property, Plant and Equipment £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000
Closing Balance 2021/22	425,254	138,233	156,449
Adjustment of movement in valuations	-7,451	-7,507	56
Adjusted Closing Balance 2021/22	417,803	130,726	156,505
Opening Balance 2022/23	417,803	130,726	156,505

	Balance Sheet Adjustment		
	Property, Plant and Equipment £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000
Closing Balance 2022/23	453,071	157,773	168,616
Adjustment of movement in valuations in 21/22	-7,451	-7,507	56
Adjustment for Depreciation	109	0	109
Adjustment for Revaluation Charges	2,934	2,957	-23
Adjustment for HCA-CCA Adj	0	109	-110
Adjusted Closing Balance 2022/23	448,663	153,332	168,648
Opening Balance 2023/24	448,663	153,332	168,648

The following line adjustments will affect various tables within the document, including the core tables of the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and the Cash Flow. Additionally, numerous notes will also be impacted by the Prior Period Adjustment. These notes will feature an asterisk on the 'Restated' section of the 2022/23 table, referring back to this note.

	£'000
Health, Wellbeing and Leisure - 2022/23 Gross Expenditure	2,450
Adjustment for Depreciation	-110
Adjustment for Revaluation Charges to the I&E	23
Health, Wellbeing and Leisure - 2022/23 Adjusted Gross Expenditure	2,363
Strategy, Performance & Finance - 2022/23 Gross Expenditure	32,210
Adjustment for Depreciation	1
Strategy, Performance & Finance - 2022/23 Adjusted Gross Expenditure	32,211
	£'000
Surplus(-) or Deficit on Revaluation of Non Current Assets - 2022/23 Net Expenditure	-22,841
Adjustment for Revaluation Charges to the Revaluation Reserve	-2,957
Surplus(-) or Deficit on Revaluation of Non Current Assets - 2022/23 Adjusted Net Expenditure	-25,798

HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2022/23 £'000	Note	2023/24 £'000
<u>Income</u>		
-23,739 Dwelling Rent		-24,967
-121 Garages		-119
-30 Shops		-32
-23,890 Gross Rental Income		-25,118
-1,061 Charges for Services and Facilities		-1,137
-1,255 Contributions towards Expenditure		-1,550
0 Other Income		0
-26,206 Total Income		-27,805
<u>Expenditure</u>		
6,498 Supervision and Management		6,804
6,105 Repairs and Maintenance		5,860
956 Rents, Rates, Taxes and Other Charges		1,180
63 Revenue Expenditure Funded by Capital		111
5,155 On dwellings		5,481
325 On other assets		303
0 Impairment of non current assets		0
2,625 On dwellings		7,660
778 On other assets		130
13 Debt Management Expenses		6
22,518 Total Expenditure		27,535
-1 HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		0
217 HRA Share of Corporate and Democratic Core		185
-3,472 Net Cost of HRA Services as included in the whole authority		-85
Comprehensive Income and Expenditure Statement		
14 (Gain)/Loss on sale of HRA non current assets		-34
468 Net Interest on the Net Defined Benefit Liability		190
4,123 Interest Payable and Similar Charges		3,879
-43 HRA Interest and Investment Income		-99
-264 Loss Allowance		86
-459 Capital grants and contributions		-1,642
367 Surplus(-)/Deficit for the year on HRA Services		2,295

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2022/23 £'000		2023/24 £'000
-7,294	HRA Balance brought forward including HRA Earmarked Reserves	-7,115
367	Surplus(-)/Deficit on the HRA Income and Expenditure Statement	2,295
<i>Adjustments between Accounting Basis and Funding Basis under Regulations:</i>		
<i>Adjustments to the Revenue Resources</i>		
-1,263	Pensions costs (transferred to (or from) the Pensions Reserve)	-61
-10,224	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital Adjustment Account):	-12,800
<i>Adjustments between Revenue and Capital Resources</i>		
1,867	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	809
-26	Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-17
0	Capital expenditure funded by the Housing Revenue Account	299
9,458	Posting of HRA resources from revenue to the Major Repairs Reserve	10,363
-188	Total Adjustments between Accounting Basis and Funding Basis under the legislative framework	-1,407
179	Increase(-)/Decrease in year in the HRA	888
-7,115	HRA Balance carried forward, including HRA Earmarked Reserves	-6,227

H1 HOUSING STOCK

The Council was responsible for managing an average of 5,553 dwellings during 2023/24 (5,531 2022/23). The stock was made up as follows:

Total 2022/23 No		Pre 1945 No	1945- 1964 No	1965- 1974 No	1975- 2013 No	Total 2023/24 No
<u>Traditional/Non Traditional Houses and Bungalows</u>						
2,067	1 - 2 Bedrooms	70	790	496	726	2,082
1,908	3+ Bedrooms	375	1,086	260	176	1,897
<u>Flats</u>						
1,527	Low Rise (1-2 storeys)	18	692	434	401	1,545
29	Medium Rise (3-5)	0	4	9	16	29
5,531	Total	463	2,572	1,199	1,319	5,553

H2 HOUSING REVENUE ACCOUNT ASSETS

The total Balance Sheet valuations of land, houses and other property within the HRA are as follows:-

2022/23 £'000	2023/24 £'000
343,440 Dwellings	346,519
8,512 Other Land and Buildings	8,279
0 Investment Properties	0
7,066 Assets Under Construction	5,223
0 Surplus Assets	0
87 Community Assets	87
261 Infrastructure Assets	229
1,969 Vehicle, Plant and Equipment	1,834
361,335 Total HRA Property, Plant and Equipment	362,171
0 Intangible Assets	217
612 Assets Held for Sale	107
361,947 Total HRA Assets on Balance Sheet	362,495

The vacant possession value of dwellings within the authority's HRA (values in accordance with the guidance) is shown below. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA show the economic cost to the government of providing council housing at less than market rents.

2022/23 £'000	2023/24 £'000
817,715 Dwellings	825,043
817,715 Total	825,043

The council dwellings valuations have been arrived at using a valuation report prepared by the Council's appointed surveyors, Wilks Head and Eve. The valuation was carried out as at the 31 March 2024. The values have been applied to council houses on a beacon property base whereby similar properties in similar areas are all given the same value. Property valuations have moved in line with the current domestic property market.

H3 MOVEMENTS ON THE MAJOR REPAIRS RESERVE

2022/23 £'000	2023/24 £'000
17,450 Balance Brought Forward 1st April	13,244
Transfers to Reserve re Depreciation	
5,155 Dwellings	5,481
325 Non Dwellings	303
Transfers to the HRA:	
3,978 HRA Revenue Contribution	4,468
0 Additional transfer to Reserve	111
-6,532 Repayment of Debt	-5,535
-7,132 Amounts used to finance Capital Expenditure	-10,047
13,244 Balance Carried Forward 31st March	8,025

H4 CAPITAL EXPENDITURE AND FINANCING

2022/23 £'000	2023/24 £'000
121 Structural Maintenance	74
665 Roofing Works	1,240
537 Asbestos and Fire Safety	170
1,759 Kitchens and Bathrooms	1,728
121 Garage Forecourts	108
425 External Works	249
481 Electrical Works	631
806 Disabled Facilities Provision	998
830 Heating Systems	767
191 Energy Efficiency Works	1,489
370 Environmental Works	131
0 Building Safety	382
5,024 Affordable Housing	4,460
549 Other works	1,608
11,879 Total	14,035
<u>Financing</u>	
2,000 Borrowing	0
7,132 Major Repairs Reserve	10,047
265 Government Grants	893
12 Contributions	750
0 Capital Revenue Financing	299
2,470 Capital Receipts	2,046
11,879 Total	14,035

H5 CAPITAL RECEIPTS

2022/23 £'000	2023/24 £'000
10 Land and Other Property	0
1,856 Sold Council Houses through Right to Buy	809
-26 Less administration costs on sale of Council Houses	-17
1,840 Total	792
0 Reallocation of Receipts	0
0 Less amount paid to Government Pool	0
1,840 Total	792

Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended, the Council has to make a payment to the Secretary of State in respect of housing capital receipts. The amount payable is dependent on a number of factors:

- Sale price net of discount.
- Debt value assumed for the property under the self-financing settlement.
- Value of the authority's actual debt attributable to the property.
- The respective values of the authority's and Government's share capital.
- The number of properties sold in each quarter.

The Council has signed an agreement allowing it to retain additional Right to Buy receipts to fund new or acquired affordable housing.

H6 DEPRECIATION CHARGES

The total depreciation charge for land, houses and other property within the authority's HRA are as follows:

2022/23 £'000	2023/24 £'000
5,155 Council Houses	5,481
325 Other Assets	303
5,480 Total	5,784

H7 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Revenue Expenditure Funded from Capital under Statute is created when expenditure has been incurred on items that are not capitalised as fixed assets and have been financed from capital resources. Revenue Expenditure Funded from Capital under Statute is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred.

The total amount of Revenue Expenditure Funded from Capital under Statute totals £0.111m for 2022/23 (£0.063m in 2022/23).

H8 IMPAIRMENT CHARGES

During the financial year 2023/24 there were no material impairment charges.

H9 RENT ARREARS

The total amount of rent arrears as at 31st March 2024 was £691,045 (2022/23 £627,611). Included in the loss allowance is the amount of £347,909 (2022/23 £335,916) relating to rent arrears.

H10 CONTRIBUTIONS TOWARDS EXPENDITURE

The income of £1,550,250 (£1,254,746 in 2022/23) primarily relates to contributions:

- to the Housing Revenue Account (HRA) capital programme for associated staff costs;
- for electricity generated by the photovoltaic (PV) panels on HRA properties; and
- to the HRA from the General Fund for the upkeep of communal amenities.

COLLECTION FUND

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

2022/23 £'000		Domestic Rates £'000	2023/24 Council Tax £'000	Total £'000
<u>Amounts required by statute to be credited to the collection fund</u>				
-41,060	Income from Business Ratepayers	-40,527	0	-40,527
-92,796	Council Tax	0	-98,164	-98,164
0	Transitional Protection Payment	-3,135	0	-3,135
-21	Transfers from General Fund - council tax	0	-510	-510
<u>Contributions towards previous year's estimated collection fund deficit:</u>				
-5,728	Newark and Sherwood District Council	0	-141	-141
-1,289	Nottinghamshire County Council	0	-856	-856
0	Nottinghamshire Police & Crime Commissioner	0	-131	-131
-143	Nottinghamshire Fire and Rescue	0	-44	-44
-7,160	Central Government - non-domestic rates	0	0	0
-148,197	Total Income	-43,662	-99,846	-143,508
<u>Amounts required by statute to be debited to the collection fund</u>				
<u>Council Tax Precepts and Demands:</u>				
67,745	Nottinghamshire County Council	0	72,034	72,034
10,476	Nottinghamshire Police & Crime Commissioner	0	11,250	11,250
3,485	Nottinghamshire Fire and Rescue	0	3,743	3,743
7,646	Newark and Sherwood District Council	0	7,905	7,905
3,425	Parishes	0	3,573	3,573
<u>Non Domestic Rates:</u>				
19,370	Payable to Government	21,178	0	21,178
15,496	Newark and Sherwood District Council	16,942	0	16,942
3,487	Nottinghamshire County Council	3,812	0	3,812
387	Nottinghamshire Fire and Rescue	424	0	424
<u>Contributions towards previous year's estimated collection fund surplus:</u>				
0	Payable to Government	219	0	219
286	Newark and Sherwood District Council	175	0	175
1,720	Nottinghamshire County Council	39	0	39
90	Nottinghamshire Fire and Rescue	0	0	0
267	Nottinghamshire Police & Crime Commissioner	4	0	4
413	Transitional Payment Protection	0	0	0
165	Costs of Collection	169	0	169
0	Interest Payments on Refunds	15	0	15
1,112	Provision for Uncollectable Debts	41	1,156	1,197
-8	Provision for Appeals	-2,228	0	-2,228
980	Renewable Energy Retention	1,008	0	1,008
136,542	Total Expenditure	41,798	99,661	141,459
-11,655	Net Surplus(-)/Deficit for year	-1,864	-185	-2,049
13,031	Fund Balance as at 1st April - Surplus(-)/Deficit	-133	1,509	1,376
1,376	Fund Balance as at 31st March - Surplus(-)/Deficit	-1,997	1,324	-673

C1 ACCOUNTING POLICIES

- Revenue Support Grant is paid directly to all billing and precepting authorities and will be included within Taxation and Non Specific Grant Income on the Comprehensive Income and Expenditure Statement.
- Parish precepts are paid from the General Fund of billing authorities and will be included within Other Operating Expenditure on the Comprehensive Income and Expenditure Statement.
- The year-end deficit of £1.324m on the Council Tax collection fund is distributed between billing and precepting authorities on the basis of estimates, made on 15 January, of the year-end balance.
- The year end surplus of £1.997m on the Non Domestic Rate collection fund is distributed between billing and precepting authorities on the basis of prescribed shares between central government and precepting authorities.

C2 INCOME FROM BUSINESS RATES

Under the arrangements regarding Business Rates, the Council collects non-domestic rates for its area, which are based on rateable values multiplied by a standard multiplier, for 2023/24 this was set at 51.2p (2022/23: 51.2p). In 2023/24 the small business rating multiplier was set at 49.9p, where it applies. The system for funding Local Authority expenditure changed in 2013/14 with a share of the proceeds of Non-Domestic Rate income being retained by billing and precepting authorities.

The non-domestic rateable value at the 31st March 2024 was £114,882,214 (31st March 2023: £106,980,043).

C3 COUNCIL TAX

Council Tax is set by calculating the Council Tax base, and then dividing this into the precepts levied by the district, county, parish councils, Nottinghamshire Fire Authority and Nottinghamshire Police Authority. The tax base is the amount that setting a Council Tax of £1 for Band D properties (the standard band) would raise in revenue. The methodology and the factors taken into consideration are complex and are reported in detail when the tax base is set by the Council in December or January.

The Council Tax base for 2023/2024 is as follows:

Band	Adjusted for Discounts, Disabled			Band D Equivalents	2022/23 Band D Equivalents
	Total Dwellings	Relief and Exemptions	Ratio		
A-	-	53.26	6/8	29.59	29.02
A	23,908	17,260.07	6/9	11,506.71	11,428.15
B	8,680	7,091.61	7/9	5,515.70	5,438.13
C	9,380	8,244.87	8/9	7,328.77	7,222.36
D	6,387	5,868.98	9/9	5,868.98	5,736.84
E	4,426	4,111.91	11/9	5,025.67	4,903.47
F	2,777	2,629.34	13/9	3,797.94	3,740.61
G	1,508	1,426.20	15/9	2,377.00	2,307.44
H	130	105.50	18/9	211.00	201.00
Total	57,196	46,791.74		41,661.36	41,007.02
Estimate of Additional Properties to be added during the year				339.61	198.00
Collection Adjustment				- 210.01	-
Council Tax Base				41,790.96	41,205.02

GROUP ACCOUNTS

The Council is required under the Local Government Act 2003 to produce a set of Group accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the Council has such relationships is laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 based on International Financial Reporting Standards (referred to within these accounts as “the Code”). The Code has been developed to bring Council accounts in line with the International Financial Reporting Standards (IFRS) which other reporting bodies have to comply with and to assist users of the accounts to understand better the Council’s overall financial position.

The Council has undertaken a review of all its relationships with other bodies and is required to consolidate its accounts with Active4Today Ltd, Arkwood Developments Ltd and RHH Newark Ltd.

Active4Today Ltd is a wholly owned subsidiary of the authority. Active4Today Ltd manages and operates the Council’s leisure services including leisure centres and sports development activities. The General Fund includes a £0.500m management fee paid to Active4Today Ltd. The management agreement came into effect on 1 June 2015.

Active4Today Ltd produces a set of accounts with a year end of 31 March. The accounts for 2023/24, which have been consolidated here, have been produced by Active4Today’s external accountant under the Financial Reporting Standard for Smaller Entities and have been audited by Active4Today’s auditors and have been given an unqualified audit opinion. Active4Today’s auditors for 2023/24 are Streets Audit LLP, Tower House, Lucy Tower Street, Lincoln, LN1 1XW. Consolidation adjustments have been made to align these accounts with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. Active4Today Ltd publishes an Annual Report which may be viewed at their offices at Newark Sports and Fitness Centre, Bowbridge Road, Newark on Trent, Notts, NG24 4DH. The company is limited by guarantee and does not have any share capital.

Arkwood Development Ltd is a wholly owned subsidiary of the Council. The purpose of Arkwood is to build new housing developments in the district which can then be sold at market value.

Arkwood Development Ltd produce a set of company accounts with a year end of 31 March. The accounts for 2023/24, which have been consolidated here, have been audited by Arkwood’s auditors and have been given an unqualified audit opinion. Arkwood’s auditors for 2023/24 are Wright Vigar Ltd, 15 Newland, Lincoln, Lincolnshire, LN1 1XG. Arkwood Development Ltd publish an Annual Report which may be viewed at their offices at Castle House, Great North Road, Newark, Notts, NG24 1BY. The company does have share capital, all of which is owned by the Council.

RHH Newark Ltd is a 50% owned joint venture of the Council. The principal activity of the company is the development of the former Robin Hood Hotel site on Beumond Cross, Lombard Street, Newark.

RHH Newark Ltd produce a set of company accounts with a year end of 31 March. The accounts for 2023/24, which only the Council’s 50% share have been consolidated here, have been audited by RHH Newark Ltd auditors and have been given an unqualified audit opinion. RHH Newark’s auditors for 2023/24 are Wright Vigar Ltd, 15 Newland, Lincoln, Lincolnshire, LN1 1XG. The company does have share capital, of which 50% is owned by the Council.

ACCOUNTING POLICIES

The following notes detail any variations from the accounting policies used by the Council and should be read in conjunction with the relevant notes within the Council's accounts. The consolidation has been done on a merger basis as Active4Today Ltd and Arkwood are 100% owned by NSDC and RHH Newark are 50% owned by NSDC.

TAXATION

Active4Today Ltd, Arkwood and RHH Newark are all subject to a charge for taxation which is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required full provision is made without discounting in respect of all timing differences which have arisen but not reversed by the Balance Sheet date, except as otherwise required by IAS 12.

GOING CONCERN

The Council is satisfied that the consolidated entities are going concerns and the Group financial statements for 2023/24 have been prepared on this basis accordingly.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED 2022/23			2023/24			
Gross Expend- iture	Gross Income	Net Expend- iture		Gross Expend- iture	Gross Income	Net Expend- iture
2,564	-379	2,185	Biodiversity and Environmental Service	1,982	-438	1,544
4,653	-1,916	2,737	Climate Change	4,682	-2,053	2,629
3,627	-656	2,971	Community Safety & Community Deve	3,832	-1,331	2,501
1,630	-317	1,313	Health, Wellbeing and Leisure	3,700	-362	3,338
4,451	-3,774	677	Health, Wellbeing and Leisure - Active4today	4,383	-4,387	-4
2,199	-1,401	798	Heritage, Culture & the Arts	2,539	-1,824	715
25,633	-28,024	-2,391	Housing	34,305	-29,244	5,061
7,503	-8,071	-568	Housing - Arkwood	5,110	-4,676	434
32,194	-23,085	9,109	Strategy, Performance & Finance	34,222	-23,489	10,733
13,109	-5,563	7,546	Sustainable Economic Development	34,127	-29,513	4,614
0	0	0	Sustainable Economic Development - RHH Newark	0	0	0
97,563	-73,186	24,377	Cost of Services	128,882	-97,317	31,565
5,876	-2,400	3,476	Other Operating Income and Expenditure Note G1	5,691	-1,005	4,686
8,818	-2,965	5,853	Financing and Investment Income and Expenditure Note G1	4,127	-3,106	1,021
10	-4	6	Financing and Investment Income and Expenditure Note G1 - Arkwood	0	-20	-20
167	0	167	Financing and Investment Income and Expenditure Note G1 - A4T	20	0	20
0	0	0	Financing and Investment Income and Expenditure Note G1 - RHH	0	0	0
14,463	-45,373	-30,910	Taxation and Non Specific Grant Income Note G1	14,850	-43,364	-28,514
126,897	-123,928	2,969	Surplus (-) or Deficit on Provision of Services	153,570	-144,812	8,758
3	0	3	Corporation Tax - A4T	9	0	9
95	0	95	Corporation Tax - Arkwood	-121	0	-121
0	0	0	Corporation Tax - RHH	0	0	0
126,995	-123,928	3,067	Group Surplus(-)/Deficit	153,458	-144,812	8,646
		-25,819	Surplus(-) or Deficit on Revaluation of Non Current Assets			-1,835
		-71,825	Remeasurements of the Net Defined Benefit Liability (Asset)			-8,192
		-6,720	Remeasurements of the Net Defined Benefit Liability (Asset) - Active4today			-531
		-104,364	Other Comprehensive Income and Expenditure			-10,558
		-101,297	Total Comprehensive Income and Expenditure			-1,912

GROUP MOVEMENT IN RESERVES

Movement in reserves during 2023/24

	A4T Arkwood RHH Council				A4T Arkwood Council								Total Reserves		
	General Fund Balance	Earmarked Reserves	Earmarked Reserves	Earmarked Reserves	Earmarked General Fund Reserves	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Unusable Reserves	Unusable Reserves	£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	1,500	451	404	10	30,820	2,000	5,115	13,244	14,047	1,374	68,965	-571	21	304,199	372,614
Total Comprehensive Income and Expenditure	-6,133	0	0	0	0	-2,295	0	0	0	0	-8,428	531	355	9,673	2,131
Adjustment between Group Accounts and Authority accounts	0	147	-366	0	0	0	0	0	0	0	-219	0	0	0	-219
Adjustment between accounting basis & funding basis under regulations	6,462	-8	0	0	0	1,407	0	-5,219	-2,890	-1,215	-1,463	8	0	1,455	0
Net Increase/Decrease(-) before Transfers to	329	139	-366	0	0	-888	0	-5,219	-2,890	-1,215	-10,110	539	355	11,128	1,912
Transfers to/from(-)															
Earmarked Reserves	-329	0	0	0	329	888	-888	0	0	0	0	0	0	0	0
Dividends Issued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/Decrease(-) in 2023/24	0	139	-366	0	329	0	-888	-5,219	-2,890	-1,215	-10,110	539	355	11,128	1,912
Balance at 31 March 2024	1,500	590	38	10	31,149	2,000	4,227	8,025	11,157	159	58,855	-32	376	315,327	374,526

Movement in reserves during 2022/23

RESTATED	A4T Arkwood RHH Council					A4T Arkwood Council					Total Reserves £'000				
	General Fund Balance £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Housing Revenue Account Earmarked Reserves £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000		Total Usable Reserves £'000	Unusable Reserves £'000	Unusable Reserves £'000	Unusable Reserves £'000
Balance at 31 March 2022	1,500	331	-3	8	34,843	2,000	5,294	17,449	13,053	2,910	77,385	-6,771	0	200,703	271,317
Total Comprehensive Income and Expenditure	-2,707	0	0	0	0	-367	0	0	0	0	-3,074	6,718	21	97,621	101,286
Adjustment between Group Accounts and Authority accounts	0	-398	407	2	0	0	0	0	0	0	11	0	0	0	11
Adjustment between accounting basis & funding basis under regulations	-1,316	518	0	0	0	188	0	-4,205	994	-1,536	-5,357	-518	0	5,875	0
Net Increase/Decrease(-) before Transfers to	-4,023	120	407	2	0	-179	0	-4,205	994	-1,536	-8,420	6,200	21	103,496	101,297
Transfers to/from(-) Earmarked Reserves	4,023	0	0	0	-4,023	179	-179	0	0	0	0	0	0	0	0
Transfer to Unusable Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/Decrease(-) in 2022/23	0	120	407	2	-4,023	0	-179	-4,205	994	-1,536	-8,420	6,200	21	103,496	101,297
Balance at 31 March 2023	1,500	451	404	10	30,820	2,000	5,115	13,244	14,047	1,374	68,965	-571	21	304,199	372,614

GROUP BALANCE SHEET

RESTATED		2023/24						
31 March 2022 £'000	31 March 2023 £'000		NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	Inter 31 Comp Adj £'000	March 2024 £'000
421,035	454,834	Property, Plant & Equipment	448,815	0	0	0	3,917	452,732
2,020	3,560	Heritage Assets	3,560	0	0	0	0	3,560
0	0	Investment Properties	0	0	0	0	0	0
337	376	Intangible Assets	651	0	0	0	0	651
12,656	10,980	Long Term Investments	15,024	0	0	0	-4,039	10,985
30	25	Long Term Debtors	2,373	0	0	0	-2,352	21
4,455	4,342	Long Term Finance Lease Debtor	4,225	0	0	0	0	4,225
440,533	474,117	TOTAL LONG TERM ASSETS	474,648	0	0	0	-2,474	472,174
23,121	27,435	Short Term Investments	7,249	0	0	0	0	7,249
5,880	412	Inventories	409	4	3,365	0	-3,365	413
17,250	14,126	Short Term Debtors	10,671	1,122	128	0	-1,202	10,719
1,186	1,298	Assets Held For Sale	3,194	0	1,977	0	-2,904	2,267
27,917	24,086	Cash and Cash Equivalents	15,956	15	1,537	19	0	17,527
75,354	67,357	TOTAL CURRENT ASSETS	37,479	1,141	7,007	19	-7,471	38,175
-10,790	-9,971	Short Term Borrowings	-7,865	0	0	0	528	-7,337
-28,255	-18,076	Short Term Creditors	-17,905	-551	-2,593	-9	3,026	-18,032
-8	-354	Provisions Short Term	-203	0	0	0	0	-203
-12,197	-25,782	Grants Receipts in Advance	-6,461	0	0	0	0	-6,461
-51,250	-54,183	TOTAL CURRENT LIABILITIES	-32,434	-551	-2,593	-9	3,554	-32,033
0	0	Long Term Creditors	0	0	0	0	0	0
-1,464	-1,117	Provisions Long Term	-377	0	0	0	0	-377
-5,233	-4,863	Long Term Finance Lease	-4,714	0	0	0	0	-4,714
-86,972	-81,435	Long Term Borrowing	-78,401	0	0	0	0	-78,401
-91,670	-20,369	Pensions Liability	-11,898	-32	0	0	0	-11,930
-7,981	-6,893	Grants Receipts in Advance	-8,359	0	0	0	0	-8,359
-193,320	-114,677	TOTAL LONG TERM LIABILITIES	-103,749	-32	0	0	0	-103,781
271,317	372,614	TOTAL NET ASSETS	375,944	558	4,414	10	-6,391	374,535
77,385	68,965	Usable Reserves	58,217	590	4,038	10	-4,000	58,855
193,932	303,649	Unusable Reserves	317,718	-32	376	0	-2,391	315,671
271,317	372,614	TOTAL RESERVES	375,935	558	4,414	10	-6,391	374,526

GROUP CASH FLOW STATEMENT

RESTATE	NSDC	Active4	Arkwood	RHH	Inter 31	March
2022/23	today	today	today	today	Comp Adj	2024
£'000	£'000	£'000	£'000	£'000	£'000	£'000
-3,067	-8,792	147	-366	0	365	-8,646
Net Surplus/Deficit(-) on the Provision of Services						
14,655	26,959	-187	1,154	-29	188	28,085
Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements						
-15,615	-33,462	0	0	0	-365	-33,827
Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities						
-4,027	-15,295	-40	788	-29	188	-14,388
Net Cash Flows from Operating Activities						
8,408	15,270	0	0	0	0	15,270
Investing Activities						
-8,212	-7,253	0	0	0	-188	-7,441
Financing Activities						
-3,831	-7,278	-40	788	-29	0	-6,559
Net Increase or Decrease(-) in Cash and Cash Equivalents						
27,917	23,235	55	748	48	0	24,086
Cash and Cash Equivalents at the Beginning of the Reporting Period						
24,086	15,957	15	1,536	19	0	17,527
Cash and Cash Equivalents at the End of the Reporting Period						

GROUP ACCOUNT NOTES

The following notes have been prepared on an exception basis, with only those items which have changed from the District Council's Statement of Accounts being included. For all other items, reference should be made to the Council's Comprehensive Income and Expenditure Statement and Balance Sheet and the appropriate note.

G1 INTER COMPANY TRANSACTIONS

The Group Accounts exclude transactions between the two organisations; this ensures that expenditure and income is only reflected once within the accounts. The elements of the accounts adjusted for inter company transactions are detailed below.

Group Comprehensive Income and Expenditure	NSDC £'000	Active4 Arkwood today £'000	Arkwood £'000	RHH £'000	Inter Comp Adj £'000	2023/24 Group £'000
Biodiversity and Environmental Services	1,539	0	0	0	5	1,544
Climate Change	2,629	0	0	0	0	2,629
Community Safety & Community Development	2,481	0	0	0	20	2,501
Health, Wellbeing and Leisure	3,838	0	0	0	-500	3,338
Health, Wellbeing and Leisure - Active4today	0	-177	0	0	173	-4
Heritage, Culture & the Arts	715	0	0	0	0	715
Housing	5,061	0	0	0	0	5,061
Housing - Arkwood	0	0	507	0	-73	434
Strategy, Performance & Finance	10,314	0	0	0	419	10,733
Sustainable Economic Development	4,615	0	0	0	-1	4,614
Sustainable Economic Development - RHH	0	0	0	0	0	0
Cost of Services	31,192	-177	507	0	43	31,565
Other Operating Income and Expenditure	4,686	0	0	0	0	4,686
Financing and Investment Income and Expenditure	1,064	0	0	0	-43	1,021
Financing and Investment Income and Expenditure - Arkwood	0	0	-20	0	0	-20
Interest payable and similar charges - A4T	0	20	0	0	0	20
Interest payable and similar charges - RHH	0	0	0	0	0	0
Taxation and Non Specific Grant Income	-28,514	0	0	0	0	-28,514
Corporation Tax - A4T	0	9	0	0	0	9
Corporation Tax - Arkwood	0	0	-121	0	0	-121
Group Surplus(-)/Deficit	8,428	-148	366	0	0	8,646

G2 GROUP EXPENDITURE AND FUNDING ANALYSIS

Net Expenditure Chargeable to the General Fund & HRA Balances £'000	RESTATED 2022/23		Net Expenditure in the Comprehensive Income & Expenditure Statement £'000		2023/24		Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
	Adjustment between the Funding & Accounting Basis £'000				Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustment between the Funding & Accounting Basis £'000	
1,265	920	2,185	Biodiversity and Environmental Services	1,396	148	1,544	
1,936	801	2,737	Climate Change	2,140	489	2,629	
1,969	1,002	2,971	Community Safety & Community Development	2,432	69	2,501	
-163	1,476	1,313	Health, Wellbeing and Leisure	337	3,001	3,338	
325	352	677	Health, Wellbeing and Leisure - Active4today	24	-28	-4	
549	249	798	Heritage, Culture & the Arts	645	70	715	
-13,041	10,650	-2,391	Housing	-12,950	18,011	5,061	
-568	0	-568	Housing - Arkwood	434	0	434	
6,959	2,150	9,109	Strategy, Performance & Finance	7,960	2,773	10,733	
1,259	6,287	7,546	Sustainable Economic Development	1,434	3,180	4,614	
0	0	0	Sustainable Economic Development - RHH Newark	0	0	0	
490	23,887	24,377	Net Cost of Services	3,852	27,713	31,565	
3,080	-24,661	-21,581	Other Income and Expenditure (OIES)	-2,935	-19,872	-22,807	
6	0	6	OIES - Arkwood	-20	0	-20	
0	167	167	OIES - A4T	0	20	20	
3	0	3	Corporation Tax - A4T	9	0	9	
95	0	95	Corporation Tax - Arkwood	-121	0	-121	
3,674	-607	3,067	Surplus(-)/Deficit	785	7,861	8,646	
General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000		General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000	
-36,679	-7,294	-43,973	Opening Balance	-33,185	-7,115	-40,300	
3,494	179	3,673	Surplus(-) or Deficit on Balances in Year	-103	888	785	
0	0	0	Dividend Issued	0	0	0	
-33,185	-7,115	-40,300	Closing Balance at 31 March	-33,288	-6,227	-39,515	
Closing Balances Split by Reserve:							
-1,500	-2,000	-3,500	Working Reserve	-1,500	-2,000	-3,500	
-31,685	-5,115	-36,800	Earmarked Reserve	-31,787	-4,227	-36,014	
-33,185	-7,115	-40,300	Closing Balance at 31 March	-33,287	-6,227	-39,514	

G3 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**Adjustments between Funding and Accounting Basis 2023/24**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustment (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Biodiversity and Environmental Services	197	-49	0	148
Climate Change	556	-67	0	489
Community Safety & Community Development	119	-50	0	69
Health, Wellbeing and Leisure	3,003	-2	0	3,001
Health, Wellbeing and Leisure - Active4tor	0	-28	0	-28
Heritage, Culture & the Arts	93	-23	0	70
Housing	18,170	-159	0	18,011
Strategy, Performance & Finance	2,988	-215	0	2,773
Sustainable Economic Development	3,239	-59	0	3,180
Net Cost of Services	28,365	-652	0	27,713
Other income and expenditure from the Expenditure and Funding Analysis	-20,428	915	-359	-19,872
Other Income and Expenditure	0	20	0	20
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	7,937	283	-359	7,861

Adjustments between Funding and Accounting Basis 2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts RESTATED	Adjustment for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustment (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Biodiversity and Environmental Services	596	294	30	920
Climate Change	362	402	37	801
Community Safety & Community Development	665	300	37	1,002
Health, Wellbeing and Leisure	1,465	15	-4	1,476
Health, Wellbeing and Leisure - Active4tor	0	352	0	352
Heritage, Culture & the Arts	99	145	5	249
Housing	9,685	945	20	10,650
Strategy, Performance & Finance	712	1,287	151	2,150
Sustainable Economic Development	5,890	365	32	6,287
Net Cost of Services	19,474	4,105	308	23,887
Other income and expenditure from the Expenditure and Funding Analysis	-23,165	2,225	-3,721	-24,661
Other Income and Expenditure	0	167	0	167
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-3,691	6,497	-3,413	-607

Note 1 Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjustments for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

G4 EXPENDITURE AND INCOME ANALYSED BY NATURE

Expenditure/Income 2023/24	Biodiversity and Environmental Services	Climate Change	Community Safety & Community Development	Health, Wellbeing and Leisure	Heritage, Culture & the Arts	Housing	Strategy, Performance & Finance	Sustainable Economic Development	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-409	-2,053	-643	-5,043	-1,422	-32,805	-5,007	-1,312	0	-48,694
Income on Joint Associates	0	0	0	0	0	0	0	0	-139	-139
Interest and Investment Income	0	0	0	0	0	0	0	0	-3,123	-3,123
Income from Council Tax	0	0	0	0	0	0	0	0	-11,363	-11,363
Income from Non Domestic Rates	0	0	0	0	0	0	0	0	-20,277	-20,277
Housing Benefit Subsidy Rent Allowance	0	0	0	0	0	0	-9,810	0	0	-9,810
Housing Benefit Subsidy Rent Rebates	0	0	0	0	0	0	-8,541	0	0	-8,541
Government Grants and Contributions	-34	0	-713	-263	-402	-1,115	-554	-28,200	-11,723	-43,004
Disposal of Assets	0	0	0	0	0	0	0	0	-875	-875
Adjustment for Group Transactions	5	0	25	557	0	0	423	-1	5	1,014
Total Income	-438	-2,053	-1,331	-4,749	-1,824	-33,920	-23,489	-29,513	-47,495	-144,812
Employee Expenses	1,810	2,507	1,936	75	1,060	6,176	8,198	2,379	0	24,141
Other Service Expenses	-26	1,619	1,795	5,894	1,386	15,247	4,575	31,727	243	62,460
Housing Benefit Rent Allowance	0	0	0	0	0	0	9,900	0	0	9,900
Housing Benefit Rent Rebates	0	0	0	0	0	0	8,566	0	0	8,566
Expenditure on Joint Associates	0	0	0	0	0	0	0	0	156	156
Support Service Recharges	0	0	0	0	0	0	0	0	387	387
Depreciation, Amortisation and Impairment	198	556	106	3,000	93	18,059	2,987	21	0	25,020
Changes in Fair Value	0	0	0	0	0	0	0	0	-5	-5
Interest Payments	0	0	0	0	0	6	0	0	4,197	4,203
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	14,462	14,462
Precepts and Levies	0	0	0	0	0	0	0	0	4,519	4,519
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	0	0	775	775
Corporation Tax	0	0	0	0	0	0	0	0	-112	-112
Adjustment for Group Transactions	0	0	-5	-886	0	-73	-4	0	-46	-1,014
Total Operating Expenses	1,982	4,682	3,832	8,083	2,539	39,415	34,222	34,127	24,576	153,458
Surplus(-)/Deficit on Provision of Services	1,544	2,629	2,501	3,334	715	5,495	10,733	4,614	-22,919	8,646

Expenditure/Income 2022/23	Biodiversity and Environmental Services	Climate Change	Community Safety & Community Development	Health, Wellbeing and Leisure	Heritage, Culture & the Arts	Housing	Strategy, Performance & Finance	Sustainable Economic Development	Corporate Amounts	Total
RESTATED	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-371	-1,915	-630	-4,661	-1,298	-34,991	-4,655	-1,416	0	-49,937
Income on Joint Associates	0	0	0	0	0	0	0	0	-148	-148
Interest and Investment Income	0	0	0	0	0	0	0	0	-2,985	-2,985
Income from Council Tax	0	0	0	0	0	0	0	0	-11,004	-11,004
Income from Non Domestic Rates	0	0	0	0	0	0	0	0	-21,594	-21,594
Housing Benefit Subsidy Rent Allowance	0	0	0	0	0	0	-9,356	0	0	-9,356
Housing Benefit Subsidy Rent Rebates	0	0	0	0	0	0	-8,451	0	0	-8,451
Government Grants and Contributions	-13	-1	-49	-179	-103	-1,125	-959	-4,145	-12,774	-19,348
Disposal of Assets	0	0	0	0	0	0	0	0	-2,256	-2,256
Adjustment for Group Transactions	5	0	23	749	0	21	336	-2	19	1,151
Total Income	-379	-1,916	-656	-4,091	-1,401	-36,095	-23,085	-5,563	-50,742	-123,928
Employee Expenses	2,028	2,857	2,109	97	1,030	6,483	9,086	2,460	0	26,150
Other Service Expenses	-60	1,434	1,380	5,921	1,070	17,823	4,525	10,646	-293	42,446
Housing Benefit Rent Allowance	0	0	0	0	0	0	9,414	0	0	9,414
Housing Benefit Rent Rebates	0	0	0	0	0	0	8,497	0	0	8,497
Expenditure on Joint Associates	0	0	0	0	0	0	0	0	151	151
Developers Contribution Payment	0	0	0	0	0	0	0	0	1,262	1,262
Depreciation, Amortisation and Impairment	596	362	138	1,098	99	8,898	689	3	0	11,883
Changes in Fair Value	0	0	0	0	0	0	0	0	1,676	1,676
Interest Payments	0	0	0	0	0	13	0	0	7,335	7,348
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	13,202	13,202
Precepts and Levies	0	0	0	0	0	0	0	0	4,103	4,103
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	0	0	1,916	1,916
Corporation Tax	0	0	0	0	0	0	0	0	98	98
Adjustment for Group Transactions	0	0	0	-1,035	0	-81	-17	0	-18	-1,151
Total Operating Expenses	2,564	4,653	3,627	6,081	2,199	33,136	32,194	13,109	29,432	126,995
Surplus(-)/Deficit on Provision of Services	2,185	2,737	2,971	1,990	798	-2,959	9,109	7,546	-21,310	3,067

G5 INVENTORIES

The stocks held by the Group valued using the First in First out method of valuation can be analysed as follows:-

2022/23 £'000	Active4				2023/24 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
24 Heritage and Visitor Centres	24	0	0	0	24
66 Administrative Stores	66	0	0	0	66
61 Transport Stores	61	0	0	0	61
69 Stock (Van and Leisure Centre)	64	4	0	0	68
192 Raw Materials and Consumables	194	0	0	0	194
0 Works in Progress - Project 1	0	0	0	0	0
412 Total	409	4	0	0	413

G6 SHORT TERM DEBTORS

The amounts due to the Group were:-

2022/23 £'000	Active4				2023/24 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
Amounts falling due within one year:-					
1,873 Trade Receivables	1,259	0	0	0	1,259
490 Prepayments	625	0	0	0	625
-835 Inter Company Transactions	-126	-1,076	0	0	-1,202
14,908 Other Receivable Amounts	11,050	1,122	128	0	12,300
16,436 Total	12,808	46	128	0	12,982
-2,310 Less Loss Allowance	-2,263	0	0	0	-2,263
14,126 Total Short Term Debtors	10,545	46	128	0	10,719

G7 SHORT TERM CREDITORS

The amounts owed by the Group were:-

2022/23 £'000	Active4				2023/24 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
Amounts falling due within one year:-					
7,483 Trade Payables	10,729	0	0	0	10,729
13,647 Other Payables	7,176	551	2,593	9	10,329
-3,054 Inter Company Transactions	-548	-35	-2,443	0	-3,026
18,076 Total Short Term Creditors	17,357	516	150	9	18,032

G8 CASH AND CASH EQUIVALENTS

2022/23 £'000	Active4				2023/24 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
4 Cash held by the Council	4	0	0	0	4
-7 Cash in transit	5	0	0	0	5
1,425 Bank current accounts	950	16	1,537	18	2,521
22,664 Short-term deposits with Money Market Funds	14,997	0	0	0	14,997
0 Inter Company Adjustments	0	0	0	0	0
24,086 Current Assets	15,956	16	1,537	18	17,527
0 Cash in transit	0	0	0	0	0
0 Bank current accounts (overdraft)	0	0	0	0	0
0 Current Liabilities	0	0	0	0	0
24,086 Total Cash and Cash Equivalents	15,956	16	1,537	18	17,527

G9 PENSIONS

A pension deficit of £6.850m for Active4Today Ltd has been consolidated into the group accounts. Arkwood only operates a contribution pension plan so don't accumulate a pension liability.

2022/23 £'000	Active4				2023/24 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
91,671 Deficit at 1 April	19,798	571	0	0	20,369
<i>Cost of Service</i>					
8,227 Current Service Cost	3,389	285	0	0	3,674
<i>Financing and Investment Income and Expenditure</i>					
2,334 Net Interest Expense	853	20	0	0	873
55 Admin Expense	61	3	0	0	64
0 Past Service Cost	3	0	0	0	3
-78,547 Remeasurement of net defined benefit liability	-8,191	-531	0	0	-8,722
0 Gain/(loss) from settlements	0	0	0	0	0
-3,371 Employer Contributions	-4,015	-316	0	0	-4,331
20,369 Deficit at 31 March	11,898	32	0	0	11,930

G10 RECONCILIATION OF (SURPLUS)/DEFICIT ON PROVISION OF SERVICES TO OPERATING ACTIVITIES NET CASH FLOW

RESTATED

2022/23 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2023/24 £'000
-3,067	-8,427	147	-366	0	-8,646
Net Surplus or Deficit(-) on the Provision of Services					
Adjust net surplus or deficit on the provision of services for non-cash movements					
7,570	8,105	0	0	0	8,105
Depreciation of Property, Plant and Equipment					
4,262	16,880	0	0	0	16,880
Impairment and downward valuations					
60	59	0	0	0	59
Amortisation of Intangible Assets					
-7,919	-235	32	-600	-30	-833
Increase/Decrease(-) in Creditors					
10	10	0	0	0	10
Increase(-)/Decrease in interest Debtors					
-1,471	1,623	-24	975	0	2,574
Increase(-)/Decrease in Debtors					
2,496	-2	1	780	0	779
Increase(-)/Decrease in Inventories					
6,496	292	-8	0	0	284
Pension Liability					
1,885	758	0	0	0	758
Carrying amount of non-current assets, sold or derecognised					
1,266	-531	0	0	0	-531
Other non-cash items charged to the net surplus or deficit on the provision of services					
14,655	26,959	1	1,155	-30	28,085
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities					
407	-365	0	0	0	-365
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in joint ventures and subsidiaries)					
-13,037	-32,605	0	0	0	-32,605
Capital Grants credited to surplus or deficit on the Provision of Services					
-2,985	-857	0	0	0	-857
Proceeds from the sale of non-current assets					
-15,615	-33,827	0	0	0	-33,827
-4,027	-15,295	148	789	-30	-14,388
Net Cash Flows from Operating Activities					

2022/23 £'000		Active4				2023/24 £'000
		NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
-18,113	Purchase of Property, Plant and Equipment and Intangible Assets	-20,693	0	0	0	-20,693
-11,000	Purchase of short-term and long-term Investments	0	0	0	0	0
0	Other payments for investing activities	-100	0	0	0	-100
3,093	Proceeds from the sale of Property, Plant and Equipment and Intangible Assets	969	0	0	0	969
7,000	Proceeds from short-term and long-term Investments	20,000	0	0	0	20,000
27,428	Other receipts from investing activities	15,094	0	0	0	15,094
8,408	Net cash flows from investing activities	15,270	0	0	0	15,270

GLOSSARY OF TERMS

PLEASE NOTE: This glossary provides an explanation of terms, not precise definitions. It should not be used as a substitute for the more detailed and specific definitions given in statute, codes of practice and technical guidance. It should be used in conjunction with explanations provided within and supporting the accounting statements.

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

ACCRUALS

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

ADMINISTRATIVE BUILDINGS

Buildings that either have a shared use or are not charged directly to a service. The costs relating to all such buildings are allocated to the users of the buildings on some appropriate basis (usually the floor area occupied by each user).

AMORTISATION

The measure of the consumption or other reduction in the useful life of an intangible asset, charged annually to service revenue accounts.

ARMS LENGTH MANAGEMENT COMPANY

The Council is the sole shareholder of this company that it created solely for the purpose of managing its Housing stock.

BALANCES

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BILLING AUTHORITIES

Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates.

CAPITAL ADJUSTMENT ACCOUNT

This provides a balancing mechanism between the different rates at which assets depreciated under the Code and are financed through the capital controls system. It should be noted that this account and the Revaluation Reserve are matched by fixed assets within the Balance Sheet - they are not resources available to the Council, and are therefore termed Unusable Reserves.

CAPITAL CHARGES

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

CAPITAL PROGRAMME

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is three to five years.

CAPITAL RECEIPTS

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

COLLECTION FUND

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

COMMUNITY ASSETS

These are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services. It also covers items of Civic Regalia.

CONTINGENT LIABILITIES

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

COUNCIL TAX

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BASE

The council tax base of an area is equal to the number of band "D" equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band "D" properties (e.g. a band "H" property pays twice as much Council Tax as a band "D" property and therefore is equivalent to two band "D" properties). For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

CURRENT EXPENDITURE

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

DEFERRED CAPITAL RECEIPTS

Amounts derived from the sale of assets that will be received in instalments over agreed periods of time. These arise mainly from mortgages on the sale of council houses.

DEFERRED CREDITORS

This term applies to the monies owed by the Council more than 12 months from the Balance Sheet date.

DEPRECIATION

Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

EARMARKED RESERVES

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

EMOLUMENTS

All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

EXTERNAL AUDIT

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices, to ensure that the Council has proper arrangements in place for securing financial resilience and to challenge how it secures economy, efficiency and effectiveness in its use of resources.

FEES AND CHARGES

Income raised by charging users of services for the facilities. For example, Councils usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

FINANCE LEASE

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the Balance Sheet.

FINANCIAL INSTRUMENT

Contracts which give rise to a financial asset of one organisation and a financial liability.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

FINANCIAL REPORTING STANDARD (FRS)

A statement of accounting practice issued by the Accounting Standards Board.

FINANCIAL YEAR

The Council's financial year commences on 1 April and ends on 31 March the following year.

GAAP

Generally Accepted Accounting Principles is the standard framework of guidelines for financial accounting. It includes the standards, conventions and rules accountants follow in recording and summarising transactions and in the preparation of financial statements.

GENERAL FUND

The main revenue fund of a billing Council. Day to day spending on services is met from this Fund. Spending on the provision of council housing must be charged to a separate Housing Revenue Account.

GROSS EXPENDITURE

The total cost of providing Council services before taking into account income from government grants and fees and charges for services.

HERITAGE ASSETS

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

HOUSING BENEFIT

Financial help given to Council's or private tenants whose income is below prescribed amounts. The Government finances approximately 100% of the cost of benefits to non HRA tenants ("rent allowances") and HRA tenants (through the rent rebate element of housing subsidy).

HOUSING REVENUE ACCOUNT

A Council's statutory account covering revenue income and expenditure on the housing services relating to its housing stock.

IMPAIRMENT

Impairment occurs when the value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting standards adopted from 1 April 2010 for Local Government entities.

INFRASTRUCTURE ASSETS

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to highways.

INTERNAL AUDIT

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. Every Council is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a Council has to be considered and approved by the Council's Members each year.

INVESTMENTS

Deposits with approved institutions, usually for less than one year.

LONG TERM DEBTORS

Amounts due to the Council more than one year after the Balance Sheet date.

MINIMUM REVENUE PROVISION (MRP)

The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

NON DOMESTIC RATE (NDR)

The Council collects Non Domestic Rates for its area based on local rateable values, multiplied by a national uniform rate. The total amount, less certain reliefs and deductions, including Council Tax benefit, is shared between Central Government (50%), District Councils (40%), County Council (9%) and Fire Authority (1%).

NET EXPENDITURE

Gross expenditure less gross income.

NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held For Sale or Surplus.

OPERATIONAL ASSET

Fixed assets held by the Council and used or consumed in the delivery of its services.

OPERATIONAL LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

PENSION FUND

An employees' pension fund maintained by a Council, or a group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PRECEPTING AUTHORITIES

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NDR) and precept upon the billing Council, which then collects it on their behalf. Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner, Nottinghamshire Fire and Rescue Authority and Parish Councils all precept upon Newark and Sherwood District Council.

PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

PUBLIC WORK LOANS BOARD (PWLB)

A Government body that meets part of the Council's loan finance for capital purposes.

RELATED PARTIES

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;
- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests;
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an Council include:

- UK Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its Members;
- Its Senior Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of close family, or the same household;
- Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

REVALUATION RESERVE

This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

REVENUE SUPPORT GRANT (RSG)

This funding is the Government grant provided by the Ministry of Housing, Communities and Local Government's (MHCLG) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the MHCLG is fixed at the beginning of each financial year, and is announced as part of the Comprehensive Spending Review.

SOFT LOANS

A "soft loan" is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the Council considers will have benefit to the local population.

STATEMENT OF ACCOUNTS

Local authorities are required to prepare, in accordance with proper practices, a Statement of Accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Council must approve the Statement by 30 September following the end of the financial year.

STATEMENT OF RECOMMENDED PRACTICE (CODE)

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

TOTAL COST

The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation charges. This includes an appropriate share of all support services and overheads that need to be apportioned.

TRADING SERVICES

Services that are, or are generally intended to be, financed mainly from charges levied on the users of the service.

USABLE CAPITAL RECEIPTS

Amounts available to finance capital expenditure in future years.

USABLE RESERVES

Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

UNUSABLE RESERVES

Represent gains and losses yet to be realised and which are not available to support services.

NEWARK AND SHERWOOD DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT

1 Scope of responsibility

Newark and Sherwood District Council is responsible for ensuring that the Authority's own and (with the addition of Active4Today Ltd and Arkwood Developments Ltd) its group business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Newark and Sherwood District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Newark and Sherwood District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

2 The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled. The framework also includes activities through which the authority accounts to, engages with, and leads the communities that it serves. It enables the authority to monitor and assess the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Newark and Sherwood District Council's policies, aims and objectives, to evaluate the likelihood of those risks materialising and the impact should the risks materialise, and to manage these risks efficiently, effectively and economically.

3 The governance framework

The District Council has adopted a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable. The Constitution is subject to periodic review and change either through national legislation or local decision, and the Governance Framework may be amended accordingly (<https://www.newark-sherwooddc.gov.uk/constitution/>).

Within the Constitution (Part H), the Council has approved and adopted a Code of Corporate Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, which was revised in 2016. The Code was also reviewed during 2016 to ensure it complied with the requirements of the revised Framework. The Code is due to be reviewed and updated by the Council's Audit & Governance Committee during 2024/25.

The Code recognises that effective governance is achieved through the 7 core principles as identified in the Framework. These are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capacity of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Code sets out how the Council demonstrates that its governance structures comply with these 7 core principles.

The Annual Governance Statement explains how the Council has complied with the Code annually; and also meets the requirements of *Regulation 6(1)(a) of the Accounts and Audit Regulations 2015* which require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

Council approved a new Community Plan at its meeting on 12th December 2023. This sets out the ambitions of the Council over the next four year term to 2027. The performance monitoring framework for the new Community Plan commenced on 1st April 2024.

During 2023/24 the Council facilitated policy and decision-making through a Cabinet system. Cabinet meetings are open to the public except where exempt or confidential matters are being considered. Cabinet Members with Portfolio responsibility have authority to take delegated decisions outside Cabinet meetings; these are published on the Council's Decision Register. In addition, the Council's Constitution gives delegated authority for senior officers of the Council to make decisions in certain specified circumstances. Significant or 'Key' proposals are published on the Council's Forward Plan for 28 days before the decision is taken.

This system of Governance was adopted on 17th May 2022. This system of governance is comprised of:

The Cabinet – which is made up of the Leader, Deputy Leader and a Cabinet of additional Councillors appointed by the Leader. Cabinet Members are responsible for the portfolio of services/functions allocated to them by the Leader. The Cabinet comprises 8 portfolio holders including the Leader and Deputy Leader. The leader of the Council's largest opposition group is a Cabinet Member with voting rights but without portfolio.

Policy and Performance Improvement Committee – comprises 15 Members and is politically balanced. This provides the Overview and Scrutiny function but also has a wider role in policy development and performance review.

The Tenant Engagement Board – comprises of the Portfolio Holder for Housing, four tenant representatives (Local Influence Network Chairs), and three representatives from Policy and Performance Improvement Committee. This provides a tenant voice on the Council’s housing services and performance as well as making recommendations. The group also has oversight of housing regulation under the remit of Housing Assurance Board to ensure the Council is fully compliant in health and safety and regulation.

Audit and Governance Committee – comprises 12 Members and is politically balanced. This Committee provides 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. It is also responsible for promoting and maintaining high standards of conduct by Members and Co-opted Members of the Council.

The aim and priorities identified by Full Council in changing to the Cabinet System were: -

- Faster political decision-making, with greater clarity and transparency about who is accountable for what;
- More effective involvement of elected members and tenants in policy development and performance review, both in relation to the Councils’ activities and that of its partners;
- More effective political and managerial oversight of how all the various parts of the Council are working together and their impact on the community;
- More engagement with, and involvement of, key partners in our governance arrangements;
- More support to enable elected members to maximise their role as community leaders/champions;
- Less duplication of effort; less wasted resources

These were distilled by the Council into a set of principles to underpin the design of the new arrangements: -

Inclusion	Ownership	Transparent & Agile	Challenge Performance	Modern & Accessible	Connected
<ul style="list-style-type: none"> •Members feeling involved and well-informed •Members are able to contribute 	<ul style="list-style-type: none"> •The Executive operates as a team, but •Individual members of the Executive take ownership and accountability for their portfolios 	<ul style="list-style-type: none"> •Agile, clear and appropriate decision-making •Swift where it needs to be •Transparent •The ‘right’ decisions being made at the ‘right’ level by the ‘right’ portfolio 	<ul style="list-style-type: none"> •Purposeful, constructive and challenging performance review •Open to external outlook and input 	<ul style="list-style-type: none"> •Modern •Bureaucracy light •Accessible and easy to understand 	<ul style="list-style-type: none"> •Linked up to locality •Connected Cabinet and Performance Review

A review of the new governance arrangements, using these principles as a benchmark, was undertaken six months after implementation, and consultation was undertaken with 258 members

and Officers. The Audit & Governance Committee considered the outcome of the review and reported on to Full Council. No significant issues were identified, however it was agreed that a further report should be undertaken at an appropriate point following the elections in May 2023, when arrangements are more embedded. The review identified the importance of Member training, and Audit & Governance Committee resolved to have oversight of the Member Induction Programme following the May 2023 elections. There was a significant change in the Council's elected membership in May 2023 and a high number of new Councillors were elected; this was reflected in appointments to Audit & Governance Committee. As a result, while a comprehensive induction Member Induction Programme was delivered after the elections with oversight by Audit & Governance Committee, the review of governance arrangements was considered premature in 2023/24 and instead remained on the Committee's work programme for future.

The District Council has a cross-service Risk Management Group that meets regularly to identify and evaluate all significant risks. Strategic, Corporate and Operational Risk Registers are in place and appropriate staff have been trained in the assessment, management and monitoring of risks. In addition to this, a Fraud Risk Register is in place and a refresh was presented to the Audit and Governance Committee at its meeting in July 2024.

Through reviews by external auditors, external agencies, internal auditors, and its performance team the District Council ensures the economic, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to the principles of economy, efficiency and effectiveness.

Services are delivered by trained and experienced officers. All posts have a detailed job description and person specification. Training needs are identified through the Performance Appraisal Scheme, which was reviewed and updated in 2022.

Risk management policies and procedures are in place with the objective of ensuring that the risks facing the authority in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.

The statutory role of Monitoring Officer was undertaken by the Assistant Director Legal and Democratic Services for 2023/24 financial year. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and the s151 Officer, the Monitoring Officer will report to the Full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration. The standards of behaviour for members and employees are defined through Codes of Conduct and the Code of Corporate Governance. The Council also has an Anti-Fraud and Corruption Strategy and a Whistleblowing Policy that enables concerns to be raised confidentially by employees or persons doing business with the Council. A complaints system is also operated by the Council to enable comments on services to be received and investigated and this is assessed against the relevant Ombudsman Effective Complaints Handling Code.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Director of Resources post is combined with the Deputy Chief Executive position and has the s151 Officer responsibilities attached to it. The s151 Officer is responsible for the proper administration of the Council's financial affairs including maintenance of financial records, presentation of statutory accounts and budgets, provision of effective internal audit and financial advice to Council. The s151 Officer has a key role in helping the organisation balance local service needs with corporate interests whilst ensuring compliance with all financial, statutory and constitutional requirements. The s151 Officer has a statutory duty to report to Full Council and the District Auditor (after consultation with the Head of Paid Service and the

Monitoring Officer) if they feel that there is likely to be any item of unlawful expenditure or an unbalanced budget.

Governance responsibilities in respect of the Council's wholly owned companies (Active 4 Today and Arkwood Developments Ltd) are discharged through the Executive Shareholder Committee which is committee of the Cabinet. This body is responsible for receiving both companies' Business Plans and performance monitoring reports, together with business cases for future housing developments (in respect of Arkwood Developments Ltd).

The s151 Officer acts on behalf of the Council as the Accountable Body to the £25m Newark Towns Fund. As Accountable Body the Council is responsible for the proper use and administration of Towns Fund funding, all of which falls under the annual audit of the Council's accounts. The Council has responsibility for ensuring a Local Assurance Framework is in place which meets the standards set out by Government, and that decisions are made in accordance with it. The Local Assurance Framework, adopted by the Council's Policy and Finance Committee in June 2021, sets out how the Newark Towns Fund Board will effectively undertake its role in relation to good governance and allocation of the public funds it is responsible for. External Consultants (Hatch and Quod) provide consultancy support to each of the project sponsors and provide assurance support to the Council's s151 Officer.

A similar arrangement to the above is in place regarding £20m of Levelling up funding that was awarded to the Council in respect of the Southern Link Road. A monitoring board has been established consisting of officers of the Council, together with representatives from the developer-Urban and Civic, National Highways and Nottinghamshire County Council. The Council is responsible for the proper administration of the funding, and has, through the project, employed an independent quantity surveyor in order to ensure claims of grant from the developer are accurate and proportionate and can be approved by the Council's s151 Officer. A further similar agreement is in place in respect of £7m of funding from the D2N2 Local Enterprise Partnership in relation to the development of the Southern Link Road. An agreement is in place which releases funds through to the developer once agreed project outputs and targets are met, and have been approved by the Council's s151 Officer.

The Council is also accountable body for two other significant grants:-

- The Long Term Plan for Towns Fund which the Council has been allocated £20m. This fund will bring together community leaders, business people and local bodies to forge their town's future together. This fund will be administered in a similar way to the Towns Fund whereby a new Town Board will be established which will be responsible for ensuring good governance and the allocation of public funds.
- UK Shared Prosperity Fund (which includes the Rural England Prosperity Fund) is managed and delivered by NSDC as the Accountable Body for the funding, with input from a variety of key stakeholders. In total the Council will receive £4.18m over the 2022 to 2025 period. Prior to receipt of funding, the council's Cabinet agreed delegated authority to the S151 Officer, in consultation with the Portfolio Holder for Sustainable Economic Development to approve interventions and projects funded through the scheme, which has included in-house activities, commissioned services and various grant schemes/funding calls for external organisations.

In addition to engagement with a number of existing key partner/working groups throughout delivery, the Newark and Sherwood Community Partnership supports the scheme governance by meeting every 6 months to provide high level and overarching and strategic input into the development of the UKSPF/REPF programme. This includes updates on progress, and input into local investment priorities/themes and approaches to scheme delivery and is made up of a number of key community partners as well as within the business and skills sector.

Any grant opportunities or funding calls delivered through the programme are managed and delivered internally to avoid any potential conflicts of interest with funding applicants. Appropriate internal Officers form a grant panel led by the Programme Manager, where applications are scored and appraised against a pre-approved scoring matrix. The criteria and scoring matrix for funding is approved by the Portfolio Holder and S151 Officer prior to the application process, and all individual grant awards following appraisal are approved by the S151 Officer in consultation with the Portfolio Holder.

The District Council communicates with its community and stakeholders through various means. The Council's website has been designed to ensure information is up to date, accurate, easy to find and adheres to new government accessibility legislation. In addition, a system in which the Council can email regular newsletters to particular demographic groups is in place. Upon implementation the system was used to improve internal communication, with staff newsletters going out every two weeks. Then a resident facing newsletter was introduced with newsletters going out containing important and key information once a month. We have continued to grow and use social media to communicate important messaging but still consider the importance of a positive press release system to be a high priority – the number of media releases issued grew during this year also. The processes and systems within the centralised communications team mean that work is becoming more proactive as opposed to reactive thus gaining better coverage for the District Council. Other channels are also regularly used include the local radio, local and national media outlets, digital communication channels and digital advertising, door to door to communication, television advertising and POS in strategic locations. For tenants specifically, there is a tenant involvement framework consisting of four Local Influence Networks for Sherwood, Newark Rural villages and for Building Safety. These are complemented by a menu of opportunities for engagement with our 5,500 tenants and an annual tenant report containing key activities and performance.

Full Council appoints a non-voting Independent Member to the Audit and Governance Committee. This appointment supplements the elected Members of the Committee by bringing further technical and analytical skills and independence to aid in the scrutiny of reports. This together with a training programme for the members of the Committee, which will be tabled at the meeting in July 2024, will continue the development of the Committee to ensure that it continues to meet its roles and responsibilities.

4 Review of effectiveness

Newark and Sherwood District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Manager's annual report, the External Auditor's annual audit and inspection report together with comments made by the External Auditors and other review agencies and inspectorates. Business managers are required to provide assurance to the s151 officer that service areas are compliant with the Council's governance arrangements.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution through Audit & Governance Committee which may meet in the form of a Working Party for in

depth reviews, and makes recommendations for amendment to Full Council. In 2023-4 the Audit & Governance Committee recommended one change to Full Council to give Planning Committee the ability to introduce public speaking at its meetings in order to enhance public participation in decision-making. An annual review is included in the Committee's Work Programme for 2024-5.

Overview and Scrutiny - During 2023/24 the overview & scrutiny function was undertaken through the Policy and Performance Improvement Committee. Any Member of the Council can ask for an item to be included on the agenda for the Committee, and all Cabinet and Portfolio Holder decisions, and the Forward Plan, are circulated to all Members for transparency and awareness. The Committee has the ability to set up working groups to undertake in depth scrutiny, performance review and policy development.

Internal Audit - is responsible for reviewing the quality and effectiveness of systems of internal control. The internal audit function was carried out by TIAA (UK) Ltd during 2023/24. Public Sector Internal Audit Standards (Standards) require an External Quality Assessment (EQA) at least every five years. The Standards aim to promote quality and effectiveness in the internal audit profession across both public and private sectors. They re-affirm how important having a robust, independent and objective internal audit is to the success of the Council and its governance framework. Our current Internal Auditors TIAA (UK) Ltd were last assessed in December 2022 with the outcome of their EQA stating that they 'generally conform' with all areas of the Public Sector Internal Audit Standards and IIA/IPPF. There were no recommended improvements.

An annual audit plan is approved by the s151 Officer together with the Business Manager for Financial Services and the Senior Leadership Team and reported to the Audit and Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and Business Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by Business Managers. The Audit and Governance Committee receives executive summaries of all internal audit reports and is advised of progress in implementing recommendations. Internal Audit reports are considered by the Council's Senior Leadership Team. The Head of Internal Audit issues an annual opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework. For the 2023/24 financial year, the opinion of the Head of Internal Audit is that the Council is 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.

There were no internal audit reports gave limited assurance (none during 2022/23).

Community Plan - It is part of our vision to be driven by what matters to our residents. Therefore, it is important for us to listen to the views of residents and consider these views in shaping the future of the district.

As such, our Community Plan, a key document that sets out our values, purpose and objectives over the next four years is shaped by the feedback of residents. Our current Community Plan (2023-22) was informed by the results of the 2022 Resident Survey. We once again went out to residents to gather their views in the form of the 2022 Resident Survey. The results of which will help shape the next Community Plan, which outlines the future of the district from 2023. It was our first resident survey conducted online and 4,577 residents took part over May and June 2022. Paper copies were available on request too and the survey was promoted via social media, the Council's

messages on bus stops. A representative survey was also carried out to allow us to recognise any bias in the open survey. A specialist company asked 780 residents to fill out the survey which represented the district in terms of age, gender, ethnicity, geography and council tenancy. We also consulted with specific groups through workshops and events/visits.

There have been some changes in the views of residents since 2018 and the 2022 survey found that more people are getting in touch with the Council. This is likely because of the effects of the global pandemic as the Council has administered lots of grants and provided various types of support. In terms of other resident priorities, the regeneration of town centres and high streets is more important than in 2018 as are health services. Residents still prioritise clean and green streets, as they did in 2018, but there were also some new themes around better recycling facilities, especially kerbside services, and an appetite for clear, consistent and timely communication from the Council. Several priority areas raised by residents in the survey are already within the Council's work programme. For example, resident emphasis on the importance of keeping streets and public areas clean and tidy, validates the Cleaner, Safer, Greener agenda. Alongside this, Council tenants are also surveyed via the Survey of Tenants and Residents around the performance and satisfaction with housing services. In 2023-24, the new Tenant Satisfaction Measures are being implemented as a result of the Charter for Social Housing Tenants to make sure the tenants voice and influence on housing services is prioritised and heard by housing authorities and private registered landlords.

CIPFA Financial Management Code of Practice - The Chartered Institute of Public Finance & Accountancy (CIPFA) has introduced a Financial Management Code (FM Code). This sets out, the standards of financial management for local authorities.

The FM Code is designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.

Local government finance in the UK is governed by legislation, regulation and professional standards. The general financial management of a local authority, however, has not, until now, been supported by a professional code. The FM Code has been introduced because of the exceptional financial pressures faced by local authorities in recent years which have revealed concerns about fundamental weaknesses in financial management and the ability of some organisations to maintain services in the future.

All 17 of the standards have been reviewed by the S151 officer and the Senior Leadership Team during May 2024 and it was felt that all 16 standards are still at Green status. One standard was allocated amber status in relation to "The financial management style of the authority supports financial sustainability. The action identified to improve this standard relates to:

- Capital budget profiling will be reviewed by Directors and Budget holders within the November cycle of meetings to ensure that profiling of capital spend is reasonably spread across the four year capital spending period. This is to ensure that another review of likelihood of spend is conducted to mitigate against large slippage values in the capital programme.

During last year, one other action had been identified which was:

Whilst significant improvements have been made to the performance monitoring and management framework, it is felt that further improvements could be made to align more closely Community Plan performance and financial performance data. These are currently both reported to the same Directorate and Senior Leadership teams and Cabinet, however viewed as independent items. Whilst identifying areas for improvements in Community Plan performance, this needs to be viewed through the financial performance lens in order to realign budgets where appropriate and deliver against all Community Plan priorities.

It is felt this action has been completed and can be evidenced by the improvements in benefits processing time, through the work that the Transformation business unit have done with the team together with the changes made within the Antisocial Behaviour Team accommodated via a change in use of resources allowed via the prudent monitoring of budgets.

5 Governance Actions

Significant governance issue

Issue	Action	Responsible Officer	Completion Date
<p>Long Term Financial Sustainability of the Council</p> <p>The approval of the Medium Term Financial Plan in March 2024 identified that by 2027/28 there will be a shortfall in funding of £1.627m. The use of the MTFP mitigates the impact of the annual shortfalls over the MTFP period, which equates to annual shortfalls of circa £3m 2026/27.</p>	<p>Mitigations over the period were identified within the MTFP and are underway with delivery. It is paramount these targets are met and actions are already underway to ensure their delivery. Should any of the identified mitigations not be met, this would increase the shortfall currently identified and also increase the inherent annual shortfalls.</p> <p>Further to the delivery of the identified mitigations, work is currently underway with reviewing base budget variances over the past 3 years to understand whether inherent savings/additional income are prevalent in services which could contribute to reducing the annual shortfalls.</p>	<p>Deputy Chief Executive/Director of Resources and S151 Officer & Business Manager – Financial Services</p>	<p>Ongoing</p>

We propose over the coming year to take steps to address the above matter to further enhance our governance arrangements. We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review.

Conclusion

The Council has assessed the governance arrangements in place throughout 2023/24 and whilst it is considered that the current arrangements provide a satisfactory level of assurance, work is continuously underway to ensure that the arrangements remain fit for purpose in an ever changing external environment.

Signed

J. Robinson

Chief Executive

19 February 2025

P. Peacock

Leader of the Council

19 February 2025

Independent auditor's report to the members of Newark & Sherwood District Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Newark & Sherwood District Council ('the [Council]') and its subsidiaries ('the Group') for the year ended 31 March 2024, which comprise the Council and Group Comprehensive Income and Expenditure Statement(s), the Council and Group Movement in Reserves Statement(s), the Council and Group Balance Sheet(s), the Council and Group Cash Flow Statement(s), Housing Revenue Account and The Collection Fund and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2024 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the Annual Governance Statement information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Resource's for the financial statements

As explained more fully in the Statement of the Director of Resource's Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director of Resources is also responsible for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Resources is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992, the Accounts and Audit Regulations 2015, and the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit and Governance Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.

We evaluated the Director of Resource's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance.

Our audit procedures in relation to fraud included but were not limited to :

- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Director of Resource's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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

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

Matter on which we are required to report by exception.

We are required to report to you if, in our view, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

Responsibilities of the Council

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

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

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

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

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Newark & Sherwood District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate received further instruction from the NAO in respect of Whole of Government Accounts.

Mark Surridge, Key Audit Partner

For and on behalf of Forvis Mazars LLP

19 February 2025

Forvis Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

Dear Sirs,

Newark & Sherwood District Council - audit for year ended 31 March 2024

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

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

I confirm as S151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable and:

- that the significant judgments made in making the accounting estimates have taken into account all relevant information of which management is aware;
- that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework;
- that appropriate specialized skills or expertise has been applied in making the accounting estimates;
- that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements; and/or

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Group Accounts

I confirm that I have reviewed the accounting transactions of the Council's partnerships and joint ventures and am satisfied that the basis of Group Accounts is complete and accurate.

Contingencies

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

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

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

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council and Group have been brought to your attention. All known actual or possible litigation and

claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

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

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

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

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

Related party transactions

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

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

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have considered the impact of Covid-19 on the Council's Investment Properties. An impairment review is therefore not considered necessary.

Charges on assets

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

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and there is no significant impact on the Council's operations from restrictions or sanctions in place.

Going concern

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

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Annual Governance Statement

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

Narrative report

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

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Sanjiv Kohli
Deputy Chief Executive, Director of Resources
and S151 Officer

Councillor Peter Harris
Chair – Audit and Governance Committee



Report to: Audit & Governance Committee Meeting
19 February 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, ext. 5317

Report Summary	
Report Title	Budget Reports 2025/26
Purpose of Report	To provide Members with the attached reports which have been approved at Cabinet on 18 February 2025: General Fund Revenue Budget 2025/26 General Fund Medium Term Financial Plan 2025/26 – 2028/29 Capital Programme 2025/26 – 2028/29
Recommendations	That Members receive and note the reports that were presented to Cabinet on 18 February 2025
Reason for Recommendation	To ensure that the Audit and Governance Committee have reviewed the General Fund Revenue budget, Medium Term Financial Plan and Capital Programme, to ensure the financial sustainability of the Council

1.0 Background Information

- 1.1 The appendices attached are the budget setting reports (both Capital and Revenue) together with the Council’s proposed Medium Term Financial Plan for the 2025/26 financial year.
- 1.2 Part C of the Council’s Constitution sets out that the Audit and Governance Committee are delegated with the responsibility of scrutinising the Council’s Medium Term Financial Plan, annual budget and in-year monitoring of these in the context of financial sustainability.

2.0 Proposals

2.1 That members of the committee scrutinise the reports in the context of the financial sustainability of the Council over the medium term.

3.0 Implications

In writing this report and in putting forward recommendation's 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 Financial Implications

All financial implications are included within the individual reports.

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

Report to: Cabinet Meeting - 18 February 2025
 Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance
 Director Lead: Sanjiv Kohli, Director – Resources and Deputy Chief Executive
 Lead Officer: Nick Wilson, Business Manager – Financial Services, Ext. 5317

Report Summary	
Type of Report	Open Report, Key Decision
Report Title	2025/26 Proposed General Fund Revenue Budget
Purpose of Report	To enable Cabinet to consider the spending proposals in the Council’s proposed 2025/26 General Fund revenue budget and make recommendations to Full Council for its meeting on 6 March 2025.
Recommendations	<p>That Cabinet recommends to Full Council at its meeting on 6 March 2025 that:</p> <ul style="list-style-type: none"> i. the following amounts be now calculated by the Council for the 2025/26 financial year, in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011: <ul style="list-style-type: none"> 1. £56,908,320 being the aggregate of the amounts which the Council estimates for items set out in Section 31A(2)(a) to (f) of the Act, as the District Council’s gross expenditure for 2024/25); 2. £36,261,250 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act, as the District Council’s gross income for 2024/25); and 3. £20,647,070 being the amount by which the aggregate at (b)(i) above exceeds the aggregate at (b)(ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Net Budget Requirement for the year; ii. the figures shown as i.1. and i.3. above to be increased only by the amount of Parish Precepts for 2025/26; iii. the budget amounts included in the report be the Council’s budget for 2025/26; and iv. the fees and charges shown in Appendices C1-C22 be implemented with effect from 1 April 2025.

Alternative Options Considered	Not applicable, the Cabinet is required to make recommendations on the budget to the Full Council.
Reason for Recommendations	To enable Cabinet to make recommendations to Council of the amounts to be calculated in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, for the purposes of setting Council Tax levels for the 2025/26 financial year.

1.0 Background

- 1.1 This report sets out details of the Council’s proposed General Fund (GF) revenue budget for the 2025/26 financial year. The GF revenue budget has been prepared in accordance with the Council’s budget setting strategy for 2025/26 which was approved by Cabinet on 24 September 2024.
- 1.2 The 2025/26 GF revenue budget has accordingly been derived from the 2025/26 base budget within the Medium-Term Financial Plan (MTFP) approved by Full Council on 7 March 2024. In accordance with the Budget Strategy, growth and efficiencies have been included based on the engagement with Portfolio Holders throughout the budget setting process. Additionally, changes as described in the Budget Strategy around pay awards and inflation, have also amended that base position.

2.0 Financial Summary

- 2.1 The Council’s proposed 2025/26 GF revenue budget is shown in further detail, including information on priority areas in **Appendices A1 to A3** to this report. The current overall position is summarised below:

Line in Appendix A1		2025/26 (£)
9	Total service budgets	23,793,290
14	Total other operating income & expenditure	1,499,250
20	Total financing and investment income & expenditure	(1,353,900)
32 & 33	Less capital reversals	(3,291,570)
	Net Budget Requirement	20,647,070
21 to 28	Other government grants	(2,057,130)
29 & 30	Non-Domestic Rates (NDR) (Business Rates)	(10,645,818)
32 to 34	Contributions to or (from) Usable Reserves	453,670
37	Net call on Council Tax	8,397,792
38	Council Tax Adjustments	173,900
39	Amount to collect through Council Tax	8,571,692

- 2.2 As the total service budgets (line 9 of **Appendix A1**) include capital costs, the table below breaks down the total service budgets for each Committee by the amounts which relate to capital costs and which relate to cash budgets:

Line in Appendix A1	Portfolio	2025/26 base budget (March 2024) (£)	2025/26 base budget (February 2025) (£)	Variance (£)
Without Capital costs	Climate and the Environment	3,909,960	3,960,530	50,570
	Health, Wellbeing and Leisure	945,690	185,970	(759,720)
	Heritage, Culture and the Arts	1,089,370	895,330	(194,040)
	Housing	1,214,660	1,107,920	(106,740)
	Public Protection and Community Relations	2,683,330	2,801,390	118,060
	Strategy, Performance and Finance	9,027,060	9,546,430	519,370
	Sustainable Economic Development	1,868,970	2,004,150	135,180
	Cash Service Budgets	20,739,040	20,501,720	(237,320)
Capital costs	Climate and the Environment	1,139,720	876,350	(263,370)
	Health, Wellbeing and Leisure	996,710	804,740	(191,970)
	Heritage, Culture and the Arts	201,760	190,450	(11,310)
	Housing	49,620	50,740	1,120
	Public Protection and Community Relations	82,900	229,960	147,060
	Strategy, Performance and Finance	1,447,650	1,136,190	(311,460)
	Sustainable Economic Development	6,480	3,140	(3,340)
32 & 33	Capital Service Budgets	3,924,840	3,291,570	(633,270)
1	Climate and the Environment	5,049,680	4,836,880	(212,800)
3	Health, Wellbeing and Leisure	1,942,400	990,710	(951,690)
4	Heritage, Culture and the Arts	1,291,130	1,085,780	(205,350)
5	Housing	1,264,280	1,158,660	(105,620)
6	Public Protection and Community Relations	2,766,230	3,031,350	265,120
7	Strategy, Performance and Finance	10,474,710	10,682,620	207,910
8	Sustainable Economic Development	1,875,450	2,007,290	131,840
9	Total Service Budgets	24,663,880	23,793,290	(870,590)

2.3 The table below shows how the 2025/26 base budget approved by Full Council on 7 March 2024, has been adjusted for changes based on paragraph 2.2 above.

Portfolio	2025/26 base budget (March 2024) (£)	Realignments	Salary Uplift	Approved Variations	Inflation	Requested Changes	2025/26 base budget (February 2025) (£)
CE	3,909,960	(7,000)	24,910	61,520	680	(29,540)	3,960,530
HWL	945,690	30,600	(3,310)	(111,550)	240	(675,700)	185,970
HCA	1,089,370	(25,000)	2,150	(88,750)	(2,020)	(80,420)	895,330
H	1,214,660	(30,600)	(17,520)	(406,380)	820	346,940	1,107,920
PPCR	2,683,330	0	(11,930)	73,250	5,850	50,890	2,801,390
SPF	9,027,060	32,000	(95,440)	233,740	8,470	340,600	9,546,430
SED	1,868,970	0	(58,770)	216,810	(1,020)	(21,840)	2,004,150
Non-Capital	20,739,040	0	(159,910)	(21,360)	13,020	(69,070)	20,501,720

3.0 Development of Proposed 2025/26 General Fund Revenue Budget

- 3.1 The development of the proposed 2025/26 General Fund budget was set out in the Budget Strategy document that was presented to Cabinet on 24 September 2024. This document set out the strategy for the year which was to build upon the notional 2025/26 budget as compiled in the preparation of the MTFP for the period 2024/25 to 2027/28 and was approved by Council on 7 March 2024.
- 3.2 Directors and Business Managers worked with their allocated Finance Officers to go through the budget and MTFP estimates in order to ascertain whether the actions under each of the 8 Community Plan objectives have already been included in the base budget, are growth items for inclusion either in the budget for 2025/26 or/and MTFP period, or do not require a financial allocation as the activities are to be delivered by a third party with the Council having a facilitating and monitoring role. Cabinet Portfolio Holders then met with responsible Directors to review proposed level of resources to resource the objectives in the Council's current approved Community Plan with greater emphasis on the Council's core services. The portfolio holder for Strategy, Performance and Finance has also reviewed the overall Council Position. Subsequently, this budget has therefore been proposed for the 2025/26 financial year.
- 3.3 The proposed 2025/26 General Fund revenue budget collates various types of information, such as the:
- a) level of government grant receivable;
 - b) expected level of council tax and business rates income;
 - c) expected level of other income, such as from fees and charges;
 - d) expected level of spend on employees; and
 - e) expected use of reserves.
- 3.4 The sub-sections in this part of the report summarise these and other areas of importance.

Local Government Finance Settlement: Settlement Funding Assessment (SFA) and Core Spending Power

- 3.5 The annual Local Government Finance Settlement provides councils with the amount of government grant and other information pertinent for setting the next financial year's budget. The provisional settlement was announced on 18 December 2024, and the final settlement is still to be announced.
- 3.6 Core Spending Power (CSP) is a measure of the resources made available to local authorities to fund service delivery, based on the Government's annual Local Government Finance Settlement (LGFS). Government makes assumptions within this based on levels of Council Tax and growth in an authorities Tax Base (the Band D equivalent number of properties to charge Council Tax over).
- 3.7 As part of the Provisional LGFS Government an increase of almost £3.9bn or 6% in cash terms in CSP over and above the 2024/25 settlement was announced nationally. The table below shows the CSP for Newark and Sherwood (as assumed by Government) together with the proposed actual CSP. The Governments assumption works out to be cash flat (hence a zero percent increase) compared with the 2024/25 settlement, whilst the proposed budget shows a decrease of 0.87% or £0.134m in cash terms. This compares against an increase of 0.32% when compared with other Shire Districts. Districts have had the lowest increases in CSP for many years.

	2024/25	2025/26 Draft LGFS	2025/26 Proposed Budget
Business Rates funding	£3.986m	£4.030m	£4.030m
Compensation for under-indexing the Business Rates multiplier	£0.767m	£0.802m	£0.802m
Revenue Support Grant	£0.243m	£0.287m	£0.287m
Council Tax	£8.286m	£8.705m	£8.571m
New Homes Bonus	£0.327m	£0.987m	£0.987m
Minimum Funding Guarantee (now named Funding Floor)	£1.612m	£0.205m	£0.205m
Services Grant	£0.026m	£0m	£0m
Rural Services Delivery Grant	£0.052m	£0m	£0m
Domestic Abuse Safe Accommodation Grant	£0.033m	£0.034m	£0.034
Recovery Grant	£0m	£0.321m	£0.321m
Grants rolled in	£0.039m	£0m	£0m
Total	£15.371m	£15.371m	£15.237m

- 3.8 The reason for the difference between the Governments assumption and the proposed budget is the calculation of additional properties chargeable for Council Tax. The Government has assumed an increase of 2% on the Council's Council Tax Base which equates to an increase of 15% compared with last years' increase (740.79 increase in CTB in 2024/25 whilst assumed 851.85 increase in CTB in 2025/26).

- 3.9 As can be seen from the table above, New Homes Bonus (which for a number of years has been forecast to be removed altogether) has increased significantly by £0.660m growth in property numbers within the District. The Policy Statement confirmed however, that this is the final year of New Homes Bonus.
- 3.10 To put into context the fact that the Council will receive a reduction in funding of £0.134m, the table below shows the increase in cost for forecast for certain base items in the budget:

Base Cost	Increase between 2024/25 and 2025/26
Employees	£1.367m
Fuel	£0.008m
Total	£1.375m

Proposed 2025/26 Council Tax

- 3.11 Chapter IVA (Limitation of Council Tax and Precepts) of the *Local Government Finance Act 1992* requires billing authorities to hold referenda if their relevant basic amount of council tax for a financial year is in excess of a set of principles determined by the Secretary of State.
- 3.12 An authority’s relevant basic amount of council tax is its average band D council tax excluding local precepts. The relevant basic amount of council tax for Newark & Sherwood District Council (NSDC) includes the levy that Internal Drainage Boards charge the Council.
- 3.13 The proposed core principle for 2025/26 is 3%. The Government’s proposed council tax referendum principle for shire district councils therefore permits increases in the Council’s 2025/26 relevant basic amount of council tax of up to (and including) the greater of 2.99% or £5.00 without holding a referendum.
- 3.14 The assumed council tax increase within these budget papers is an increase in the band D equivalent of 2.99%, or £5.83 per year based on the band D average. As 73% of the properties in Newark and Sherwood are in bands A to C, the increase for these properties will be less than £5.83 per year. The Council Tax charge for the 2024/25 financial year is £194.82 which therefore means a charge of £200.65 for the year 2025/26 financial year has been assumed within these papers. 41% of all properties in the district are within band A, which currently has a charge of £129.88 and a proposed charge of £133.77 meaning an increase of £3.89 per annum.
- 3.15 The Council Tax base (being the number of band D equivalent properties within the district) assumes a 0.44% increase on 2024/25. The Tax Base for 2025/26 is set at 42,720.66 (42,531.75 for 2024/25). This is calculated taking all the properties in the district and weighting them depending on their banding, adjusting for estimated discounts and premiums.

3.16 The tax base is then multiplied by the annual charge in order to calculate the total Council Tax receivable for the year being £8,571,900. Where further discounts or premiums are actually charged/awarded during the year and the amount of properties charged Council Tax is different to the assumptions above, the surplus or deficit in the Collection Fund will be calculated and will be distributed/clawed back in the following financial year.

Proposed 2025/26 Business Rates

3.17 Under the NDR system, businesses pay councils based on the open market rental value of their business property, as estimated by the Government’s Valuation Office Agency (VOA). The rate payable by small businesses in 2025/26 will be 49.9p per pound (49.9%) of their property’s rateable value, and the rate payable by other businesses will be 55.5p (55.5%).

3.18 The Government compensates local authorities for their decisions relating to business rates through s31 grants. As the Government have frozen multipliers in previous years, the Council does not lose based on those decisions (inclusive of their decision to change the inflator on the multiplier from RPI to CPI). As can be seen from the table at paragraph 3.7 the Government expects to reimburse the Council by £0.802m (£0.767m 2023/24) for this loss in income.

3.19 The table at paragraph 3.7, shows the total amount of business rates that the Government expects the Council needs to run its services. Though the Government has allocated £4.030m of business rates to the Council for 2025/26 and £0.802 for the compensation for under indexing the multiplier, the Council expects to exceed this amount during 2025/26.

3.20 The Council is budgeting to retain £9.593m of business rates for 2025/26 (Appendix A1, lines 23 & 24). This includes the £4.030m and the £0.802m referred to in paragraph 3.7; additional income, such as local growth above this baseline and from relevant renewable energy projects; and additional expenditure; such as the levy on additional income.

Calculation	Items relating to 2025/26 NDR income budget	Amount (£m)
1	NDR income + section 31 grants	23.429
2	Tariff	(12.708)
3	Levy	(2.383)
4	Renewable Energy	1.256
5	2025/26 NDR income budget	9.593

3.21 In addition to the above, as the Council is part of the Nottinghamshire Business Rates Pool, the Council gains from pooling its resources locally. It has currently been forecast that the return funding from the pool for the 2025/26 financial year will be £0.800m which has been built into the Council’s Medium Term Financial Plan.

Proposed 2025/26 Budget – General Principles

3.22 The appropriate bases agreed in the Budget Strategy and used in the preparation of the budget are:

a)	Employees	<p>Some of the main assumptions used to budget for employee costs for 2025/26 are:</p> <ul style="list-style-type: none"> • a 3% increase in basic pay; and <p>4.0% of the Council's total salary budget, or £885,480, has been budgeted to be saved from posts that remain vacant for a period of time before being filled. This is often referred to as the vacancy factor.</p>
b)	Employer's Superannuation	<p>Pension-related costs have been budgeted for in line with the actuarial review which took place as at 31 March 2022 for the three years between 2023/24 and 2025/26.</p> <p>The Council's budgeted pension-related costs have increased, because its total 2025/26 basic pay budgets have increased. The Council's primary rate (charged as a proportion of basic salary at employee level) is 18.6%.</p>
c)	General Inflation	<p>Most non-pay expenditure budgets have been uplifted by 2%. Specific budgets have had larger increases on where applicable. Some costs, such as insurance and utilities, are expected to increase by around 5%; and others, such as fixed-price goods and services, are expected to increase by less than 2%. Income Budgets have been increased where appropriate based on the Fees and Charges schedule.</p>
d)	Average Interest Rate re External Debt	<p>The Council's General Fund borrowing will be in accordance with the Prudential Code for Capital Finance in Local Authorities. The cost of borrowing will depend on the rates available at the time that funding is required.</p>
e)	Capital Charges	<p>The proposed budgets for each Portfolio (Appendix A1, lines 1-9) includes the notional costs of assets used in delivering services, so that the Council can reflect the true cost of delivering services.</p> <p>Statute, however, requires these capital charges be reversed out (Appendix A1, lines 32 & 33) and replaced with the cost to the Council taxpayer of the underlying capital decisions that have yet to be financed (Minimum Revenue Provision (MRP)) (Appendix A1, line 15). Legislation determines that council taxpayers cannot be charged for the notional costs of assets used.</p>
f)	Capital Financing Charges	<p>The Council's General Fund (GF) revenue budget is charged when the Council borrows to fund the purchase or creation of non-current assets. These charges will be in line with the Council's Minimum Revenue Provision (MRP) policy for 2025/26 to be approved by Council on 6 March 2025.</p> <p>MRP is a charge to the taxpayer, calculated by apportioning the value borrowed for assets over their expected useful lives.</p>
g)	Internal Drainage Boards	<p>Despite there being a freeze in cost for the 2025/26 financial year, the anticipated cost of levies to the two Internal Drainage Boards (Trent Valley and Upper Witham) for 2025/26 is £950,000.</p>

		This cost had increased by 40% from the 2022/23 financial year. During 2023/24 the Council received £239,690 towards contribute towards the increase in cost. The Council has budgeted to receive £119,000 towards the additional costs of the IDB, which is equivalent to the grant received during 2024/25.
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3.26 The table below details the Council's net budget requirement for 2025/26, broken down by gross expenditure and gross income:

Line		2025/26 gross expenditure (£)	2025/26 gross income (£)	2025/26 net expenditure (£)
9	Total service budgets (Appendix A2)	58,409,640	(34,616,350)	23,793,290
14	Other operating income & expenditure	1,499,250	0	1,499,250
20	Total Financing and Investment income & expenditure	1,151,000	(2,504,900)	(1,353,900)
32 & 33	Reversal of Capital Charges	(4,151,570)	860,000	(3,291,570)
	Net Budget Requirement	56,908,320	(36,261,250)	20,647,070

3.27 A summary of the main reasons for changes requested in the table at paragraph 3.3 are listed below:

Changes requested for 2025/26 base budget compared to 2025/26 base budget (MTFP as at March 2024)	Variance (£)
Additional budget required for 2025/26 only in relation to the 5 Year Housing Needs Assessment	47,000
Additional ongoing budget to allow for supporting live stream meetings along with other AV requirements across the Council	46,470
Future Apprenticeship Programme	100,000
Training budget increase to allow for access to Platform system, making more appropriate budget available for training bid rounds	168,750
Additional costs in relation to 'Simpler Recycling'	40,000
Funding to support the action plan for the Motion for the Ocean	45,000
One new officer for Biodiversity and Ecology for 2025/26 onwards	50,000
Reduction in forecast income at Clipstone Holding Centre due to slippage in Capital programme	112,000
One off cost of feasibility for future Leisure provision	100,000
Provisional annual budget set aside for employee reward and retention scheme	250,270
Reduction in income at the Lorry Park due to the forecast impact of flooding events	48,800
Increase in cost of Hybrid Mail	36,770
Employers National Insurance Contributions increase following Autumn Budget 2024 announcement	412,000
Other Changes	(64,200)
Total	1,392,860

2025/26 Employee Plan

The salary budget for the General Fund has been based on 489.65 FTE posts in 2025/26 (478.83 in 2024/25). Any changes to the establishment will require the relevant approvals.

Fees and Charges Review

- 3.28 The fees and charges for many services administered by the local authority are set by statute. The amounts for these, and their timing and review, are therefore prescribed by central government. There remains, however, many services where the Council has the ability to review and if necessary, amend its charges or charging regime.
- 3.29 In accordance with the Council's Constitution, each service area should consider the level of fees and charges to be implemented in the following financial year as part of the process of service planning and budget setting.
- 3.30 The proposals for the levels of fees and charges to be implemented from 1 April 2025 were reviewed by Directors during November and have now been updated where appropriate. The Council is currently budgeting to receive £5.4m of income from fees and charges in 2025/26. This is an increase of £0.628m from 2024/25.
- 3.31 The table below summarises the services which provide the Council with most of its fees and charges income and the fees and charges income budgeted from these services for 2025/26:

Service	2025/26 base budget (March 2024) (£)	2025/26 base budget (February 2025) (£)	Summary
Fees and Charges			
Trade Waste, Recycling and Garden Bins	1,296,800	1,393,950	Businesses based in Newark and Sherwood have to pay for their waste to be collected and disposed of. Nottinghamshire County Council sets the waste disposal charges for all district and borough councils in the county, through its statutory role as the Waste Disposal Authority for these authorities. Further details of these and the other proposed charges for 2025/26 can be found in Appendix C13 .
Car and Lorry Parking	872,860	911,630	The car parking charges proposed for 2025/26 are largely the same as those in 2024/25, though increases have been proposed for lorry parking. Further details can be found in Appendix C16 .
Planning	1,069,700	1,109,350	Planning application fees are statutory, set by the Government, whereas pre-application advice fees are discretionary, set by the Council. The Council categorises its pre-application advice

			fees by the size and type of developments. Further details, including the statutory fees chargeable, can be found in Appendix C1 & C2 .
Culture	580,380	739,970	The charges related to the Palace Theatre Newark, National Civil War Centre, and Newark Castle and Gardens proposed for 2025/26 are largely the same as those in 2024/25. Further details can be found in Appendix C6 .
Rents			
Corporate Property	1,978,250	2,051,660	The rents for Corporate Property include income at the Newark Beacon, the Industrial units across the District, the Air and Space Institute, Castle House rents and the ButterMarket to name a few.
Housing Services	434,060	814,840	Rental income at various properties across the District, also including the income for the rental of the Careline technology

3.32 Details of the Council's proposed charges for 2025/26 for all services can be found in **Appendices C1-C22**.

Total Financing and Investment income & expenditure (**Appendix A1**, line 19)

3.33 Capital financing costs have been estimated based on assumptions of interest rates going forward, taking into account the forecasts of cash balances over the next year. Due to their nature and composition, however, they are subject to change on a regular basis. This reflects movements in the financial markets as well as changes to the predicted cashflow.

3.34 The Council will seek to borrow money from the most efficient and effective institution in order to support its cash flow position. Regard will be taken to the Council's Treasury Strategy (which is subject to a separate report which is to be considered by the Audit and Governance Committee on 19 February 2025 and is due to be approved by Full Council on 6 March 2025) and due diligence through the Council's Treasury Advisers.

3.35 In previous financial years, decisions regarding capital expenditure have been taken to utilise internal resources and maintain an under-borrowed position against its Capital Financing Requirement. This is not uncommon across the Local Government sector, at a time when budgets have been squeezed, but reserves have existed. The Council is proposing to utilise some of its reserves on projects such as the Yorke Drive and the Southern link Road. This means that as cash backed by these reserves will be utilised, there is a potential need to borrow money to ensure that the Council has cash at hand to service its day to day costs.

3.36 There is an overall increase in the total net Financing and Investment income & expenditure by £1.220m (**Appendix A1**, line 20) in 2025/26. The 2025/26 interest receivable budget is higher than was budgeted for in March 2024, mainly due to the increase in investment balances and associated interest rates increasing during the year.

3.37 All treasury investments are made in line with the Council’s Treasury Management Strategy. Advice from the Council’s external treasury consultants will be sought prior to the investment of any funds to ensure maximum scrutiny is taken on any decision making.

Contribution to or From Reserves

3.38 Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the Council’s proposed budget and robustness of estimates made.

3.39 The Council’s s151 Officer has reviewed the adequacy of the Council’s financial reserves to ensure that these are neither too low (imprudent) or too high (over prudent) based on their purpose and likely use.

3.40 The table below summarises the amount of council earmarked reserves as at 31 March 2024, and forecasts of these as at 31 March 2025 and 31 March 2026.

	At 31 March 2024 (£)	Forecast at 31 March 2025 (£)	Forecast at 31 March 2026 (£)
Budget Funding Reserves	9,838,603	8,261,918	8,261,918
Earmarked for Known Pressures	7,348,077	5,492,043	4,278,928
Ring Fenced Reserves	1,977,136	1,779,763	1,716,067
Un-ringfenced Reserves	13,486,697	9,186,020	7,765,368
Total Revenue Reserves	32,650,513	24,719,743	22,022,282
Capital Reserves	11,196,429	12,271,418	12,061,753
Total Revenue and Capital Reserves and Balances	43,846,943	36,991,162	34,084,035

3.41 The main reductions relate to the usage of the Change Management/Capital Fund over the next two years. Large capital projects (such as the Yorke Drive, SLR and the development at Clipstone) are due to utilise the funding over the next two years which will draw down the balances held.

General Fund Balance

3.42 The Council’s £1.500m General Fund balance has been set aside to pay for exceptional items. Officers consistently review the appropriateness (prudence) of this amount in light of internal and external risks identified. For the Council to maintain this balance, it is intended that it will only be used to fund expenditure once other appropriate reserves have been fully utilised.

3.43 The Council’s total forecast reserves and general fund balance to 31 March 2025 is £36,991,162. The s151 Officer of the Council is satisfied with the adequacy of the levels of reserves and balances.

- 3.44 The budget has been prepared in accordance with the budget strategy approved Cabinet on 23 July 2024. The draft budget has been scrutinised and challenged by the Council's Senior Leadership Team, the Leader and Portfolio Holders. The draft budget (and Medium Term Financial Plan) has also been scrutinised informally by the ruling administration. The s151 Officer of the Council is therefore satisfied by the robustness of the estimates and assumptions underpinning the budget for 2025/26.

Parish and Town Council Precepts

- 3.45 Parish and town councils can raise money to help meet their spending requirements by issuing a 'precept' (mandatory demand) to the district council. The district council must account for such precepts when calculating its council tax requirement. Council tax requirement is the amount of money that councils need to raise from council tax to fund council spending once income from other sources (such as government grants) have been deducted.
- 3.46 The Council is still awaiting confirmation from each parish and town council regarding their level of precept for 2025/26. These details will be included in the revenue budget and council tax setting report to be presented to Council on 6 March 2025.

Subjective Analysis

- 3.47 **Appendix A2** contains a breakdown of the Council's General Fund revenue budget for 2025/26 by statutory categories used to categorise expenditure and income.

Risk Assessment and Sensitivity

- 3.48 As mentioned in paragraph 3.28, section 25 of the *Local Government Act 2003* requires the Council's chief finance officer, currently the Director of Resources and Deputy Chief Executive, to report on the robustness of estimates made in the Council's proposed budget. This section fulfils that requirement.
- 3.49 In considering the Council's proposed budget for 2025/26 and the sensitivity of expenditure and income to changes, it should be noted that:
- a) a 1% increase in Council Tax is equivalent to £83,228 of net expenditure; and
 - b) a £1 increase in Council Tax is equivalent to £42,721 of net expenditure.
- 3.50 Various assumptions were required to be made when preparing the proposed 2025/26 budget. The two areas where it seems that variations between the proposed budget and reality could be greatest are employee pay and income receivable. Further details on each of these are below.

2025/26 Pay Award and changes in National Insurance

- 3.51 Employee costs form a significant proportion of all district council budgets. As mentioned in paragraph 3.15, the 2025/26 budgets have been prepared assuming a 3% annual increase in basic pay.

- 3.52 The National Joint Council (NJC) for Local Government Services’ pay award for 2025/26 has not yet been finalised. If the 2025/26 pay award agrees a more than 3% increase in basic pay, and if reductions in employee costs elsewhere cannot offset the increase in pay award costs, the additional costs unbudgeted for will need to be funded from council reserves. A 1% increase over and above the budgeted 3% in basic pay for 2025/26 would result in around £196,000 needing to be funded from reserves.
- 3.53 National Insurance Contributions - From 1 April 2025 the National Insurance (NI) rate for employers will increase from 13.8% to 15%. Additionally, the level at which employers will start paying NI contributions will reduce from £9,100 to £5,000. The impact of this on the General Fund is expected to be £412,000. The Government also announced that Public Sector authorities would receive a grant to compensate them for the additional cost. Based on modelling it is not expected that the grant will fully cover the additional cost of the NI contributions. £179,000 grant is currently forecast to be received in 2025/26, which has been split proportionately between the HRA and the General Fund. £137,890 has been budgeted for within the GF, hence leaving an additional cost to the authority of £274,110.

Income

- 3.54 A significant part of the Council’s annual net budget is dependent on income from rents; sales, fees and charges; and other receipts. Officers have reviewed the income that services have achieved against the current and previous years’ budgets and have considered factors expected to affect future income levels, to ensure the 2025/26 income budgets for services have been set at levels considered achievable.
- 3.55 Significant underperformance against budgeted income would increase the Council’s annual net expenditure, and thus place unbudgeted demand on council reserves. A 1% reduction in council income from fees and charges would cost £54,000, or a council tax increase equivalent to £1.28 per property (0.65%).
- 3.56 Officers closely monitor income levels as part of the Council’s monthly budget monitoring processes.
- 3.57 Officers plan to develop a more detailed understanding of the volumes of activity which underpin each of the Council’s main income sources. This will allow the Council to more accurately model changes to expected activity levels, as well as increase assurance regarding the risks of such changes materialising.

Other Significant Potential Risks

- 3.58 Though less likely, but other assumptions which could result in the Council’s actual expenditure and/or income varying significantly from its proposed budgets are below:

a)	Interest rates	The proposed 2025/26 budget includes amounts for both interest payable (Appendix A1 , line 17) and interest receivable (Appendix A1 , line 18). This is because the Council expects that it will both borrow money and lend money throughout the 2025/26 financial year.
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		<p>The budgeted amounts for 2025/26 have accounted for factors such as the amount of council funds expected to be available. The actual amounts of council interest payable and receivable for 2025/26 will likely differ from those budgeted.</p> <p>The impact of a 1% change in interest rate would be insignificant on the Council's overall budget.</p>
b)	General Inflation	<p>As mentioned in paragraph 3.25, the proposed service budgets for 2025/26 include increases for inflation where appropriate.</p> <p>The most recent month for which inflation data was available at the time of writing is December 2024. There was a 2.6% increase in inflation (Consumer Prices Index (CPI)) from December 2023.</p> <p>Though it is likely that actual inflation rates throughout 2025/26 will differ from the Government's own forecasts for 2025/26 and the 2% the Council has generally budgeted for, the small differences anticipated are expected to have insignificant impact on the Council's budget.</p>
c)	Apprenticeship Scheme	<p>In addition to Apprenticeship Levy payments the Council is required to make to the Government (Appendix A1, line 10), the Council employs apprentices which have been budgeted for within the revenue budget.</p>
d)	Reserves	<p>As mentioned in paragraph 3.38, the Council has reviewed the adequacy of the financial reserves proposed in the 2025/26 budget, as statutorily required.</p>

4.0 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.

Equalities Implications

- 4.1 Business Managers consider the implications on equalities when assessing how best to deliver the services they are responsible for.

5.0 Community Plan – Alignment to Objectives

- 5.1 The Community Plan 2023-2027 was approved by Full Council on 12 December 2023 and sets out the Council's objectives over the next three years, building on previous published plans for the same time period.
- 5.2 The Community Plan will be further revised at the meeting of Cabinet on 1 April 2025. Any adjustments to the plan will be reviewed in the context of the Budget and the MTFP and resources allocated accordingly based on relevant governance processes.

5.3 The budget proposed within this report seeks to allocate resources in order to ensure the delivery of all the objectives within the Community Plan.

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.

SUMMARY OF DISTRICT COUNCIL BUDGET REQUIREMENT

A	B	C	D = C - B
Portfolio	2025/26 Base Budget (March 2024) £	2025/26 Base Budget (February 2025) £	More or (Less) £
1 Climate and the Environment	5,049,680	4,836,880	(212,800)
3 Health, Wellbeing and Leisure	1,942,400	990,710	(951,690)
4 Heritage, Culture and the Arts	1,291,130	1,085,780	(205,350)
5 Housing	1,264,280	1,158,660	(105,620)
6 Public Protection and Community Relations	2,766,230	3,031,350	265,120
7 Strategy, Performance and Finance	10,474,710	10,682,620	207,910
8 Sustainable Economic Development	1,875,450	2,007,290	131,840
9 Total Service Budgets	24,663,880	23,793,290	(870,590)
Other Operating Income & Expenditure			
10 Apprenticeship Levy	60,000	75,000	15,000
11 Pensions - employer's lump sum	371,250	371,250	0
12 Corporate Contingencies	100,000	100,000	0
13 Drainage Levy	950,000	953,000	3,000
14 Total other operating income & expenditure	1,481,250	1,499,250	18,000
Financing and Investment income & expenditure			
15 Minimum Revenue Provision (MRP)	1,220,600	719,210	(501,390)
16 Financial Instruments Adjustment	3,650	3,650	0
17 Interest Payable	688,210	428,140	(260,070)
18 Interest Receivable	(2,045,737)	(2,004,900)	40,837
19 Dividends from Arkwood Developments Ltd	0	(500,000)	(500,000)
20 Total Financing and Investment income & expenditure	(133,277)	(1,353,900)	(1,220,623)
Taxation and Non Specific Grant Income			
Other Government Grants			
21 Revenue Support Grant	(263,683)	(286,800)	(23,117)
22 Rural Services Delivery Grant	(44,547)	0	44,547
23 Recovery Grant	0	(320,930)	(320,930)
24 National Insurance Grant	0	(137,890)	(137,890)
25 Minimum Funding Guarantee/ Funding Floor	(1,465,270)	(205,110)	1,260,160
26 Services Grants	(23,404)	0	23,404
27 Internal Drainage Board Levy Grant	0	(119,000)	(119,000)
28 New Homes Bonus (NHB)	0	(987,400)	(987,400)
Non Domestic Rates (NDR)			
29 Retained NDR- Including Pool Surplus	(10,397,291)	(10,393,459)	3,832
30 Business Rates Surplus from 2023/24	0	(252,359)	(252,359)
31 Total Taxation and Non Specific Grant Income	(12,194,195)	(12,702,948)	(508,753)
Contributions to or (from) Reserves and Balances			
Contributions to or (from) Unusable Reserves			
32 Reversal of capital expenditure	(4,854,840)	(4,151,570)	703,270
33 Reversal of capital income	930,000	860,000	(70,000)
Contributions to or (from) Usable Reserves			
34 Contributions to or (from) usable reserves	272,350	453,670	181,320
35 Shortfall mitigations identified in the MTFP - March 2024	(1,550,912)	0	1,550,912
36 Total Contributions to or (from) Reserves and Balances	(5,203,402)	(2,837,900)	2,365,502
37 Net call on Council Tax	8,614,256	8,397,792	(216,464)
Council Tax Adjustments			
38 Brought forward Council Tax deficit	0	173,900	173,900
39 To be collected through Council Tax	8,614,256	8,571,692	(42,564)

Appendix A2

BUDGET SUMMARY - SUBJECTIVE (GENERAL FUND (GF) CASH SERVICES REVENUE) - EXCL CAPITAL

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	FINAL 2025/26 BASE BUDGET	MORE OR (LESS)
111	SALARIES AND WAGES	16,452,360	16,745,550	293,190
112	OTHER SALARIES/WAGES PAYMENTS	26,880	104,690	77,810
113	NATIONAL INSURANCE	1,805,650	2,258,680	453,030
114	SUPERANNUATION	3,431,220	3,428,300	(2,920)
115	OTHER EMPLOYERS CONTRIBUTIONS	38,840	38,460	(380)
				0
	EMPLOYEES SUB TOTAL	21,754,950	22,575,680	820,730
				0
211	REPAIRS AND MAINTENANCE	996,345	993,510	(2,835)
212	ENERGY COSTS	802,280	738,880	(63,400)
213	RENT	469,370	468,420	(950)
214	RATES	541,495	575,870	34,375
215	WATER SERVICES	188,825	200,110	11,285
216	FIXTURES AND FITTING	11,330	11,220	(110)
217	CLEANING AND DOMESTIC	32,365	38,950	6,585
218	COMPLIANCE SERVICING	161,470	161,060	(410)
219	CONTRIBUTION TO FUNDS	700,810	716,960	16,150
				0
311	TRANSPORT	1,258,920	1,203,920	(55,000)
313	CONTRACT HIRE OP LEASE	8,080	8,000	(80)
315	CAR ALLOWANCES	87,640	82,380	(5,260)
				0
411	EQUIPMENT AND FURNITURE	457,360	469,550	12,190
412	MATERIALS	66,080	93,890	27,810
421	CATERING	139,030	160,910	21,880
431	CLOTHING AND UNIFORMS	42,320	44,420	2,100
441	GENERAL OFFICE EXPENSES	381,115	391,700	10,585
451	CONTRACTUAL	1,345,820	1,181,250	(164,570)
452	OTHER SERVICES	1,270,170	1,370,870	100,700
461	COMMUNICATIONS AND COMPUTING	1,554,155	1,716,790	162,635
471	STAFF	34,850	36,080	1,230
472	MEMBERS	379,240	352,850	(26,390)
473	CHAIRMAN	8,470	8,350	(120)
481	GRANTS	1,427,490	748,470	(679,020)
482	SUBSCRIPTIONS	79,955	98,150	18,195
491	INSURANCE	438,850	444,430	5,580
492	CONTRIBS TO FUNDS AND PROVISION	472,590	255,360	(217,230)
493	OTHER PROFESSIONAL SERVICES	1,790,420	2,071,260	280,840
497	DISCOUNTS	39,560	36,210	(3,350)
				0
611	HOUSING BENEFITS	19,208,180	16,562,230	(2,645,950)
612	OTHER TRANSFER PAYMENTS	190,790	440,340	249,550
				0
	RUNNING EXPENSES SUB TOTAL	34,585,375	31,682,390	(2,902,985)
				0
911	GOVERNMENT GRANTS	(19,916,800)	(17,331,420)	2,585,380
922	CONTRIBUTIONS FROM OTHER LAS	(595,000)	(398,650)	196,350
928	RECHARGE NON GF ACCOUNTS	(4,676,670)	(5,071,450)	(394,780)
931	SALES	(679,140)	(728,360)	(49,220)
932	FEES AND CHARGES	(6,538,260)	(6,422,040)	116,220
933	RENTS	(2,757,875)	(3,208,350)	(450,475)
939	OTHER RECEIPTS	(437,540)	(596,080)	(158,540)
				0
	INCOME SUB TOTAL	(35,601,285)	(33,756,350)	1,844,935
				0
	DIRECTORATE TOTAL	20,739,040	20,501,720	(237,320)

Portfolio: Climate and the Environment

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
A10701	Upkeep of Dykes	9,890	0	0	0	(100)	0	9,790
A10901	Climate Change	0	0	0	0	0	0	0
A11002	Waste & Recycling	1,319,700	(7,000)	39,100	27,500	4,980	13,870	1,398,150
A11103	Sewerage Works	43,930	0	0	0	(290)	(43,640)	0
A11105	Cleaner, Safer, Greener	0	0	0	0	0	45,000	45,000
A11138	Environmental Health	469,870	0	(9,730)	6,420	(290)	14,500	480,770
A11331	Parks and Playing Fields	95,990	0	0	0	(930)	0	95,060
A11334	Private Estates	9,820	0	0	0	(100)	0	9,720
A11335	Closed Churchyards	5,370	0	0	0	(60)	0	5,310
A11336	Vicar Water Park	55,800	0	(250)	440	(190)	9,000	64,800
A11338	Sconce & Devon Park	99,240	0	3,070	(32,460)	(270)	1,030	70,610
A11339	Newark Sports Hub	(560)	0	0	0	20	0	(540)
A11340	Env Serv Management	278,290	0	(4,110)	3,210	150	0	277,540
A11582	Life Saving	520	0	0	0	(10)	0	510
A11702	Environmental Schemes	17,030	0	0	0	(90)	9,550	26,490
A15003	Brunel Drive Depot	20,510	0	0	0	(210)	2,000	22,300
A15023	Street Scene Grounds Maint	223,490	0	0	51,420	4,990	(42,220)	237,680
A26901	Vehicle Pool and Workshop	1,261,070	0	(3,170)	4,990	(6,920)	(38,630)	1,217,340
Non Capital Sub Total		3,909,960	(7,000)	24,910	61,520	680	(29,540)	3,960,530
Capital		1,139,720	0	0	0	0	(263,370)	876,350
Portfolio Total		5,049,680	(7,000)	24,910	61,520	680	(292,910)	4,836,880

Portfolio: Climate and the Environment

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
111	Salaries and Wages	3,622,550	25,000	(40,010)	17,350	(1,080)	15,120	3,638,930
112	Other Salaries/Wages Payments	4,740	0	0	0	(50)	0	4,690
113	National Insurance	366,220	0	77,670	16,760	0	0	460,650
114	Superannuation	698,630	0	(12,750)	(2,090)	0	0	683,790
Employees Sub Total		4,692,140	25,000	24,910	32,020	(1,130)	15,120	4,788,060
211	Repairs and Maintenance	33,890	0	0	0	(330)	0	33,560
212	Energy Costs	530	0	0	0	(10)	0	520
213	Rent	7,650	0	0	0	(80)	(150)	7,420
217	Cleaning and Domestic	920	200	0	0	(10)	0	1,110
219	Contribution to Funds	95,250	0	0	27,500	(770)	0	121,980
311	Transport	1,258,920	(25,000)	0	0	(9,540)	(20,460)	1,203,920
315	Car Allowances	12,230	(100)	0	0	(110)	0	12,020
411	Equipment and Furniture	238,160	100	0	0	(2,310)	0	235,950
412	Materials	36,580	0	0	0	(350)	45,000	81,230
421	Catering	1,550	0	0	0	(20)	2,000	3,530
431	Clothing and Uniforms	24,690	0	0	2,000	(230)	0	26,460
441	General Office Expenses	21,590	4,000	0	0	(220)	13,080	38,450
451	Contractual	95,670	(200)	0	0	(940)	39,290	133,820
452	Other Services	221,040	(11,000)	0	0	(2,130)	0	207,910
461	Communications and Computing	1,030	0	0	0	(10)	0	1,020
471	Staff	570	0	0	0	(10)	0	560
482	Subscriptions	1,320	0	0	0	(10)	0	1,310
492	Contribs to Funds and Provisions	0	0	0	0	0	18,700	18,700
493	Other Professional Services	396,530	30,620	0	0	(3,850)	5,680	428,980
612	Other Transfer Payments	43,930	0	0	0	(290)	0	43,640
821	Capital	1,139,720	0	0	0	0	(263,370)	876,350
Running Expenses Sub Total		3,631,770	(1,380)	0	29,500	(21,220)	(160,230)	3,478,440
922	Contributions From Other LA's	(18,700)	0	0	0	0	0	(18,700)
928	Recharge Non GF Accounts	(905,540)	(1,000)	0	0	7,550	(85,670)	(984,660)
931	Sales	(251,850)	0	0	0	2,450	0	(249,400)
932	Fees and Charges	(2,095,120)	(29,620)	0	0	12,950	(58,700)	(2,170,490)
933	Rents	(2,940)	0	0	0	80	10	(2,850)
939	Other Receipts	(80)	0	0	0	0	(3,440)	(3,520)
Income Sub Total		(3,274,230)	(30,620)	0	0	23,030	(147,800)	(3,429,620)
Directorate Total		5,049,680	(7,000)	24,910	61,520	680	(292,910)	4,836,880

Portfolio: Health, Wellbeing and Leisure

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
A10210	Domestic Abuse Support	5,000	0	0	0	100	0	5,100
A11101	Public Conveniences	0	0	0	0	0	900	900
A11110	National Assistance Act Burial	4,120	0	0	0	(40)	1,610	5,690
A11305	Southwell Leisure Centre	10,000	0	0	0	0	0	10,000
A11321	Neighbourhood Centres	12,060	0	0	0	180	3,000	15,240
A11576	Active 4 Today	760,000	0	0	0	0	(650,610)	109,390
A11577	Tour Of Britain	0	30,600	0	0	0	(30,600)	0
A11915	Cost Of Living Response	154,510	0	(3,310)	(111,550)	0	0	39,650
Non Capital Sub Total		945,690	30,600	(3,310)	(111,550)	240	(675,700)	185,970
Capital		996,710	0	0	0	0	(191,970)	804,740
Directorate Total		1,942,400	30,600	(3,310)	(111,550)	240	(867,670)	990,710

Portfolio: Health, Wellbeing and Leisure

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
111	Salaries and Wages	0	0	(3,570)	33,400	0	0	29,830
113	National Insurance	0	0	620	3,350	0	0	3,970
114	Superannuation	0	0	(360)	6,210	0	0	5,850
Employees Sub Total		0	0	(3,310)	42,960	0	0	39,650
211	Repairs and Maintenance	0	2,000	0	0	0	3,000	5,000
219	Contribution To Funds	10,000	(2,000)	0	0	200	0	8,200
451	Contractual	2,060	30,600	0	0	(20)	(29,700)	2,940
452	Other Services	8,240	0	0	0	(80)	0	8,160
481	Grants	770,000	0	0	0	0	(650,610)	119,390
492	Contribs To Funds and Provisions	102,800	0	0	(102,800)	0	0	0
493	Other Professional Services	56,710	0	0	(51,710)	100	0	5,100
821	Capital	996,710	0	0	0	0	(191,970)	804,740
Running Expenses Sub Total		1,946,520	30,600	0	(154,510)	200	(869,280)	953,530
932	Fees and Charges	(4,120)	0	0	0	40	1,610	(2,470)
Income Sub Total		(4,120)	0	0	0	40	1,610	(2,470)
Directorate Total		1,942,400	30,600	(3,310)	(111,550)	240	(867,670)	990,710

Portfolio: Heritage, Culture and the Arts

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
A10101	NCWC & Newark Museum	289,920	(3,060)	330	(2,220)	110	(5,140)	279,940
A10105	Newark Castle/Castle Grounds	92,000	(5,890)	0	(12,340)	(180)	6,120	79,710
A10108	Resource Centre	36,410	0	50	180	(50)	6,210	42,800
A10110	Cultural Events	30,000	16,000	0	0	0	0	46,000
A10111	L&P Education/Outreach	107,040	0	0	(1,240)	160	(1,600)	104,360
A11442	Arts & Community Development	63,500	0	550	0	(420)	(26,630)	37,000
A11443	Palace Theatre	239,060	(7,050)	0	9,680	1,930	(59,380)	184,240
A11573	Promotion Of Tourism	231,440	(25,000)	1,220	(82,810)	(3,570)	0	121,280
Non Capital Sub Total		1,089,370	(25,000)	2,150	(88,750)	(2,020)	(80,420)	895,330
Capital		201,760	0	0	0	0	(11,310)	190,450
Directorate Total		1,291,130	(25,000)	2,150	(88,750)	(2,020)	(91,730)	1,085,780

Portfolio: Heritage, Culture and the Arts

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
111	Salaries and Wages	859,610	157,520	630	(79,980)	(270)	(3,850)	933,660
113	National Insurance	87,850	20,810	1,380	9,860	0	190	120,090
114	Superannuation	164,820	29,580	140	(18,630)	0	360	176,270
Employees Sub Total		1,112,280	207,910	2,150	(88,750)	(270)	(3,300)	1,230,020
211	Repairs and Maintenance	7,210	810	0	0	(70)	0	7,950
217	Cleaning and Domestic	2,160	1,700	0	0	(20)	0	3,840
219	Contribution To Funds	6,180	0	0	0	(60)	0	6,120
315	Car Allowances	1,970	0	0	0	0	0	1,970
411	Equipment and Furniture	10,650	2,680	0	0	(100)	0	13,230
412	Materials	540	(530)	0	0	(10)	0	0
421	Catering	86,650	0	0	0	(850)	2,000	87,800
431	Clothing and Uniforms	1,080	0	0	0	(10)	0	1,070
441	General Office Expenses	49,130	(1,430)	0	0	(870)	0	46,830
451	Contractual	31,940	(13,870)	0	0	(160)	0	17,910
452	Other Services	109,820	23,830	0	0	(2,510)	0	131,140
461	Communications and Computing	14,720	(2,800)	0	0	(290)	0	11,630
471	Staff	1,830	0	0	0	(50)	0	1,780
481	Grants	27,570	0	0	0	(760)	(5,400)	21,410
482	Subscriptions	840	(70)	0	0	(10)	0	760
493	Other Professional Services	558,530	30,440	0	0	(5,050)	59,400	643,320
821	Capital	201,760	0	0	0	0	(11,310)	190,450
Running Expenses Sub Total		1,112,580	40,760	0	0	(10,820)	44,690	1,187,210
911	Government Grants	0	(199,840)	0	0	0	0	(199,840)
931	Sales	(246,270)	(11,240)	0	0	2,390	(31,330)	(286,450)
932	Fees and Charges	(599,960)	(63,680)	0	0	5,830	(96,460)	(754,270)
939	Other Receipts	(87,500)	1,090	0	0	850	(5,330)	(90,890)
Income Sub Total		(933,730)	(273,670)	0	0	9,070	(133,120)	(1,331,450)
Directorate Total		1,291,130	(25,000)	2,150	(88,750)	(2,020)	(91,730)	1,085,780

Portfolio: Housing

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES
A10211	Northgate Rough Sleeper Accom	2,670	0	(1,570)	0	(190)	60,520
A10212	Private Sector Speech Call	(93,250)	0	0	(412,000)	0	256,420
A10213	Housing Options	296,920	75,440	(19,290)	12,560	(90)	(67,440)
A10215	Housing Strategy & Regeneration	178,260	0	(2,990)	0	(60)	56,890
A10217	Syrian Vp Resettlement Scheme	0	(37,720)	(610)	0	0	38,330
A10219	Afghan Resettlement Scheme	0	(37,720)	(610)	0	0	38,330
A10223	Homes For Ukraine	0	0	2,200	0	(250)	(1,950)
A10225	Barratt Managed Properties	(10)	0	0	0	10	(1,010)
A10226	Alexander Lodge	(67,460)	(12,890)	(1,380)	0	830	(19,550)
A10227	Wellow Green	(4,530)	12,890	(580)	0	(380)	(8,050)
A10228	Asylum Seekers	0	0	0	0	0	(75,500)
A11579	Newark Town Cycle Races	30,900	(30,600)	0	0	(300)	0
A11583	Health & Community Developme	552,420	0	7,070	0	(800)	84,980
A11607	Energy and Home Support	75,060	0	240	730	0	0
A11922	Commissioning Contributions	141,430	0	0	(7,670)	0	(15,030)
A11932	Community Lottery	0	0	0	0	0	0
A11940	Community Grant Scheme	102,250	0	0	0	2,050	0
Non Capital Sub Total		1,214,660	(30,600)	(17,520)	(406,380)	820	346,940
Capital		49,620	0	0	0	0	1,120
Directorate Total		1,264,280	(30,600)	(17,520)	(406,380)	820	348,060

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FINAL 2025/26 BASE BUDGET
61,430
(248,830)
298,100
232,100
0
0
0
(1,010)
(100,450)
(650)
(75,500)
0
643,670
76,030
118,730
0
104,300
1,107,920
50,740
1,158,660

Portfolio: Housing

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
111	Salaries and Wages	1,248,220	33,400	(38,930)	13,290	0	(21,380)	1,234,600
113	National Insurance	140,400	3,360	29,010	0	0	(140)	172,630
114	Superannuation	248,260	6,210	(7,600)	0	0	(4,130)	242,740
Employees Sub Total		1,636,880	42,970	(17,520)	13,290	0	(25,650)	1,649,970
211	Repairs and Maintenance	82,600	0	0	0	(810)	(970)	80,820
212	Energy Costs	62,980	0	0	0	0	700	63,680
213	Rent	4,280	0	0	0	(40)	0	4,240
215	Water Services	27,560	0	0	0	0	0	27,560
216	Fixtures and Fitting	11,330	0	0	0	(110)	0	11,220
217	Cleaning and Domestic	8,240	0	0	0	(80)	0	8,160
219	Contribution To Funds	41,200	0	0	0	(400)	0	40,800
315	Car Allowances	9,130	0	0	0	(80)	0	9,050
411	Equipment and Furniture	7,430	0	0	0	(70)	0	7,360
441	General Office Expenses	1,020	0	0	0	(10)	0	1,010
451	Contractual	97,500	(73,570)	0	0	1,030	21,000	45,960
452	Other Services	5,420	0	0	0	(50)	46,900	52,270
461	Communications and Computing	9,580	0	0	0	0	8,000	17,580
471	Staff	2,060	(250)	0	0	(20)	0	1,790
481	Grants	164,130	0	0	(7,670)	450	(15,030)	141,880
492	Contribs To Funds and Provisions	15,750	0	0	0	0	0	15,750
493	Other Professional Services	421,820	250	0	0	1,040	(7,380)	415,730
612	Other Transfer Payments	146,860	0	0	0	0	249,840	396,700
821	Capital	49,620	0	0	0	0	1,120	50,740
Running Expenses Sub Total		1,168,510	(73,570)	0	(7,670)	850	304,180	1,392,300
911	Government Grants	(272,350)	0	0	0	0	(75,500)	(347,850)
922	Contributions From Other Las	(358,300)	0	0	0	0	170,060	(188,240)
928	Recharge Non Gf Accounts	(217,760)	0	0	0	0	27,670	(190,090)
932	Fees and Charges	(50,000)	0	0	0	0	0	(50,000)
933	Rents	(552,290)	0	0	(247,200)	(30)	(45,200)	(844,720)
939	Other Receipts	(90,410)	0	0	(164,800)	0	(7,500)	(262,710)
Income Sub Total		(1,541,110)	0	0	(412,000)	(30)	69,530	(1,883,610)
Directorate Total		1,264,280	(30,600)	(17,520)	(406,380)	820	348,060	1,158,660

Portfolio: Public Protection and Community Relations

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
A10814	Licensing Admin	(40,110)	0	0	14,860	1,920	44,560	21,230
A10816	Community Safety	57,770	(180)	(4,990)	640	(140)	(9,530)	43,570
A10823	Anti-Social Behaviour	237,580	0	(3,480)	2,420	(210)	560	236,870
A10826	Domestic Violence	30,860	0	(770)	590	(30)	350	31,000
A10899	Insurance	412,980	100	0	7,870	6,930	4,530	432,410
A11104	Street Scene Street Cleansing	1,057,270	0	3,550	9,120	(630)	(6,120)	1,063,190
A11107	Dog Control	17,400	3,770	0	0	(20)	0	21,150
A11122	Safety & Risk Management	63,040	80	0	4,820	(60)	9,310	77,190
A11126	CCTV	233,590	0	620	520	(1,750)	4,860	237,840
A11136	Neighbourhood Wardens	181,490	(3,770)	(1,120)	1,860	(60)	0	178,400
A11139	Community Protection	365,060	0	(5,740)	3,510	(40)	2,370	365,160
A11923	Emergency Planning	66,400	0	0	27,040	(60)	0	93,380
Non Capital Sub Total		2,683,330	0	(11,930)	73,250	5,850	50,890	2,801,390
Capital		82,900	0	0	0	0	147,060	229,960
Directorate Total		2,766,230	0	(11,930)	73,250	5,850	197,950	3,031,350

Portfolio: Public Protection and Community Relations

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
111	Salaries and Wages	1,681,850	74,700	(37,870)	81,250	(430)	4,790	1,804,290
113	National Insurance	176,460	10,330	32,920	16,190	0	0	235,900
114	Superannuation	325,630	14,670	(6,980)	10,930	0	0	344,250
Employees Sub Total		2,183,940	99,700	(11,930)	108,370	(430)	4,790	2,384,440
219	Contribution To Funds	35,810	500	0	0	(340)	0	35,970
313	Contract Hire Op Lease	8,080	0	0	0	(80)	0	8,000
315	Car Allowances	11,360	(1,860)	0	0	(110)	0	9,390
411	Equipment and Furniture	7,430	(1,460)	0	0	(80)	0	5,890
412	Materials	7,350	(1,000)	0	0	(70)	0	6,280
431	Clothing and Uniforms	10,570	330	0	0	(100)	0	10,800
441	General Office Expenses	3,560	(290)	0	0	(30)	0	3,240
451	Contractual	226,380	(108,690)	0	0	(490)	(9,740)	107,460
452	Other Services	96,120	(4,290)	0	0	(910)	5,000	95,920
461	Communications and Computing	15,220	(850)	0	0	(150)	0	14,220
471	Staff	1,220	180	0	0	(10)	0	1,390
482	Subscriptions	2,210	850	0	0	(30)	0	3,030
491	Insurance	438,850	(1,000)	0	0	6,580	0	444,430
492	Contribs To Funds and Provisions	197,190	(1,000)	0	0	(1,890)	0	194,300
493	Other Professional Services	19,040	4,570	0	0	(180)	0	23,430
821	Capital	82,900	0	0	0	0	147,060	229,960
Running Expenses Sub Total		1,163,290	(114,010)	0	0	2,110	142,320	1,193,710
922	Contributions From Other Las	(32,110)	13,080	0	0	320	0	(18,710)
928	Recharge Non Gf Accounts	(223,500)	1,000	0	(35,120)	700	(2,930)	(259,850)
931	Sales	(127,060)	0	0	0	1,230	540	(125,290)
932	Fees and Charges	(198,330)	230	0	0	1,920	55,190	(140,990)
939	Other Receipts	0	0	0	0	0	(1,960)	(1,960)
Income Sub Total		(581,000)	14,310	0	(35,120)	4,170	50,840	(546,800)
Directorate Total		2,766,230	0	(11,930)	73,250	5,850	197,950	3,031,350

Portfolio: Strategy, Performance and Finance

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
A10104	Gilstrap Interpretation Centr	18,380	0	0	0	(100)	13,310	31,590
A10601	Electoral Registration	236,970	0	(6,750)	0	(820)	0	229,400
A10801	Hra System Software	0	0	0	0	0	0	0
A10802	ICT	887,600	7,000	6,570	149,040	(3,450)	29,220	1,075,980
A10803	Internal Audit	88,650	0	0	0	0	1,720	90,370
A10804	Payments & Receipts	(13,100)	0	0	0	0	10,550	(2,550)
A10805	Income Section	130,860	0	210	0	(100)	18,340	149,310
A10806	Bank Charges	156,100	0	0	0	(1,480)	(27,820)	126,800
A10809	Customer Services	825,420	0	(1,552)	(23,908)	(370)	4,500	804,090
A10810	Communications	347,610	25,000	(6,746)	21,726	(1,050)	45,060	431,600
A10812	Human Resources	351,030	0	28,700	59,950	(250)	79,850	519,280
A10818	Committee Section	208,950	0	6,180	0	2,640	(3,640)	214,130
A10819	Legal Section	304,450	0	(8,620)	0	1,240	64,730	361,800
A10832	Central Telephones	147,400	0	0	0	(1,450)	2,460	148,410
A10833	Central Postages	51,200	0	0	0	(40)	7,140	58,300
A10841	Central Personnel Expenses	115,140	0	0	24,480	(1,120)	143,600	282,100
A10842	Other Employee Expenses	67,290	0	0	0	(250)	(10,360)	56,680
A10845	Information Governance	96,610	0	6,380	0	10	(200)	102,800
A10864	Senior Leadership Team	1,006,360	0	(17,970)	3,740	0	1,570	993,700
A10865	Corporate Asset Development	483,260	0	2,770	18,900	0	(239,880)	265,050
A10895	Financial Services	532,100	0	(23,840)	0	0	52,830	561,090
A10896	Transformation	381,590	0	(3,610)	0	690	20,430	399,100
A10897	Procurement	40,740	0	0	0	0	230	40,970
A10898	Administration Services	360,570	0	7,250	(20,190)	1,430	37,540	386,600
A10904	Revenues	125,680	0	(22,780)	0	4,030	(11,970)	94,960
A10905	Rent Allowances	(34,220)	0	0	0	340	19,580	(14,300)
A10907	Rent Rebates	221,500	0	0	0	(2,150)	(246,550)	(27,200)
A10908	Housing Benefit Admin	133,000	0	(36,110)	0	3,260	90,070	190,220
A10910	Discretionary Housing Payments	0	0	0	0	0	0	0
A10911	Business Rates Property Unit	8,890	0	680	0	0	(2,830)	6,740
A11574	Sherwood Youth Hostel	(19,230)	0	0	0	200	110	(18,920)
A11810	Newark Beacon	13,520	(28,130)	100	0	2,450	(6,340)	(18,400)
A11813	Sutton On Trent Workshops	(45,040)	0	0	0	(120)	1,370	(43,790)
A11814	Crewe Close Blidworth Workshop	(59,900)	0	0	0	(250)	280	(59,870)
A11815	Boughton Workshops	(58,750)	0	0	0	590	4,190	(53,970)
A11816	Church Farm Workshops	(33,040)	0	0	0	(20)	(6,080)	(39,140)
A11817	Bilsthorpe Workshops	(58,240)	0	0	0	730	880	(56,630)
A11818	Burma Road Workshops	(21,020)	0	0	0	(20)	(1,390)	(22,430)
A11819	Jubilee Bridge	9,150	0	0	0	0	(610)	8,540
A11821	Clipstone Workshops	(48,040)	0	0	0	530	350	(47,160)
A11822	Boughton Advance Factory	(52,830)	0	0	0	510	1,710	(50,610)
A11823	Clipstone Advanced Factories	(47,440)	0	0	0	520	(3,070)	(49,990)
A11824	Sherwood Forest Craft Centre	(14,310)	(1,680)	0	0	490	(7,490)	(22,990)
A11826	Clipstone Holding Centre	(92,710)	0	0	0	(10)	99,400	6,680
A11828	Leach Way Blidworth Adv	(47,610)	0	0	0	520	(2,400)	(49,490)
A11831	Castle House	232,510	(8,560)	1,570	0	(930)	30,330	254,920
A11834	Active4Today - Property Rechar	0	0	0	0	0	0	0
A11835	Buttermarket	(98,560)	6,130	90	0	1,490	(970)	(91,820)
A11836	Gateway Lodge	(11,570)	0	0	0	110	(990)	(12,450)
A11837	Farrar Close	17,910	0	0	0	(200)	(89,050)	(71,340)
A11838	Robin Hood Walk(Beamond Cross)	(64,260)	(2,100)	0	0	640	(690)	(66,410)
A11839	Ollerton Office	5,120	0	0	0	(10)	(11,570)	(6,460)
A11841	Corporate Property	586,130	46,860	(14,420)	0	350	59,610	678,530
A11842	Development Costs	0	0	0	0	0	100,000	100,000
A11846	Vicar Water Property	53,240	5,970	0	0	(440)	10,240	69,010
A11848	Sconce & Devon Property	65,150	(7,370)	0	0	(380)	(12,730)	44,670
A11849	Brunel Drive Depot Property	222,610	0	0	0	(1,380)	(36,580)	184,650
A11850	Tom Mann Pavilion Property	1,550	0	0	0	(20)	(830)	700
A11855	Newark Castle Property	113,020	3,190	0	0	(1,070)	(7,640)	107,500
A11856	NCWC Property	140,610	0	0	0	(540)	(15,690)	124,380

Portfolio: Strategy, Performance and Finance

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
A11857	Palace Theatre Property	196,220	1,400	0	0	(1,090)	30,280	226,810
A11858	Resource Centre Property	32,500	0	0	0	(150)	(860)	31,490
A11861	Compliance Servicing	212,740	0	0	0	(2,050)	2,530	213,220
A11886	32 Stodman Street	(28,800)	0	0	0	0	28,800	0
A11887	ASI	(40,000)	0	0	0	0	6,000	(34,000)
A11888	Active4Today - Property Nonrec	46,030	0	0	0	0	0	46,030
A11889	Lloyds Bank Ollerton	0	0	0	0	0	7,560	7,560
A11901	Members Expenses	409,610	0	0	0	1,410	(15,190)	395,830
A11902	Civic Expenses	14,240	0	0	0	(170)	0	14,070
A11911	Other Financial Transactions	0	0	0	0	0	270	270
A11921	Grants and Concessions	463,790	0	0	0	0	0	463,790
A12001	Parking Services Admin	231,490	(8,780)	(14,200)	0	(270)	510	208,750
A12011	Surface Car Parks Newark	(477,090)	5,310	0	0	6,510	(69,460)	(534,730)
A12014	Newark Lorry Park	(499,180)	5,840	660	0	1,120	87,650	(403,910)
A12016	Surface Car Parks Newark Hospi	(100,000)	0	0	0	0	0	(100,000)
A12019	Surface Car Park Ollerton	10,070	0	0	0	0	(950)	9,120
A12301	Election Expenses	42,740	0	0	0	0	0	42,740
A12401	Other Properties & Wshop Voids	39,680	(18,080)	0	0	100	(4,200)	17,500
A12520	Corporate Management	113,940	0	0	0	30	22,350	136,320
A12530	Non Distributed Costs	210,250	0	0	0	0	0	210,250
A15002	Crew Lane Depot	(17,970)	0	0	0	220	1,840	(15,910)
A15013	A4T ICT Recharges	0	0	0	0	0	0	0
A15028	Combined Service Costs	176,440	0	0	0	(1,720)	39,640	214,360
A15029	Corporate Printers	22,360	0	0	0	(220)	0	22,140
Non Capital Sub Total		9,027,060	32,000	(95,438)	233,738	8,470	340,600	9,546,430
Capital		1,447,650	0	0	0	0	(311,460)	1,136,190
Directorate Total		10,474,710	32,000	(95,438)	233,738	8,470	29,140	10,682,620

Portfolio: Strategy, Performance and Finance

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
111	Salaries and Wages	6,976,370	41,550	(182,919)	233,689	(250)	37,690	7,106,130
112	Other Salaries/Wages Payments	22,140	(22,140)	0	0	0	100,000	100,000
113	National Insurance	794,550	2,010	143,780	28,490	0	17,960	986,790
114	Superannuation	1,584,330	3,580	(56,299)	43,829	0	7,600	1,583,040
115	Other Employers Contributions	38,840	0	0	0	(380)	0	38,460
Employees Sub Total		9,416,230	25,000	(95,438)	306,008	(630)	163,250	9,814,420
211	Repairs and Maintenance	872,645	(14,690)	0	0	(4,660)	12,885	866,180
212	Energy Costs	738,770	6,180	0	0	(5,520)	(64,750)	674,680
213	Rent	457,440	0	0	0	(4,000)	3,320	456,760
214	Rates	541,415	7,940	0	0	(320)	26,755	575,790
215	Water Services	161,265	17,090	0	0	(1,180)	(4,625)	172,550
217	Cleaning and Domestic	21,045	6,750	0	0	(70)	(1,885)	25,840
218	Compliance Servicing	161,470	(3,000)	0	0	(1,550)	4,140	161,060
219	Contribution To Funds	506,800	0	0	0	(1,190)	(7,170)	498,440
315	Car Allowances	37,740	0	0	0	(90)	(2,420)	35,230
411	Equipment and Furniture	193,640	0	0	0	(50)	13,140	206,730
412	Materials	6,610	0	0	0	(20)	(210)	6,380
421	Catering	50,830	0	0	0	(210)	18,960	69,580
431	Clothing and Uniforms	5,000	0	0	0	(50)	70	5,020
441	General Office Expenses	221,605	0	0	0	(1,750)	14,235	234,090
451	Contractual	743,130	(7,170)	0	0	(3,210)	(126,140)	606,610
452	Other Services	452,220	50	0	0	(600)	177,530	629,200
461	Communications and Computing	1,489,995	(10,270)	0	0	(8,825)	177,750	1,648,650
471	Staff	18,580	0	0	0	(60)	(20)	18,500
472	Members	379,240	0	0	0	1,590	(27,980)	352,850
473	Chairman	8,470	0	0	0	(120)	0	8,350
481	Grants	463,790	0	0	0	0	0	463,790
482	Subscriptions	66,485	12,800	0	0	(55)	4,460	83,690
493	Other Professional Services	225,620	(8,680)	0	24,480	(1,480)	204,650	444,590
497	Discounts	39,560	0	0	0	(380)	(2,970)	36,210
611	Housing Benefits	19,208,180	0	0	0	(184,910)	(2,461,040)	16,562,230
821	Capital	1,447,650	0	0	0	0	(311,460)	1,136,190
Running Expenses Sub Total		28,519,195	7,000	0	24,480	(218,710)	(2,352,775)	25,979,190
911	Government Grants	(19,246,690)	0	0	0	184,810	2,328,150	(16,733,730)
922	Contributions From Other Las	(185,890)	0	0	0	1,800	11,090	(173,000)
928	Recharge Non Gf Accounts	(3,302,600)	0	0	(83,940)	7,870	(231,360)	(3,610,030)
931	Sales	(53,540)	0	0	0	20	(13,500)	(67,020)
932	Fees and Charges	(2,271,710)	0	0	(12,810)	16,210	287,580	(1,980,730)
933	Rents	(2,202,645)	0	0	0	15,320	(173,455)	(2,360,780)
939	Other Receipts	(197,640)	0	0	0	1,780	10,160	(185,700)
Income Sub Total		(27,460,715)	0	0	(96,750)	227,810	2,218,665	(25,110,990)
Directorate Total		10,474,710	32,000	(95,438)	233,738	8,470	29,140	10,682,620

Portfolio: Sustainable Economic Development

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
A10813	Land Charges	(17,870)	0	1,260	0	0	(1,050)	(17,660)
A11578	Town Centre Management	169,750	0	(4,400)	129,820	(250)	1,390	296,310
A11601	Growth Technical Support	224,140	0	4,640	0	0	(110)	228,670
A11604	Development Management	405,580	0	(35,370)	0	0	4,100	374,310
A11605	Planning Policy	378,620	0	(21,090)	0	0	3,440	360,970
A11606	Building Control	117,140	0	0	0	0	(3,690)	113,450
A11610	Local Development Framework	55,620	0	0	0	0	5,880	61,500
A11611	Community Infrastructure Levy	1,890	0	2,410	0	0	0	4,300
A11615	Tree Services	59,190	0	(610)	0	0	110	58,690
A11617	Biodiversity and Ecology	61,050	0	(540)	86,310	0	(34,760)	112,060
A11731	Street Naming	29,450	0	(5,600)	0	0	2,850	26,700
A11851	Economic Growth	384,410	0	530	680	(770)	0	384,850
Non Capital Sub Total		1,868,970	0	(58,770)	216,810	(1,020)	(21,840)	2,004,150
Capital		6,480	0	0	0	0	(3,340)	3,140
Directorate Total		1,875,450	0	(58,770)	216,810	(1,020)	(25,180)	2,007,290

Portfolio: Sustainable Economic Development

2025/26 General Fund Revenue Base Budget approved by Full Council in March 2024 compared to current 2025/26 Draft Budget (January 2025)

COST CENTRE	CENTRE NAME	2025/26 EST SET IN MARCH	2025/26 REALIGNMENTS	2025/26 SALARY UPLIFT	2025/26 VARIATIONS APPROVED	2025/26 INFLATIONARY CHANGES	REQUESTED CHANGES	FINAL 2025/26 BASE BUDGET
111	Salaries and Wages	2,063,760	0	(77,190)	37,130	0	(25,590)	1,998,110
113	National Insurance	240,170	0	37,500	4,280	0	(3,300)	278,650
114	Superannuation	409,550	0	(19,080)	6,910	0	(5,020)	392,360
Employees Sub Total		2,713,480	0	(58,770)	48,320	0	(33,910)	2,669,120
214	Rates	80	0	0	0	0	0	80
219	Contribution To Funds	5,570	0	0	0	0	(120)	5,450
315	Car Allowances	15,210	(500)	0	0	0	10	14,720
411	Equipment and Furniture	50	0	0	0	0	340	390
412	Materials	15,000	(15,000)	0	0	0	0	0
431	Clothing and Uniforms	980	0	0	0	0	90	1,070
441	General Office Expenses	84,210	(17,360)	0	0	(270)	1,500	68,080
451	Contractual	149,140	0	0	121,800	(30)	(4,360)	266,550
452	Other Services	377,310	(135,000)	0	0	(420)	4,380	246,270
461	Communications and Computing	23,610	0	0	0	0	80	23,690
471	Staff	10,590	(2,000)	0	0	40	3,430	12,060
481	Grants	2,000	0	0	0	0	0	2,000
482	Subscriptions	9,100	100	0	0	0	160	9,360
492	Contribs To Funds and Provisions	156,850	(130,000)	0	0	(240)	0	26,610
493	Other Professional Services	112,170	(1,310)	0	0	(100)	(650)	110,110
821	Capital	6,480	0	0	0	0	(3,340)	3,140
Running Expenses Sub Total		968,350	(301,070)	0	121,800	(1,020)	1,520	789,580
911	Government Grants	(397,760)	301,070	0	46,690	0	0	(50,000)
928	Recharge Non Gf Accounts	(27,270)	0	0	0	0	450	(26,820)
931	Sales	(420)	0	0	0	0	220	(200)
932	Fees and Charges	(1,319,020)	0	0	0	0	(4,070)	(1,323,090)
939	Other Receipts	(61,910)	0	0	0	0	10,610	(51,300)
Income Sub Total		(1,806,380)	301,070	0	46,690	0	7,210	(1,451,410)
Directorate Total		1,875,450	0	(58,770)	216,810	(1,020)	(25,180)	2,007,290

Report to: Cabinet Meeting: 18 February 2025
 Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance
 Director Lead: Sanjiv Kohli, Deputy Chief Executive, Director - Resources & Section 151
 Lead Officer: Nick Wilson, Business Manager Financial Services, Ext. 5317

Report Summary	
Type of Report	Open Report, Key Decision
Report Title	2025/26 to 2028/29 Medium Term Financial Plan
Purpose of Report	To present the Council’s Medium Term Financial Plan (MTFP) for the four financial years between 1 April 2025 and 31 March 2029 (2025/26 to 2028/29).
Recommendations	That the Committee recommends the 2025/26 to 2028/29 Medium Term Financial Plan (MTFP) for approval by the Full Council at their meeting to be held on 6 March 2025.
Alternative Options Considered	Not applicable, the Cabinet is required to make recommendations on the budget to the Full Council.
Reason for Recommendations	To provide a framework to support the Council’s future spending plans.

1.0 2025/26 to 2028/29 Medium Term Financial Plan (MTFP)

The Council’s Medium Term Financial Plan (MTFP) for the four financial years between 1 April 2024 and 31 March 2028 (2024/25 to 2027/28) was approved by Full Council on 7 March 2024.

This document seeks to update the MTFP’s assumptions on expenditure, income and financing for the four years between 2025/26 and 2028/29.

The main aims of the MTFP are to:

- a) deliver the Council’s Community Plan objectives over the life of the relevant Community Plan;
- b) clearly present the Council’s current predictions of its financial position between 2025/26 and 2028/29; and
- c) enable Members to make decisions which ensure the Council’s future financial sustainability.

The MTFP tries to do this by:

- a) bringing together in one place all known factors which will affect the Council's financial position; and
- b) matching how the Council plans to spend to deliver its Community Plan objectives with the expected resources available to fund that spend.

1.1 Financial Projections

The table below shows high level budget projections for the next four years, assuming annual increases of 2.99% in the rate of average band D council tax (excluding local precepts), together with annual increases in the Council tax base based on forecast housing growth.

Table 1

	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
Net Service Expenditure (less capital charges)	20.502	20.832	20.928	21.522
Total Other Expenditure	0.145	0.786	1.046	1.107
Total Expenditure	20.647	21.618	21.974	22.629
Business Rates: receivable annually	(10.393)	(9.785)	(9.785)	(9.785)
Business Rates: other adjustments	(0.252)	0.000	0.000	0.000
Council Tax: receivable annually	(8.572)	(8.911)	(9.262)	(9.627)
Council Tax: other adjustments	0.174	0.000	0.000	0.000
Other Grants	(2.057)	(0.815)	(0.766)	(0.712)
Contribution (to) or from Reserves	0.453	0.174	0.174	0.174
Funding Shortfall prior to Mitigations	0.000	2.281	2.335	2.679

1.2 Financial Landscape

The Government has had plans to reform the local government finance system for several years. The Government initially intended for these reforms to take effect from 2020/21. It now appears likely that the funding reforms will be implemented during 2026/27.

The reforms will build on the framework set out in the previous government's abandoned review of the Relative Needs and Resources (originally Fair Funding Review).

The reforms of the system are principally to increase the proportion of non-domestic rates (NDR) ('business rates') retained locally; and to make fairer the Government's annual funding allocations for local authorities.

The impact of the Government's decision to delay the reform to the system has been positive on the funding position of Newark and Sherwood District Council. The delay in re-setting the NDR baseline has meant that expected NDR income for the years 2022/23 to 2025/26 is c£12.278m higher than forecast within the MTFP that was approved in March 2022.

It is of course, proper that we plan for the worst but the triggering of savings that impact on the provision of services needs to be appropriately timed and with the knowledge about the certainty of future central government funding. As it is not known how exactly the local

government finance system will change or from when these changes will take effect from, the Council's current modelling of funding projections for 2026/27 and future years are subject to high levels of volatility. It is anticipated that any change in funding model will include transitional support and the Government will consult on how to design on the transitional arrangements as well as the major changes in the funding formula.

Officers will closely monitor the Government's announcements relating to the local government finance system and assess the implications of these on the Council's funding for 2026/27 and future years.

1.3 Review of Relative Needs and Resources

The Government is reviewing how it assesses the relative needs and resources of English local authorities, so that it can distribute funding to councils based on a more robust and up-to-date approach. Its review aims to address concerns that the current formula for determining each council's Baseline Funding Level (BFL) is unfair, out of date and overly complex.

The Government now plans to use an updated approach to distributing funding to councils expected from 2026/27. Much of the data that Government hold in relation to the current formula relates to 2013/14 and before hence significant work is necessary to recalibrate the formulae.

The Review will have an enormous effect on the Council's budget because it will affect the amount of BFL the Government will give the Council in future years, and thus also the amount of business rates the Council can retain. As per the table in section 1.1, business rates are expected to account for a large proportion of the Council's total expenditure (excluding capital charges) in each year of the Council's MTFP.

1.4 Retained Business Rates

The introduction of the current 50% business rates retention system in 2013/14 has allowed councils which have increased their locally raised business rates income since this time to benefit from the additional income generated.

The Government plans to implement a reformed business rates retention system, though for changes not to take place until 2026/27 at the earliest. The reforms aim to:

- give local authorities greater control over the money it raises;
- support local economic growth;
- update the balance of risk (of loss) and reward (for growth) in the system; and
- make the system simpler and income less volatile.

Two main changes have been proposed for the business rates retention system. These are:

- 1) to increase the proportion of business rates retained locally from 50% to 75% or 100%; and
- 2) to reset the Business Rates Baseline (BRB).

The BRB is the Government's prediction of how much each council can raise locally in business rates.

As the Government intends to reform the business rates retention system in a way which is fiscally neutral, councils currently benefitting from growth in locally raised business rates income could see some of this income transferred to councils with reduced Business Rates Baselines.

Nonetheless, the planned increase in proportion of NDR retained locally means that promoting economic growth and inward investment will become ever more crucial to ensuring the Council's sustainability going forward.

The Council's MTFP accounts for planned reforms to the NDR retention system, though amounts for 2026/27 and future years are subject to higher levels of volatility. These have been modelled with the assistance of Pixel, the Council's external advisors who assist many authorities on national funding.

The Government expects to consult on the baseline reset "early in 2025", but at the time of writing this report it is yet to do so.

2025/26 Business Rates

Under the NDR system, businesses pay councils based on the open market rental value of their business property, as estimated by the Government's Valuation Office Agency (VOA). The rate payable by small businesses in 2025/26 will be 49.9p per pound (49.9%) of their property's rateable value, and the rate payable by other businesses will be 55.5p (55.5%).

In the 2024/25 LGFS the Government changed the mechanism for the multiplier. Previously all businesses paid the small business multiplier, with those businesses with a rateable value (RV) of over 51,000 then paying an additional supplement. In the 2024/25 LGFS, government un-coupled the multipliers to enable them to be inflated separately. This enables government to increase the charges to businesses occupying premises with an RV of over 51,000 whilst either freezing, or increasing by a separate amount, the charges to businesses occupying premises with an RV less than 51,000. For 2025/26 they have chosen to freeze the multiplier at 49.9p for those properties with an RV less than 51,000, but increase the multiplier paid by those with an RV over 51,000 by 0.9p from 54.6p to 55.5p.

Legislation sets out that the multiplier should increase by CPI for September in each year, but in practice the multipliers had been frozen from 2021/22 until 2025/26. It had also not increased by CPI, but RPI, in some of the preceding years.

The Government compensates local authorities for their decisions relating to business rates through s31 grants, and hence the Council does not lose out for the decision to freeze the multiplier (and in previous years applied RPI increases rather than CPI).

The Government has also made further changes to discounts for 2025/26. Since the onset of COVID-19, government has underpinned the retail, hospitality & leisure sectors by providing discounts, for businesses operating in those sectors, against their business rates liability. During 2024/25 the discount provided has been set at 75%, this will reduce to 40% in 2025/26. The discount available to each business is capped at £110,000 per economic actor.

The Council is budgeting to retain £9.593m of business rates for 2025/26. This includes the £4.832m from the LGFS (£4.753m during 2024/25); additional income, such as local growth above this baseline and from relevant renewable energy projects; and offset by additional expenditure; such as the levy on additional income. In addition to the £9.593m directly from the business rates system, £0.800m has been

Below are some of the key risks which could affect the amount of business rates income collected and thus retained in future years:

- slower than anticipated local economic growth, or local economic growth at a rate less than the change in Consumer Price Index (CPI) used to determine annual business rates payable;
- successful backdated appeals from businesses regarding the amounts of business rates payable in previous years;
- uncollectable debts which need to be written off; and
- unpredictable increases in the amounts of discretionary reliefs granted to businesses.

Currently, the Council use external consultants Analyse local, who assist the Council with forecasting losses in RV based on future appeals that may come forward. For the 2025/26 financial year £0.414m has been set aside in order to provide for any successful appeals (£0.400m for 2024/25). The Council's share of this is 40% and hence this has reduced income for the Council by £0.166m.

If appeals that the Council has provided for (set money aside) are unsuccessful or are successful but cost the Council less than the amount set aside for these appeals, the Council can release the surplus provisions back into the Collection Fund, in order that this may then be re-distributed back to the Council and its preceptors. Similarly, where appeals are settled higher than funds set aside, an additional charge would need to be levied from the Council and its preceptors in order to fund the deficit arising.

Annually in January each year, the Council has to declare its expectations of the 31st March outturn position for the Business Rates collection Fund. This includes a revision to the expected amount of income into the collection fund and similarly a revision to the expected losses due to bad debts and appeals. As such, it is expected that the Collection Fund will close for 2024/25 with a surplus balance of £630,898 of which 40% relates to this Council (£252,359). This declared surplus will therefore be released to all preceptors during 2025/26. Any variation to this figure when the year has finished will be adjusted for and distributed or clawed back during 2026/27.

In addition to the above, as the Council is part of the Nottinghamshire Business Rates Pool, the Council gains from pooling its resources locally. It has currently been forecast that the return funding from the pool for the 2025/26 financial year will be £0.800m which has been built into the Council's Medium Term Financial Plan within the Business Rates total.

1.5 Local Government Finance Settlement: Settlement Funding Assessment (SFA) and Core Spending Power

The annual Local Government Finance Settlement provides councils with the amount of government grant and other information pertinent for setting the next financial year's

budget. The provisional settlement was announced on 18 December 2024, and the final settlement is still to be announced.

Core Spending Power (CSP) is a measure of the resources made available to local authorities to fund service delivery, based on the Government's annual Local Government Finance Settlement (LGFS). Government makes assumptions within this based on levels of Council Tax and growth in an authorities Tax Base (the Band D equivalent number of properties to charge Council Tax over).

As part of the Provisional LGFS Government an increase of almost £3.9bn or 6% in cash terms in CSP over and above the 2024/25 settlement was announced nationally. The table below shows the Core Spending Power for Newark and Sherwood (as assumed by Government) together with the proposed actual Core Spending power. The Governments assumption works out to be cash flat (hence a zero percent increase) compared with the 2024/25 settlement, whilst the proposed budget actually shows a decrease of 0.87% or £0.134m in cash terms. This compares against an increase of 0.32% when compared with other Shire Districts. Districts have had the lowest increases in CSP for a number of years.

The reason for the difference between the Governments assumption and the proposed budget is the calculation of additional properties chargeable for Council Tax. The Government has assumed an increase of 2% on the Council's Council Tax Base which equates to an increase of 15% compared with last years' increase (740.79 increase in CTB in 2024/25 whilst assumed 851.85 increase in CTB in 2025/26).

	2024/25	2025/26 draft LGFS	2025/26 Proposed Budget
Business Rates funding	£3.986m	£4.030m	£4.030m
Compensation for under-indexing the Business Rates multiplier	£0.767m	£0.802m	£0.802m
Revenue Support Grant	£0.243m	£0.287m	£0.287m
Council Tax	£8.286m	£8.705m	£8.571m
New Homes Bonus	£0.327m	£0.987m	£0.987m
Minimum Funding Guarantee (now named Funding Floor)	£1.612m	£0.205m	£0.205m
Services Grant	£0.026m	£0m	£0m
Rural Services Delivery Grant	£0.052m	£0m	£0m
Domestic Abuse Safe Accommodation Grant	£0.033m	£0.034m	£0.034
Recovery Grant	£0m	£0.321m	£0.321m
Grants rolled in	£0.039m	£0m	£0m
Total	£15.371m	£15.371m	£15.237m

1.6 Council Tax

Chapter IVA (Limitation of Council Tax and Precepts) of the *Local Government Finance Act 1992* requires billing authorities to hold referenda if their relevant basic amount of council tax for a financial year is in excess of a set of principles determined by the Secretary of State.

An authority's relevant basic amount of council tax is its average band D council tax excluding local precepts. The relevant basic amount of council tax for Newark & Sherwood District Council includes the levy that Internal Drainage Boards charge the Council. These are the Upper Witham Internal Drainage Board and the Trent Valley Internal Drainage Board.

Since 2016/17, shire district councils have been able to increase council tax by the greater of the core principle or £5.00 without holding referenda. For 2018/19 and 2019/20, the core principle was 3%; and for all other years, the core principle was 2%.

The proposed core principle for 2025/26 is 3%. The Government's proposed council tax referendum principle for shire district councils therefore permits increases in the Council's 2024/25 relevant basic amount of council tax of up to (and including) the greater of 2.99% or £5.00 without holding a referendum.

The Council calculates how much annual council tax income it can receive by multiplying the Council tax base (CTB) by the average band D council tax rate. The Council tax base is the total number of properties equivalent to band D which are liable for council tax after discounts, exemptions and premia.

The Council's MTFP assumes that the 2025/26 CTB will be 0.9% higher than the 2024/25 CTB, and that there will be an increase of 400 band D equivalents in CTB for 2026/27 and subsequent years.

The table below shows the additional income the Council would expect to receive over the four years of the MTFP, based on council tax increases of 2.99% in 2025/26, compared to if council tax was frozen at the 2024/25 level during 2025/26 but increased by 2.99% annually thereafter:

Table 2

Effect of council tax changes	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)	MTFP (£m)
Additional income from 2.99% increase in all years	0.249	0.259	0.269	0.279	1.056

Annually in January each year, the Council has to declare its expectations of the 31st March outturn position for the Council Tax collection Fund. This includes a revision to the expected amount of income into the collection fund and similarly a revision to the expected losses due to bad debts and appeals. As such, it is expected that the Collection Fund will close for 2024/25 with a deficit balance of £1.500m of which 11.59% (this includes Town and Parish Council precepts) relates to this Council (£173,900). This declared deficit will therefore be clawed back from all preceptors during 2025/26. Any variation to this figure when the year has finished will be adjusted for and distributed or clawed back during 2026/27.

1.7 New Homes Bonus (NHB)

New Homes Bonus (NHB) is a government grant paid to councils to incentivise local housing growth, based on the extra council tax income raised from new homes. NHB is paid to councils with growth in their housing stock above 0.4% of their existing council tax base.

The Government plans to consult on the future of NHB, with a view to implementing reform in 2026/27. It was anticipated as part of the previous version of the MTFP that NHB would be phased out during 2025/26 and hence the Council would not receive an allocation.

Details of the Government's final NHB allocations for 2025/26 and the three years previous are in the table below.

Table 3

Year	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Total	1.573	0.888	0.327	0.987

NHB is not ring-fenced, and thus can be used to fund either revenue or capital expenditure. To-date, the Council has not needed to budget to use NHB to fund its General Fund revenue expenditure, as budgeted funding from council tax, business rates and other sources has been sufficient.

In previous years, NHB has been used to fund key regeneration projects. The assumption for 2025/26 was that the Minimum Funding Guarantee (now Funding Floor (FF) (described in the next section)) grant would continue at a similar level to 2024/25. As NHB has increased for its final year and subsequently the FF grant has reduced, it is therefore necessary to use 100% of this NHB grant to fund the revenue budget for 2025/26.

As per section 1.2, NHB is within scope of the proposed reforms to the local government finance system. There have now been six one-off NHB allocations, starting in 2020/21 but it is likely that NHB will end after the 2025/26 allocation, although the design of a replacement is no clearer than it was when the Government issued its consultation almost three years ago.

1.8 Other Grants

- Recovery Grant – This grant will distribute £600m using a formula that focusses resources on authorities that have high levels of deprivation and relatively low ability to generate Council Tax income. Jim McMahon MP suggested the purpose of this grant is to “to get Councils back on their feet”. This is partly about giving additional funding to those councils who have had the largest cuts in funding since 2010/11 and about anticipating the changes in funding in 2026/27.
- Services Grant – This grant will be abolished in 2025/26
- Rural Services Delivery Grant – This grant will be abolished in 2025/26
- Minimum Funding Guarantee – This grant has been renamed “the Funding Floor”. It ensures that every authority is no lower in cash terms (based on the Governments assumptions) than it was in 2024/25.

- National Insurance Grant –The Government also announced that Public Sector authorities would receive a grant to compensate them for the additional cost. Based on modelling it is expected that the grant will not fully cover the additional cost of the NI contributions. £179,000 grant is currently forecast to be received in 2025/26, which has been split proportionately between the HRA and the General Fund. £137,890 has been budgeted for within the GF. The additional cost of the increase to the GF is £412,000 and therefore there is a deficit in the increase estimated costs of £274,110 More details regarding the additional cost of this to the GF is in the Employee Costs section.

2 Income from Fees and Charges

The Council's income from fees and charges for statutory and discretionary services is an essential part of the Council's General Fund revenue budget. Section 93 (Power to charge for discretionary services) of the *Local Government Act 2003* requires charges to be set such that taking one financial year with another, the income from charges for a service does not exceed its costs of provision.

Discretionary services are those for which the Council has the power, but not duty, to provide; though also include additions or enhancements to statutory services that the Council provides above standards legislated for.

The Action Plan to the Commercial Strategy approved at Policy and Finance Committee on 27 January 2022 set the expectation that new areas for charging and understanding price elasticity of demand on existing charges would be reviewed to ensure that discretionary charges are set at the right levels and for the right activities. The Council should ensure that fees and charges for discretionary services are set which:

- ensure the maximum revenues possible;
- are allowed by the Council's Corporate Fees and Charges Policy; and
- are socially and politically acceptable.

The tables in section 5 identifies further fees and charges income as key to bridging the Council's funding gap. It is anticipated that new annual income of £0.093m will be generated by delivering the Commercial Strategy. This may be by stretching existing fees and charges income targets, new income streams, and/or a combination of both. Individual projects which will contribute to this target are described at table 5 in section 5 below.

3 Reserves and Balances

Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the Council's proposed budget and robustness of estimates made.

The Council has reviewed the adequacy of its useable financial reserves to ensure that these are neither too low (imprudent) or too high (over prudent) based on their purpose and likely use.

Councils generally hold useable reserves for three purposes:

- as a working balance, to mitigate the impact of uneven cash flows;
- as a contingency, to mitigate the impact of unexpected events or emergencies; and
- as earmarked reserves, to pay for known or predicted future requirements.

The Council's £1.500m General Fund balance has been set aside to pay for exceptional items. Officers consistently review the appropriateness (prudence) of this amount considering internal and external risks identified. For the Council to maintain this balance, it is intended that it will only be used to fund expenditure once other appropriate reserves have been fully utilised.

Appendix A shows the balances which comprised the Council's total reserves at the end of 2023/24. It also shows the balances expected to comprise the Council's total reserves at the end of 2024/25 to 2028/29.

Over the years, the Council's reserves have been used, for reasons such as to: cover the cost of one-off events not budgeted for; and support and improve service delivery. Whilst this principle still exists, the Council has set up a Medium-Term Financial Plan (MTFP) Reserve, in order to mitigate future pressures based on the uncertainty over local government funding. This reserve will be released over the medium-term to smooth the impact of anticipated funding reductions arising from changes in the local government funding formula.

Members and officers are required to ensure the Council operates as a going concern: that the Council will continue to fulfil its functions for the foreseeable future. If this were not the case, for example, because of an imprudent use of council reserves, the Council's external auditors would be required to express a going concern opinion (GCO). A GCO would be the external auditor's way of expressing significant doubt on the Council's ability to operate longer-term.

Robustness of Estimates and Adequacy of Reserves

The *Local Government Act 2003* requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves.

The Council's total forecast General Fund revenue and capital reserves and fund balance to 31 March 2026 is £34,084,035.

The budget has been prepared in accordance with the budget strategy approved by Cabinet on 24 September 2024. The same strategy has been adopted for the period of the MTFP.

The Section 151 Officer also notes that in the future, all local authorities, and in particular district councils, will face a reduction in core funding from the Government once changes to the current funding regime (in particular New Homes Bonus and Business Rates). The Section 151 Officer is closely monitoring the progress of the Fair Funding Review, the Government's departmental multi-year Spending Review and the redesign of the national Business Rates Retention System. The Council's current projections within the Medium-Term Financial Plan (MTFP) make prudent and robust assumptions around the likely level of funding in light of these government-led reviews.

4 Assumptions Made Within the MTFP

Finance officers and budget holders have developed detailed budgets for 2025/26 and future years. Officers have used the information available to them (past, present and future), and have made appropriate assumptions where the relevant information has been unavailable to them.

A 3% increase in basic pay has been assumed for 2025/26 and 3% for each subsequent year of the Council's MTFP.

If the 2025/26 pay award is agreed at a higher rate than the 3% increase in basic pay assumed, and if reductions in employee costs elsewhere cannot offset the increase in pay award costs, the additional costs unbudgeted for will need to be funded from council reserves. Section 1.11 examines this in more detail.

Most non-pay expenditure budgets have been uplifted by 2% in each year of the Council's MTFP. Some costs, such as insurance and utilities, are expected to increase by more than 5%; and others, such as fixed-price goods and services, have been increased in line with contractual obligations.

The Council's General Fund revenue budget is charged for the purchase or creation of fixed assets where capital resources are unavailable at the time. These charges will be in line with the Council's Minimum Revenue Provision (MRP) policy for 2025/26, which is recommended by the Audit and Governance Committee on 19 February 2025 for approval by Full Council on 6 March 2025.

This MTFP also assumes currently that the proposed Local Government Reorganisation has no impact on the spending plans for this authority in so much as any income and expenditure that this authority would spend, would be replicated into any new authority. It would be for the new authority to dictate resource allocation and levels of Council Tax, and therefore and the time of writing this report, this is a long way from being the case.

As such expenditure and income has been forecast based on the Council's current Community Plan commitments as far as is usual when building its MTFP.

Assumptions not made in the MTFP

The Council recently received notification that it will receive £1.427m in Extended Producer Responsibility payment from DEFRA for 2025/26, in relation to estimated net efficient costs associated with collection of household packaging waste from kerbside and communal collections. Whilst this receipt is budgeted for, it has been transferred directly to reserves. It is expected that this funding will be used for the food waste collection service that is due to be rolled out across Nottinghamshire from October 2027. Officers continue to work with colleagues in the Environmental Services Business Unit to understand the impact of the roll out of the service and how this will impact the MTFP.

The Council also received (during 2024/25) £983,377 from DEFRA in respect of the capital funding to purchase the refuse freighters and other equipment necessary to roll out the food waste service. Latest assumptions are that the capital cost would equate to £1.570m being £0.586m short from the capital grant. The Council has also been notified of a further grant

of £1.427m in revenue funding in respect of the Extended Producer Responsibilities. The notification letter describes this funding to cover estimated net efficient costs associated with collection of household packaging waste from kerbside and communal collections, and waste brought to bring sites only. It is expected that this funding will continue throughout the life of the MTFP, albeit the size of the payment is undeterminable. The shortfall of £0.586m in capital expenditure will be funded by this grant with remaining balance of £0.841m being held in reserves pending further detail regarding the capital funding required for the replacement of the refuse freighters and equipment at the end of their useful life (circa 7 years).

5 Proposed strategy for bridging the funding gap

The table below shows the contributions to and from reserves currently projected for each year of the Council's MTFP (as described at the table in paragraph 1.1), and the actions currently proposed to mitigate the annual contributions from reserves projected for 2025/26 through to 2028/29:

Table 4

	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
Funding Shortfall prior to Mitigations	0.000	2.281	2.335	2.679
Previous Year Mitigation			(0.763)	(1.026)
Dividends from Arkwood Developments Ltd	-	-	(0.250)	-
Target saving for borrowing costs and MRP	-	(0.300)	-	-
Savings from Leisure Management review	-	(0.142)	(0.013)	(0.005)
Savings from service reviews	-	(0.098)	-	-
Savings/efficiencies from making business processes more efficient	-	(0.130)	-	-
Increased income from the Council becoming more commercial	-	(0.093)	-	-
Use of MTFP reserve to offset contributions from reserves in future years	-	(1.518)	(1.309)	(1.648)
Proposed General Fund Funding Gap	0.000	0.000	0.000	0.000

As per **Appendix A** the MTFP reserve is expected to have a closing balance at the end of March 2025 of £8.261m. As per table 4 above the proposed utilisation of balances from the MTFP reserve during 2025/26 to 2028/29 will leave a balance of £3.787m at the end of March 2029.

The Council's projected General Fund revenue budget monitoring outturn variance as at 30 September 2024 was a favourable variance of £0.719m. The favourable variance could be utilised for replacing borrowing within the current capital programme financing to help towards the target saving of £0.300m for the borrowing costs and MRP.

The Council's Leisure facilities are currently managed by Active4Today. The savings expected from the Leisure Management Review relate to a recent successful litigation by Chelmsford City Council (and others) which confirmed all supplies of local authority leisure services are non-business that were previously taxable or exempt. The Council in 2024/25 received a VAT refund of £213,676 from HMRC for the period 1st April 2007 to 30 April 2011. Following on

from this, an opportunity has arisen to change the status or capacity at which A4T provide the services, which could create savings for A4T and therefore their level of Management Fee could reduce. Once the review has taken place, a report detailing the potential changes will be reported to Cabinet for approval.

The previous years MTFP had a mitigation target of £0.170m within financial year 2026/27 for the savings from service reviews and currently the Council has achieved £0.072m of the target from departments, therefore there is still £0.098m as a target by 2026/27.

During the financial year the Council has expanded the Private Sector Lifeline service, further detail is in table 5 below and generated an additional £0.107m net income for the financial year 2026/27 which is contributing towards the previous MTFP target of £0.200m increased income from commercial activities, hence the table above having a target of £0.093m for increased income from the Council becoming more commercial.

Officers will continue to work with elected Members to review the inherent deficit and address the longer-term financial sustainability of the authority.

As the Council has received, for a number of years, return funding from the Nottinghamshire Business Rates Pool in relation to the local growth retained (split with Nottinghamshire County Council), a forecast of the additional funding to be generated next financial year has been made of £0.800m. This has now been budgeted for within the main budget, and hence is now not shown in the table above.

The Council's wholly owned development company – Arkwood Developments Ltd are expected to pay a dividend during 2025/26 equivalent to £500,000. This has therefore been budgeted for during 2025/26 and the remaining figure in the table above is the iterative additional figure expected in 2026/27 and beyond.

Each update to this MTFP will therefore report on progress against each of the headings in the table above, to ensure that each year's budget is balanced.

Since 2010, the Council has made significant savings in line with government grant reductions. Though further savings may become harder to identify and deliver, particularly from spend not on employees (as mentioned in section 6 below), it is essential that the Council continues to identify areas where spend can be reduced and/or income increased. This is so that the Council can continue to operate sustainably over the longer-term and into any newly created authority.

The Council's total income will need to increase significantly, if it is to continue delivering and improving the services it currently provides and not use its reserves to cover the deficits currently anticipated for 2026/27 and future years.

Councils are severely restricted in how much funding they can raise from council tax increases without holding referenda. As mentioned in section 1.6, the Council can increase council tax in 2025/26 by the greater of 2.99% or £5.00 without holding a referendum. A 1% decrease in council tax is equivalent to £83,228 of net expenditure.

The Council's Commercial Strategy and Action Plan, approved by Policy and Finance Committee on 27 January 2022, aims to make Newark and Sherwood an *“innovative and*

entrepreneurial Council that continually achieves positive annual financial contributions; by generating new revenue and delivering cost reductions, through trading and business improvements". The Council has begun to benefit from the projects which have been completed to date since the Commercial Plan 2017-18 to 2020-21 was approved in October 2017 and expects to increasingly benefit in future years from the implementation of the current strategy, however the task of identifying and implementing new streams of income generation is challenging. The Council's work across the district (externally) and with services council-wide (internally) will be crucial to enabling the Council's future sustainability and growth. This is particularly as changes to the local government finance system increase the rewards for councils able to facilitate local economic growth.

At the Cabinet meeting 24 September 2024, an update report was presented, informing Members of progress against the Commercial Plan. The table below updates further progress against those major projects identified:

Table 5

Project/Activity	Business Unit Lead	Detail	Expected income/savings (£)	January 2025 Update
Development of Clipstone Holdings	Corporate Property	The project has now been submitted for Planning determination with an expected date of February 2025. At the same time work is progressing on the tender documents ready to go out in February 2025. It is expected tenants could occupy from Summer 2026.	£0.224m	Moved from 25/26 and included in MTFP £0.112 26/27 full £0.224 27/28 onwards
Industrial Units at Crew Lane, Southwell	Corporate Property	This project has been reviewed by officers and it is currently not viable from a financial perspective, and hence would not generate a return to the Council. Therefore this project has been ceased for the time being.	£0	Not reflected within the MTFP
Reduction in Management Fee to Active 4 Today	Regeneration and Housing Strategy	The forecast budget within the MTFP for 2024/25 to 2027/28 for the Management Fee to Active4Today over 2025/26 to 2027/28 equates to £1.75m. This has now been reduced to £0.408m due to reductions in utilities cost and additional income generated from partner sites.	£0.650m in year one and £0.350m in years post this	Included in the MTFP in all years
Expansion of Private Sector Lifeline service	Housing Services	The Council has been successful in expanding its offer for its private careline service and grown market share within the District whilst also expanding into the Mansfield area and taking on circa 1,000 additional customers there.	£0.155m reduced to £0.107m in future years	Included in all years in the MTFP

Amalgamation of Building cleaning contracts	Corporate Property	Currently there are a number of cleaning contracts across the Council at individual sites. Corporate Property have consolidated this into one contract (for which the tender is currently being evaluated).	£0.050m	Currently not reflected in the MTFP
Biodiversity Net Gain Monitoring fee	Planning Development	A charge was introduced during 2024/25. Currently determining applications prior to any receipts.	£0.450m	Currently not reflected in the MTFP

The table below shows which areas have the biggest increases in expenditure budgets in each of the last three years of the Council's MTFP, compared to the equivalent budget in the year before:

Pressures	Increase in 2026/27 budget, compared to 2025/26 budget (£m)	Increase in 2027/28 budget, compared to 2026/27 budget (£m)	Increase in 2028/29 budget, compared to 2027/28 budget (£m)
Employees	0.420	0.538	0.681
Electricity and gas costs	0.040	0.041	0.036

6 Risks Associated with the Budget Process

Budgets are only as accurate as the data available at the time they are developed. There are therefore risks that the proposed budgets in the Council's MTFP will differ significantly from reality (actual expenditure and income). Some of the factors which could cause adverse variances are:

- higher than expected inflation and/or interest rates;
- the Council receiving lower than expected amounts of grant funding and/or other income;
- the future differing significantly from the initial budgets proposed at the time of developing the MTFP;
- volatility of certain budget lines between years;
- underachievement of expected savings and/or efficiencies;
- unforeseen events and emergencies;
- unforeseen insurance costs or legal claims;
- lower than expected business rates growth.

Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the Council's proposed budget and robustness of estimates made. This section fulfils that requirement.

In considering the Council's proposed budget for 2025/26 and the sensitivity of expenditure and income to changes, it should be noted that:

- a) a 1% increase in Council Tax is equivalent to £83,228 of net expenditure; and
- b) a £1 increase in Council Tax is equivalent to £42,721 of net expenditure.

Various assumptions were required to be made when preparing the proposed MTFP budgets. The two areas where it seems that variations between the proposed budget and reality could be greatest are employee pay and income receivable. Further details on each of these are below.

Employee Costs

Employee costs form a significant proportion of all district council budgets. Employee costs comprise 52% of the Council's proposed controllable service expenditure budget for 2025/26 (total spend, excluding spend on capital costs, internal recharges and Housing Benefit payments).

This makes it less likely to achieve savings solely by reducing non-employee spend. It also means that the Council would need to use a greater proportion of its reserves if the costs of future years' pay awards exceed the 3% pay award currently budgeted for 2025/26 and/or the 3% pay awards currently budgeted for subsequent years.

A vacancy provision of 4% of the total salary budget for 2025/26 will be made to allow for natural savings being made from posts remaining vacant before being filled. With the challenges in recruiting that have been seen over the last two financial years, this appears to be a reasonable approach. The actual outturn of savings from vacancies amounted to 3.52% for 2023/24. As it is not possible to predict precisely which business units will experience vacancies in the year, an overall saving will be set aside.

National Insurance Contributions - From the 1st April 2025 the National Insurance (NI) rate for employers will increase from 13.8% to 15%. Additionally, the level at which employers will start paying NI contributions will reduce from £9,100 to £5,000. The impact of this on the General Fund is expected to be £412,000. The Government also announced that Public Sector authorities would receive a grant to compensate them for the additional cost. Based on modelling it is not expected that the grant will fully cover the additional cost of the NI contributions. £179,000 grant is currently forecast to be received in 2025/26, which has been split proportionately between the HRA and the General Fund. £137,890 has been budgeted for within the GF, hence leaving an additional cost to the authority of £274,110.

Income

A significant part of the Council's annual net budget is dependent on income from rents; sales, fees and charges; and other receipts. Officers have reviewed the income that services have achieved against the current and previous years' budgets and have considered factors expected to affect future income levels, to ensure the 2025/26 income budgets for services have been set at levels considered achievable. Officers will monitor this closely over the coming year and revised forecasts over the medium term will be updated for the MTFP to be developed for the 2025/26 - 2028/29 years.

Significant underperformance against budgeted income would increase the Council's annual net expenditure, and thus place unbudgeted demand on council reserves. A 1% reduction in council income from fees and charges would cost around £54,000 in 2025/26.

Interest rates

The proposed MTFP budgets include amounts for interest payable and interest receivable. This is because the Council expects that it will both borrow money and invest money throughout the four years of the MTFP.

The Council anticipates that it will use fixed interest rate loans when borrowing. This is so that the Council knows exactly how much its loans will cost over their durations, and this mitigates against the risk of interest rates changes and thus costs rising significantly over the loan period. As borrowing would be for longer than four years, the risk of the Council being unable to borrow to repay existing debt (refinancing risk) does not apply.

The budgeted amounts have accounted for factors such as the amount of council funds expected to be available and the time during the year for which cash is needed. The actual amounts of interest payable and receivable for 2025/26 will likely differ from those budgeted due to actual income and expenditure occurring at different time periods to that forecast.

The impact of a 1% change in interest rate would be insignificant on the Council's overall budget.

Inflation

Most income budgets and non-pay expenditure budgets have been uplifted by 2%. Some costs, such as insurance and utilities, are expected to increase by more than 5%; and others, such as fixed-price goods and services, have been increased in line with contractual obligations.

The most recent month for which inflation data was available at the time of writing, December 2024, had a 2.6% increase in inflation (Consumer Prices Index (CPI)) from December 2023.

The small differences anticipated between actual inflation rates and the 2% budgeted for are expected to have insignificant impact on the Council's budget.

7 Capital Programme and Funding

The overall proposed General Fund Capital Programme for the period from 2025/26 and 2028/29 totals £50.241m. £10.920m is financed by external grant funding for Towns Fund Project and Disabled Facilities Grant (DFG's). The DFG funding is received via the Better Care Fund (BCF) and is subject to an annual bidding process.

Council internal capital resources employed amount to £12.642m, which relates to the Council's contribution to the acquisition of the former Belvoir Iron Works, the redevelopment of Clipstone Holding Centre, Yorke Drive Pavilion, the remaining remedial works required at Southwell Leisure Centre and replacing parts of the Council's refuse fleet and other equipment.

In 2025/26 to 2026/27 Community Infrastructure Levy receipts will be used to finance the cost of £5.5m to improve the A1 overbridge at Fernwood. This bridge is part of the highways mitigation work to deliver the expansion of Fernwood.

Borrowing is the balancing figure for the capital expenditure at £21.178m. This type of financing attracts a charge to revenue called the Minimum Revenue Provision (MRP) calculated using the asset life method as approved by Council within the Treasury Management Strategy each year. The current method approved is the asset life method. This apportions notional borrowing incurred over the life of the asset, which is in line with the timeline for receiving economic benefits generated by the asset.

8.0 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, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

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

	Estimated Balance at 31st March 2024	Estimated Balance at 31st March 2025	Estimated Balance at 31st March 2026	Estimated Balance at 31st March 2027	Estimated Balance at 31st March 2028	Estimated Balance at 31st March 2029
General Fund Revenue Reserves						
Council Funds						
MTPF Reserve	(8,461,368)	(8,261,918)	(8,261,918)	(6,743,918)	(5,434,918)	(3,786,918)
Collection Fund Budget	(1,377,235)	0	0	0	0	0
Total Budget Funding Reserves	(9,838,603)	(8,261,918)	(8,261,918)	(6,743,918)	(5,434,918)	(3,786,918)
Election Expenses Fund	(115,247)	(155,947)	(155,947)	(155,947)	(155,947)	(155,947)
Insurance Fund Excesses & Self Insured	(106,895)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
ICT & Digital Services	(110,325)	(110,325)	(110,325)	(110,325)	(110,325)	(110,325)
Repairs And Renewals Fund	(2,463,791)	(2,242,062)	(2,112,887)	(1,912,887)	(1,712,887)	(1,512,887)
Domestic Homicide Review	(9,820)	(10,820)	(10,820)	(10,820)	(10,820)	(10,820)
Training Provision	(281,300)	(376,910)	(332,271)	(332,271)	(332,271)	(332,271)
Planning Costs Fund	(201,140)	(39,940)	(39,940)	(39,940)	(39,940)	(39,940)
Growth And Prosperity Fund	(60,000)	(60,000)	0	0	0	0
CSG/Enforcement Reserve	(95,237)	(95,237)	(70,987)	(70,987)	(70,987)	(70,987)
Management Carry Forwards	(770,808)	(126,130)	0	0	0	0
Flood Defence Reserve	(250,000)	(220,000)	(120,000)	(120,000)	(120,000)	(120,000)
NNDR Volatility Reserve	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Community Initiative Fund	(110,888)	(100,888)	(100,888)	(100,888)	(100,888)	(100,888)
Asset Maintenance Fund	(350,550)	(350,550)	(17,328)	(17,328)	(17,328)	(17,328)
Capital Project Feasibility Fund	(223,011)	(242,719)	(198,210)	(198,210)	(198,210)	(198,210)
Community Engagement	(41,891)	(41,891)	(41,891)	(41,891)	(41,891)	(41,891)
Theatre Centenary Legacy	(17,321)	(17,321)	(17,321)	(17,321)	(17,321)	(17,321)
Commercial Plan Invest to Save	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Workforce Development Reserve	(169,610)	0	0	0	0	0
Energy Efficiency East Midlands	0	(49,325)	(49,325)	(49,325)	(49,325)	(49,325)
Capital Financing Provison	(1,270,243)	(461,978)	(110,788)	(55,473)	(55,473)	(55,473)
Total Earmarked for Known Pressures	(7,348,077)	(5,492,043)	(4,278,928)	(4,023,613)	(3,823,613)	(3,623,613)
Building Control Surplus	(61,839)	(61,839)	(61,839)	(61,839)	(61,839)	(61,839)
Museum Purchases Fund	(58,299)	(58,299)	(58,299)	(58,299)	(58,299)	(58,299)
Community Safety Fund	(136,508)	(134,008)	(134,008)	(134,008)	(134,008)	(134,008)
Homelessness Fund	(110,769)	(346,619)	(346,619)	(346,619)	(346,619)	(346,619)
Revenue Grants Unapplied	(976,830)	(551,107)	(487,412)	(487,412)	(487,412)	(487,412)
Energy & Home Support Reserve	(103,171)	(103,171)	(103,171)	(103,171)	(103,171)	(103,171)
Community Lottery Fund	(18,078)	(18,078)	(18,078)	(18,078)	(18,078)	(18,078)
Homes for Ukraine Fund	(353,256)	(348,256)	(348,256)	(348,256)	(348,256)	(348,256)
Mansfield Crematorium	(158,386)	(158,386)	(158,386)	(158,386)	(158,386)	(158,386)
Total Ring Fenced Reserves	(1,977,136)	(1,779,763)	(1,716,067)	(1,716,067)	(1,716,067)	(1,716,067)
Change Management/Capital Fund	(11,986,697)	(7,686,020)	(6,265,368)	(4,765,368)	(3,163,368)	(2,304,662)
General Fund Working Balance	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total Un-ringfenced Reserves	(13,486,697)	(9,186,020)	(7,765,368)	(6,265,368)	(4,663,368)	(3,804,662)
Total General Fund Revenue Reserves	(32,650,513)	(24,719,743)	(22,022,282)	(18,748,967)	(15,637,967)	(12,931,261)
General Fund Capital Receipts	(39,000)	(289,989)	(1,680,324)	(32,389)	(252,259)	0
GF Grants & Contributions Unapplied	(11,157,429)	(11,981,429)	(10,381,429)	(8,281,429)	(9,181,429)	(10,081,429)
Total Capital Reserves	(11,196,429)	(12,271,418)	(12,061,753)	(8,313,818)	(9,433,688)	(10,081,429)
Total General Fund Revenue and Capital Reserve	(43,846,943)	(36,991,162)	(34,084,035)	(27,062,785)	(25,071,655)	(23,012,690)

Report to: Cabinet Meeting: 18 February 2025
 Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance
 Director Lead: Sanjiv Kohli, Director – Resources and Deputy Chief Executive
 Lead Officer: Jenna Norton, Senior Accountant – Financial Services Extension 5327

Report Summary	
Type of Report	Open Report, Key Decision
Report Title	General Fund Capital Programme Budget 2025/26 to 2028/29
Purpose of Report	In accordance with the Financial Regulations 6.2.3, Cabinet is required to consider the Capital Programme and recommend to the Council the final Programme for approval. This report details the proposed capital schemes over the medium term, together with the available resources to finance this.
Recommendations	That Cabinet recommend to full Council on 6 March 2025 the General Fund schemes set out at Appendix A to the report as committed expenditure in the Capital Programme for 2025/26 to 2027/28.
Alternative Options Considered	If the Council did not have a Capital Programme, this would result in not being able to deliver the schemes and not achieve the objectives in the Community Plan.
Reason for Recommendations	To enable the Capital Programme to be considered by Cabinet in accordance with Financial Regulation 6.2.3 prior to its submission to Council.

1.0 Background

- 1.1 The Capital Strategy was approved by Council on 7 March 2024. It contains the Capital Appraisal form template and the prioritisation criteria, which is in two stages. The schemes need to meet the criteria in stage 1 to progress to stage 2.
- 1.2 Capital Appraisal forms were circulated to all Business Managers during summer 2024 to enable bids for new Capital schemes. Completed forms were scored in conjunction with the prioritisation criteria. Senior Leadership Team considered the results of this exercise and the proposed Capital Programme included within this report, contain those schemes that were agreed to be appropriate.

2.0 Capital Expenditure – General Fund

2.1 The Council intends to spend £50.241m in general fund capital expenditure from 2025/26 to 2028/29.

2.2 The major schemes in this programme are:

Scheme Name	Summary of Proposed Financing
Yorke Drive Regeneration and Community Facility	Borrowing plus external grant
Provision of 3G Pitches	Borrowing and Capital Receipts
Vehicles and Plant Replacement	Capital Receipts and Capital Provision
Information Technology Investment	Capital Receipts and Capital Provision
Clipstone Holding Centre Development	Borrowing and Change Management Reserve
Disabled Facility Grants	Wholly funded by Grant
Former Belvoir Iron Works Acquisition	Wholly funded from Change Management Reserve
A1 Overbridge	Community Infrastructure Levy
Arkwood Developments Regeneration Loan Facility	Borrowing
Castle Gatehouse	£3.3m contribution from the Towns Fund, £1.254m NLHF and the remainder borrowing.
32 Stodman Street – Towns Fund	£3.980m Town Fund, £284k One Public Estate, £400k Shared Prosperity Fund with the remainder supplemented Reserves and borrowing

2.3 Two new schemes have been added to the Capital Programme as part of the budget process. The total over the period of 2025/26 to 2028/29 of £0.322m in General Fund. Details of which can be found labelled 'New' at Appendix A and are summarised below:

Scheme Name	Summary of Proposed Financing
Essential works at the Palace Theatre	Borrowing
Cuckstool Wharf Lighting	Capital Reserve

2.4 The impacts of all borrowing have been included in the Treasury Management Strategy and the Medium-Term Financial Plan. Details of individual schemes are shown in **Appendix A**.

3.0 Resources Available

3.1 External Grants and Contributions can provide additional resources to the Capital Programme. Grant funding is subject to a detailed bidding process. Officers continue to liaise with external parties to secure the maximum available inward investment in order to contribute towards the delivery of the capital programme.

3.2 The most significant grants currently forecast over the medium term are from the Towns Fund, and the Better Care Fund (BCF) for Disabled Facilities Grants (DFG's). In addition to this, grants held from previous years for specific purposes are due to be utilised. For example, the Towns Fund projects, where grant instalments were received during 2022/23 to 2024/25, which is forecast to be utilised over the next financial year.

3.3 Capital Receipts

	General Fund £'m
Estimated Balance @ 1 Apr 2025	0.290
Estimated Receipts 2022/26 – 2028/29	5.966
Approved for Financing 2025/26 – 2028/29	6.256
Unallocated Capital Receipts Balance	0.000

3.6 The general fund capital estimated receipts of £5.966m are made up of the sale of the residential properties on Stodman Street and land at Lowfield Lane, due to be sold to Arkwood Developments along with a nominal amount each year for sale of vehicles that are due for replacement.

3.7 Where appropriate, the use of existing capital resources is prioritised. Borrowing is utilised for assets with longer asset lives, where the impact of interest and Minimum Revenue Provision (MRP) can be spread over the useful economic life of the asset, whilst minimising the impact on the General Fund. Leasing is also tightly controlled within the revenue budgets for the same reason and is rarely used as the interest rates remain low, therefore borrowing is currently a more attractive means of financing capital expenditure.

3.8 Subject to the approval of the proposals outlined in section 2.0 and 3.0 above, the current plan for financing the capital programme is shown below.

4.0 Financing

4.1 Subject to the approval of the proposals outlined in section 3.0 above, the current plan for financing the capital programme is shown below.

General Fund Capital Programme Financing Summary

General Fund Financing	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Government Grants	7.040	0.860	0.860	0.860
Contributions from Third Parties	1.300	0.000	0.000	0.000
Community Infrastructure Levy	2.500	3.000	0.000	0.000
Capital Receipts	2.120	1.694	2.190	0.252
Capital Reserve	0.351	0.055	0.000	0.000
RCCO	2.019	1.500	1.602	0.859
Borrowing	19.295	0.800	0.378	0.706
Total	34.625	7.909	5.030	2.677

4.2 At the end of the financial year, once all capital expenditure has been finalised (including accrued expenditure) the financing of the Capital Programme as a whole is arranged by the Section 151 Officer, in line with the Council's Constitution.

5.0 Implications

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

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.

Capital Strategy 2025/26 Report to Audit & Governance - 19 February 2025

CODE	SCHEME	EXTERNAL FUNDING	NSDC COSTS	TOTAL SCHEME COST	BEFORE 2025/26 INC FORECAST FOR 2024/25	2025/26	2026/27	2027/28	2028/29
GENERAL FUND									
TA3286	Information Technology Investment	0	4,011,352	1,186,060		782,030	248,210	0	155,820
TA3060	Beacon - New Boiler	0	61,525	61,525		61,525			
TC3156	Jubilee Bridge Works	0	333,500	333,500	278	333,222			
TC3160	14 Market Place	0	373,000	373,000	153,000	220,000			
TC	RESOURCES	0	4,779,377	1,954,085	153,278	1,396,777	248,210	0	155,820
TA1224	Provision of 3G Pitches	0	2,000,000	2,000,000		400,000	800,000	800,000	
TA3097	Yorke Drive Regeneration and Community Facilities	80,000	2,519,294	3,458,000	119,294	0	500,000	1,980,000	858,706
TF6807	Warm Homes on Prescription	556,617	-70,000	280,000		70,000	70,000	70,000	70,000
TA	HOUSING HEALTH & WELLBEING	636,616	4,449,294	5,738,000	119,294	470,000	1,370,000	2,850,000	928,706
New	Essential works at the Palace Theatre	0	220,831	220,831		220,831			
TB2253	Vehicles & Plant	0	10,602,378	5,205,656		1,512,285	1,501,040	1,390,130	802,200
TB2261	Brunel Drive Redevelopment Phase 1	0	669,000	669,000		669,000			
TF2000	CCTV Replacement Programme	15,500	189,850	8,780		8,780			
TF3227	Lowdham Flood Alleviation	140,000	160,000	300,000	200,000	100,000			
New	Cuckstool Wharf Lighting	0	101,040	101,040		101,040			
TF6011	Private Sector Disabled Facilities Grants	4,456,269	-104,455	2,800,000		700,000	700,000	700,000	700,000
TF6012	Discretionary DFG	638,208	0	360,000		90,000	90,000	90,000	90,000
TA	COMMUNITIES & ENVIRONMENT	5,249,977	11,838,644	9,665,307	200,000	3,401,936	2,291,040	2,180,130	1,592,200
TC2007	Clipstone Holding Centre Purchase & Works	0	8,413,250	8,413,251	886,147	6,527,104	1,000,000		
TC2009	Former Belvoir Iron Works	0	1,750,000	850,000	4,624	845,376			
TE	GROWTH	0	10,163,250	9,263,251	890,771	7,372,480	1,000,000	0	0
TG1003	Housing Regeneration Loan Facility	0	11,408,071	11,408,071	8,000,000	3,408,071			
TG	CAPITAL INVESTMENT	0	11,408,071	11,408,071	8,000,000	3,408,071	0	0	0
TI1002	A1 Overbridge Improvements	5,600,000	0	5,600,000	100,000	2,500,000	3,000,000		
TI	COMMUNITY INFRASTRUCTURE LEVY	5,600,000	0	5,600,000	100,000	2,500,000	3,000,000	0	0

CODE	SCHEME	EXTERNAL FUNDING	NSDC COSTS	TOTAL SCHEME COST	BEFORE 2025/26 INC FORECAST FOR 2024/25	2025/26	2026/27	2027/28	2028/29
TB3154	Castle Gatehouse Project	4,563,620	981,240	5,544,860	739,624	4,805,236			
TT1000	Towns Fund - 32 Stodman Street Regeneration	4,380,000	8,500,001	12,880,000	5,269,345	7,610,655			
TT1005	Towns Fund - Cycle Town	245,900	4,100	250,000	200,000	50,000			
TT1006	Towns Fund - Cultural Heart of Newark	3,610,000	0	3,610,000		3,610,000			
TT	TOWNS FUND	12,799,520	9,485,340	22,284,860	6,208,969	16,075,891	0	0	0
TOTAL GENERAL FUND		24,286,113	52,123,977	65,913,573	15,672,312	34,625,155	7,909,250	5,030,130	2,676,726



Report to: Audit & Governance Committee Meeting 19 February 2025

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

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
Report Title	Capital Strategy 2025/26
Purpose of Report	To seek Committee approval to the Capital Strategy 2025/26, this incorporates the Minimum Revenue Provision Policy and Capital Prudential Indicators, updated in accordance with latest guidance.
Recommendations	<p>That Committee approves each of the following key elements and recommends these to Full Council on 7 March 2024 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:</p> <ul style="list-style-type: none"> • The Capital Strategy 2025/26 Appendix A. • The Capital Prudential Indicators and Limits for 2025/26, contained within Appendix A. • The Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix C, which sets out the Council’s policy on MRP. • The Flexible Use of Capital Receipts Strategy, contained with Appendix D.
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 Capital Strategy outlines the principles and framework that shape the Council’s capital decisions. The principal aim is to deliver a programme of capital investment that contributes to the achievement of the Council’s priorities and objectives as set out in the Corporate Plan.

1.2 The Strategy defines at the highest level how the capital programme is to be formulated; it identifies the issues and options that influence capital spending and sets out how the resources and capital programme will be managed.

1.3 Statutory Requirements:

- The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Capital Prudential Indicators each financial year to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.4 CIPFA Requirements:

- The Prudential Indicators set out the expected capital activities during the financial year (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities).
- Delegation by the Council of the role of scrutiny of Capital Strategy and Policies to a specific named body. For this Council the delegated body is the Audit and Accounts Committee.

2.0 Summary of Capital Expenditure and Financing

2.1 The table below summaries the total forecasted capital expenditure and financing over the next three years, further breakdown is contained within the Strategy;

	2025/26 Budget	2026/27 Budget	2027/28 Budget
Total Capital Expenditure	57,734	31,804	23,108
Capital Grants	7,787	1,378	1,675
Other Contributions	2,451	0	0
CIL	2,500	3,000	0
Capital Receipts	3,404	1,916	2,444
Revenue/ Major Repairs Reserve	9,730	7,204	4,413
Borrowing	31,862	18,306	14,576
Total Capital Financing	57,734	31,804	23,108

3.0 Changes to Previous Year Capital Strategy

3.1 The primary change in the proposed Capital Strategy 2025/26 involves revising the MRP policy wording to align with the newly updated regulations.

4.0 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.

4.1 Legal Implications (LEG2425/1719)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its terms of reference.

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.

CIPFA Prudential Code Local Government Act 2003

CIPFA Treasury Management Code of Practice

Capital Strategy Report 2025/26

Introduction

This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance stakeholders' understanding of these sometimes technical areas.

As well as detailing the approved capital programme, the document also sets out the Council's ambitions over the medium to longer term.

The basic elements of the Strategy therefore include:

- A direct relationship to the Community Plan;
- An investment programme expressed over the medium to long term;
- A framework that prioritises the use of capital resources;
- A consideration of the need to pursue external financing (grants, contributions, borrowing etc), which reconcile external funding opportunities with the Council's priorities and organisational objectives, so that it is the achievement of the latter that directs effort to secure the former; and
- A direct relationship with the Treasury Management Strategy, and the limitations on activity through the treasury management Prudential Indicators.

This document is intended for the use by all stakeholders to show how the Council makes decisions on capital investment:

- for Cabinet and Council – to decide on capital investment policy within the overall context of investment need/opportunity and affordability;
- for Councillors – to provide an understanding of the need for capital investment and help them scrutinise policy and management;
- for Officers – to provide an understanding of the Council's capital investment priorities, to assist them in bidding for capital resources, and to confirm their role in the capital project management and monitoring arrangements;
- for taxpayers – to demonstrate how the Council seeks to prudently manage capital resources and look after its assets; and
- for partners – to share with them our Vision and help to co-ordinate and seek further opportunities for joint ventures.

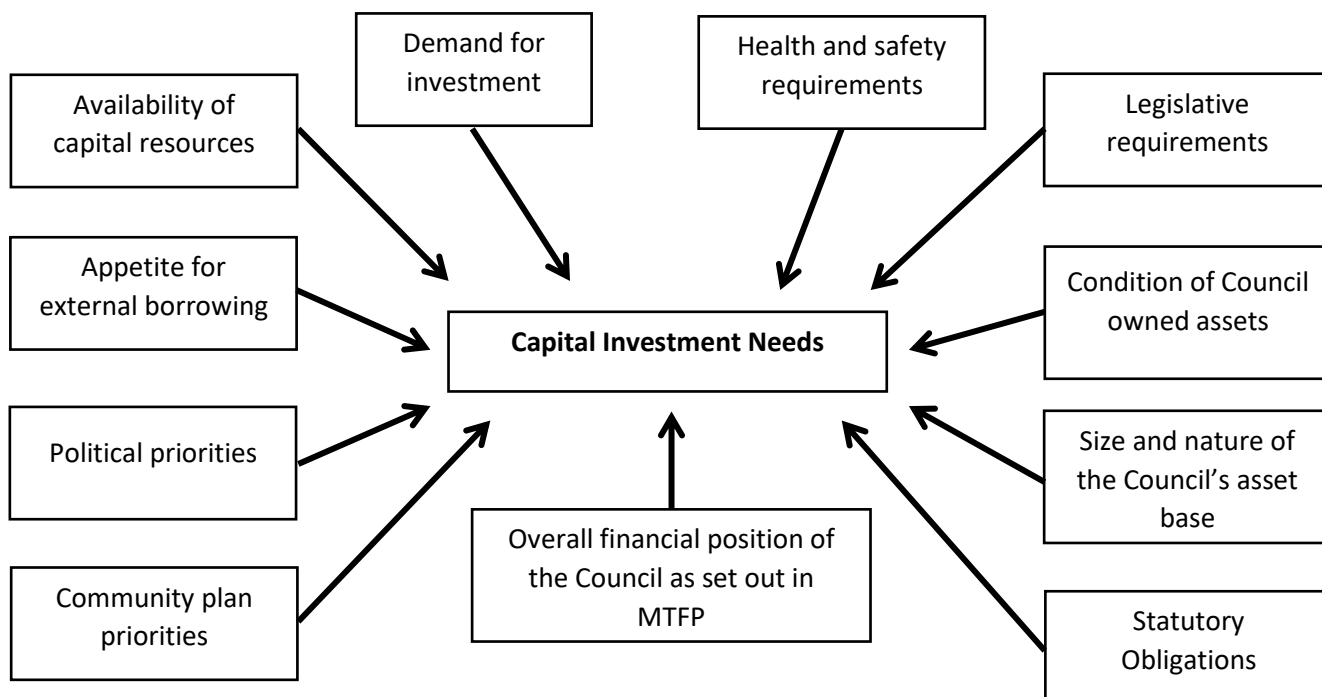
CAPITAL INVESTMENT PRIORITIES

Newark and Sherwood's Community Plan covers the period from 2023 to 2027 and sets out what the Council intends to achieve over the next four years providing a focus for activities and prioritisation of public money.

The Council's Purpose and Values:

- **Ambitious and forward thinking:** Focused on achieving the very best and always looking to improve and innovate.
- **Caring and compassionate:** Sensitive to the different needs and circumstances of others; seeks to empower people to fulfil their potential.
- **Commercial and business-like:** Careful and creative with resources; securing value for money.
- **Professional and trustworthy:** Open, honest, and transparent. Consistently delivering on promises; providing good quality and demonstrating integrity.
- **Welcoming and responsive:** Approachable, friendly, and inclusive. Open to feedback and challenge and swift to act.

Capital investment should be directly linked to the objectives as outlined in the Community Plan. There are however a number of other factors that affect the need for capital investment both internal and external. The diagram below identifies a number of these:



Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £15,000 are not capitalised and are charged to revenue in year in accordance with its de minimus limits as set out in the Financial Regulations.

- For details of the Council's policy on capitalisation, see: Accounting Policy 1.17 under note 1 of the Councils Statement of Accounts.

In 2025/26, the Council is planning capital expenditure of £57.7m as summarised below:

Prudential Indicator 9: Estimates of Capital Expenditure in £'000

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
General Fund services	41,350	19,885	31,031	7,954	5,075
Council housing (HRA)	14,035	21,270	23,295	23,850	18,033
Capital Loan (GF)	0	8,000	3,408	0	0
TOTAL	55,385	49,155	57,734	31,804	23,108

The General Fund Capital Programme with a proposed budget for 2025/26 of £31m and £3.4m of capital funding in the form of capital loans to the Councils housing development company for regeneration purposes.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and has a proposed budget for 2025/26 of £23.2m, which supports the maintenance of the Councils circa 5,550 council houses.

Governance: During early July a 'Capital Bid Request Form' is sent to all Business Managers and Directors. Each bid is required to include details of the nature of the scheme and how it meets the priorities within the Community Plan. It must also include detailed costs for expenditure and all financing costs (which can be nil if the project is fully externally financed) in order to assess the viability of each scheme against the available resources. All bids are required to be authorised by the relevant director and then collated by the Capital Finance team.

The Senior Leadership Team appraises all bids based on a comparison of service priorities against financing costs. Criteria can be found at **Appendix E**. Based on this assessment a final

Capital Programme report is prepared for submission to Cabinet in February before final approval by Council in March.

- Full details of the ‘Capital Bid Request Form’ and the prioritisation criteria can be found at **Appendix E**.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Prudential Indicator 10: Capital financing in £’000

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
<u>External sources</u>					
Capital Grants	33,845	6,245	7,787	1,378	1,675
Other Contributions	1,284	4,573	2,451	0	0
<u>Own resources</u>					
CIL	0	76	2,500	3,000	0
Capital Receipts	2,184	2,744	3,404	1,916	2,444
Revenue/ Major Repairs Reserve	14,814	12,492	9,730	7,204	4,413
<u>Debt</u>					
Borrowing	3,258	23,025	31,862	18,306	14,576
Leasing	0	0	0	0	0
TOTAL	55,385	49,155	57,734	31,804	23,108

Debt is only a temporary source of finance, since loans and leases must be repaid this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). This is a charge to the General Fund Balance and is mandated by legislation to ensure that a prudent charge for the repayment of debt be made by the revenue account. An MRP Statement which sets out how this charge should be calculated each year must be produced which is appended at **Appendix C**.

As the HRA account is self-financing there is no requirement for an MRP charge as the actual debt repayments are made as the loans mature. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The forecast General Fund MRP charge and the HRA actual debt loan repayments are below:

Replacement of debt finance in £'000

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
General Fund - MRP	1,139	673	719	1,076	1,092
HRA - Debt Repayment	5,534	3,037	5,041	3,044	6,046

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and loan debt repayments and capital receipts used to replace debt. The CFR is expected to increase by £26.1m during 2025/26. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Prudential Indicator 11: Estimates of Capital Financing Requirement in £'000

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
General Fund services	34,591	37,335	52,502	52,226	51,935
Council housing (HRA)	101,067	111,637	119,165	133,624	141,775
Capital investments	0	8,000	11,408	11,408	11,408
TOTAL CFR	135,658	156,972	183,075	197,258	205,118

Asset management: The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The council's property portfolio consists of operational property and property held for specific community or regeneration purposes. The council has specific reasons for owning and retaining property:

- Operational purposes e.g. assets that support core business and service delivery e.g. office buildings.
- Parks, playgrounds and open spaces.
- Regeneration, enabling strategic place shaping and economic growth.

Asset management is an important part of the council's business management arrangements and is crucial to the delivery of efficient and effective services, the ongoing management and maintenance of capital assets will be considered as part of this strategy. The asset management planning includes an objective to optimise the council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.

Asset disposal: The Council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions in order to maximise the sale proceeds, known as capital receipts, which can then be spent on new assets or repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2025/26, although the Council does not expect to utilise this ability during 2025/26. Repayments of capital grants, loans and investments also generate capital receipts.

- The Council’s Flexible Use of Capital Receipts Policy is available at **Appendix D**.

Treasury Management

Treasury management is concerned with keeping sufficient, but not excessive, cash available to meet the Council’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council typically has a surplus of cash in the short-term as revenue income is received before it is spent, but a shortfall of cash in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Council at 31 December 2024 had £95m borrowing at an average interest rate of 5.59% and £47m treasury investments at an average rate of 4.65%.

Borrowing strategy: The Council’s main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 4.75%) and long-term fixed rate loans where the future cost is known but higher (currently between 4.5% to 5.0% depending on the length of the loan).

The table below shows the Council’s actual debt position against the forecasted capital financing requirement, where no additional borrowing has been included based on the proposed capital program.

Gross Debt and the Capital Financing Requirement in £’000

Debt	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
External Debt at 1 April	90,429	84,935	108,897	103,857	100,812
Expected change in Debt	-5,494	23,962	-5,040	-3,045	-6,046
Actual gross debt at 31 March	84,935	108,897	103,857	100,812	94,766
The Capital Financing Requirement	135,658	156,972	183,075	197,258	205,118
Under / (over) borrowing	26,795	48,075	79,218	96,446	110,352

Statutory guidance is that debt should remain below the capital financing requirement, except in exceptional circumstances that may incur for a short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Authorised limit and operational boundary for external debt in £'000

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget
Authorised limit – total external debt	168,972	195,075	209,258	217,118
Operational boundary – total external debt	163,972	190,075	204,258	212,118

- Further details on borrowing are in pages 4 to 7 of the treasury management strategy.

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons may be for purely financial gain or in order to stimulate the local economy and are not generally considered to be part of treasury management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent over the short - term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property funds, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Treasury management investments in £'000

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
Short-term investments	50,292	39,310	31,627	26,835	25,549
Longer-term investments	7,500	9,827	13,554	11,501	10,949
TOTAL	57,792	49,137	45,181	38,336	36,498

- Further details on treasury investments are in pages 8 to 13 of the treasury management strategy.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Resources/Deputy Chief Executive and treasury staff, who must act in line with the Treasury Management Strategy approved by Full Council. Half yearly reports on treasury management activity are presented to the Audit and Governance committee and then to Full Council. The Audit and Governance committee is responsible for scrutinising treasury management decisions. Quarterly reporting against the Prudential Indicators will be included within Budget Monitoring and Forecasting reports from April 2023 which will be presented to the Audit and Governance Committee.

Investments for Service Purposes

The Council makes investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth and the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

Governance: Decisions on service investments are made by the relevant Business Manager in consultation with the Director of Resources/Deputy Chief Executive and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are contained within the investment strategy.

Commercial Activities

With central government financial support for local public services declining, the Council has the ability to invest in commercial property if it meets both wider Council objectives and provides a financial return that can be used to support Council services.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. In the context of the Capital Strategy, the council is using capital to invest in property to provide a positive surplus/financial return. The council may fund the purchase of the property by borrowing money. The rental income paid by the tenant should exceed the cost of repaying the borrowed money each year. The annual surplus

then supports the council’s budget position, and enables the council to continue to provide services for local people. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. In order that commercial investments remain proportionate to the size of the council, these are subject to an overall maximum investment limit of £15m. However, the Council does not hold any investment properties on its balance sheet and has no plans to invest in these types of assets.

Governance: Property and most other commercial investments would be classed as capital expenditure and purchases will therefore be approved as part of the capital programme.

- Further details on commercial investments and limits on their use are contained within the investment strategy.

Liabilities

In addition to debt of £95m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £11.9m 2023/24).

Governance: Decisions on incurring new discretionary liabilities are taken by Business Managers in consultation with the Director of Resources/Deputy Chief Executive. The risk of liabilities crystallising and requiring payment is monitored by the corporate finance team. New liabilities are reported to full Council for approval/notification as appropriate.

- Further details on liabilities and guarantees are on pages 86 to 90 of the 2023/24 statement of accounts.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Prudential Indicator 12: Proportion of financing costs to net revenue stream in £’000

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
<u>General Fund</u>					
MRP Charge	1,139	673	719	1,076	1,092
Interest Payable	51	326	461	827	1,026
Less: Investment Income	-3,917	-2,146	-1,980	-1,959	-1,966
Total GF Financing costs	-2,727	-1,147	-800	-56	152
Proportion of net revenue stream	-16.00%	-7.06%	-7.13%	-5.80%	-4.74%

Housing Revenue Account					
Interest Payable	3,879	3,399	4,294	4,656	5,193
Depreciation	5,784	6,388	6,369	6,740	6,790
MRR contributions including debt repayments	5,009	4,081	2,249	1,906	2,023
Less: Investment Income	-4	-5	-51	-20	-20
Total HRA Financing costs	14,668	13,863	12,861	13,282	13,986
Proportion of net revenue stream	52.75%	46.28%	41.03%	41.30%	42.07%

- Further details on the revenue implications of capital expenditure are contained within the 2025/26 revenue budget.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for potentially up to 50 years into the future. The Director of Resources/Deputy Chief Executive is satisfied that the proposed capital programme is prudent, affordable and sustainable.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Resources/Deputy Chief Executive is a qualified accountant with 20 years' experience, the Business Manager – Corporate Property is a qualified Chartered Surveyor and also has 11 years' experience. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, AAT, ACT (treasury) and actively encourages staff to attend relevant training courses and seminars.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Group as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

- The Council's policy on the use of temporary agency workers and consultants is available on the Councils Intranet.

MANAGING THE CAPITAL PROGRAMME

A key role in the monitoring of the capital programme is undertaken by the Capital Monitoring Group, which meets on a quarterly basis. This Group is attended by responsible officers and the relevant accountant and is chaired by the Business Manager for Financial Services. It is a supportive environment in which problem areas are identified and corrective actions agreed and implemented at an early stage to avoid slippage. Each scheme has a nominated project manager who is responsible for the successful completion of the scheme both to time and on budget.

The Council maintains comprehensive and robust procedures for managing and monitoring its Capital Programme. Ongoing monitoring arrangements for the delivery of the approved programme consist of:

- Project Managers are identified for each scheme who are responsible for monitoring progress, spend and income and producing action plans to respond to variations in pace or cost of delivery;
- The Deputy Chief Executive/Director of Resources and S151 Officer co-ordinates high level monthly reporting and detailed quarterly reporting to the Management Senior Leadership Team and Cabinet;
- The quarterly capital monitoring where project managers report on performance outputs on each of their capital projects in progress. Variations and unexpected items are discussed and appropriate action taken; and
- Business Managers are responsible for ensuring that their Project Manager's monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Senior Leadership Team and Cabinet for approval of variations where necessary.

PROCUREMENT

The purchase of capital assets should be conducted in accordance with the Contract Procedure Rules, ensuring value for money, legality and sustainability at all times. Contract standing orders and rules governing the disposal or write off of assets are contained in the Constitution which is consistently reviewed.

VALUE FOR MONEY

The Council recognises that effective procurement lies at the heart of delivering value for money and is essential if the Council is to obtain real improvements to quality and service costs. The Council seeks to achieve value for money by applying rigorous procurement standards in the selection of suppliers and contractors to ensure efficiency, economy and effectiveness is received throughout the life of a contract. The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of our capital strategy. Specifically, we will seek to strengthen the outcome indicators as part of post project reviews.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2025/25

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (the minimum revenue provision - MRP). The Council is required by statute to make a prudent provision for the repayment of its debt. It is also required to 'have regard' to guidance on how to calculate this provision, issued by the Ministry of Housing, Communities and Local Government, most recently in 2024.

The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

In developing this policy statement, the Council is satisfied that the guidelines for their annual amount of MRP will result in it making a prudent provision.

MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Council's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.

The Council reserves the right to determine alternative MRP approaches in particular cases, in the interests of making a prudent provision, where this is material, taking account of local circumstances, including specific project timetables and revenue-earning profiles.

The Council is recommended to approve the following MRP Statement:

Where capital expenditure was incurred before 1 April 2008, the guidance suggests writing down the remaining Capital Financing Requirement by providing MRP of 4% per annum on a reducing balance method.

However, due to the lack of financial information on capital expenditure financed by borrowing incurred before 1 April 2016, the MRP Policy will be:

- **2% Straight Line Basis** - as the Council deems it more prudent MRP will be charged on a 2% straight line basis, net of 'Adjustment A'. This ensures that the debt will be repaid within 50 years, which will be far sooner than under the 4% reducing balance method.

From 1 April 2016 for all unsupported borrowing the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, with a maximum of 50 years life, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

This option provides for a reduction in the borrowing need over approximately the asset's useful life.

Capital expenditure incurred during 2024/25 will not be subject to an MRP charge until 2025/26 or the first year following the date that an asset becomes operational.

The Council will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

The Council has determined that MRP is not required for borrowing or credit arrangements used to finance capital expenditure on housing assets and accounted for within the Housing Revenue Account (HRA) as it has determined, through its duty to charge depreciation and hold a Major Repairs Reserve, that prudent provision has been made.

For the following types of capital expenditure, the Council has determined that an alternative methodology for determining the annual MRP charge should be adopted:

- MRP in respect of PFI contracts will be calculated by the amount that writes down the balance sheet liability unless the asset life is considerably longer than the PFI contract, where MRP will be calculated on an asset life basis.
- MRP in respect of leases where a right of use asset is on the balance sheet will equal the repayment amount in year that writes down the balance sheet liability.

Capital Loans

For capital expenditure on loans to third parties which were made primarily for service purposes, the Council will make nil MRP except where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. Instead, the Council will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.

For capital expenditure on loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value of any repayments of loan principal received during the financial year with the capital receipts received applied to finance the expenditure instead.

Capital Receipts

Capital receipts - proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Council decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.

MRP Overpayments

Under the MRP guidance, charges made more than the statutory MRP can be made and are known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

Cumulative VRP overpayments made up to 31 March 2024 are £1.793m.

Each year a new MRP statement will be presented.

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

Introduction and Background

Traditionally, capital receipts could only be used for specific purposes as set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.

The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

The government allows local authorities further flexibilities to fund revenue costs from capital sources including allowing borrowing to fund general cost pressures (with a commitment to future efficiency savings), funding specific invest to save revenue costs from borrowing, and allowing authorities to use the proceeds from selling investment assets to fund revenue pressures or increase reserves or repay debt.

The current government directive allowing the flexible use of capital receipts ends on 31 March 2030.

In summary, the key elements of the MHCLG guidance on the flexible use of capital receipts are:

Types of qualifying expenditure

1. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
2. Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure. In addition, one off costs, such as banking savings against temporary increases in costs/pay cannot be classified as qualifying expenditure.

Financing of the qualifying expenditure

1. Up to 100% of capital receipts from property, plant and equipment disposals received from 2025/26 (excluding Right to Buy receipts) can be used to finance qualifying expenditure (existing capital receipts in hand prior to 2025/26 are not permitted to be used).

2. Local authorities may not borrow to finance qualifying expenditure.
3. The guidance will apply for 2025/26.

NEWARK & SHERWOOD DISTRICT COUNCIL
CAPITAL PROJECT APPRAISAL FORM

PORTFOLIO	
DIRECTORATE	
BUSINESS MANAGER	
PROJECT OFFICER	
PROJECT TITLE	

1. **DESCRIPTION OF PROJECT**

2. **DEMONSTRATION OF NEED** (is a statutory requirement to carry out the works, can you provide evidence to support this)

3. **DETAIL HOW THE PROJECT LINKS TO THE COMMUNITY PLAN**

4. **DESCRIBE THE IMPACT OF THIS PROJECT ON OTHER BUSINESS UNITS** (including officers in other BU's involvement in the project) *Particularly Legal and Asset Management.*

5. PROJECT DEPENDANCIES

6. RESOURCE REQUIREMENTS

6a. LAND/BUILDINGS CURRENTLY IN COUNCIL OWNERSHIP (State whether General Fund or HRA).

6b. ESTIMATED CAPITAL COSTS INCLUDING PROFILE OF SPEND OVER FINANCIAL YEARS (best estimates should be given which can be firmed up when details scoping has been completed)
***Consideration to be given to inflation and contingency**

2026/27 £	2027/28 £	2028/29 £	2029/30 £

6d. FUNDING AVAILABLE

Source	2026/27 £	2027/28 £	2028/29 £	2029/30 £

6e. REVENUE IMPLICATIONS (this should include costs associated with implementation, ongoing revenue costs and ongoing savings and should be agreed with relevant accountant).

6f. VAT IMPLICATIONS (do we need to consider an option to tax?) Please do not assume no, for advice on this please contact Jenna Norton, Financial Services.

7. OTHER INFORMATION

7a. HEALTH & SAFETY ISSUES

7b. EQUALITIES IMPLICATIONS

7c. CRIME & DISORDER ISSUES

7d. PLANNING IMPLICATIONS (if a planning application is required, has this cost been factored into the cost in section 6?)

7e. LISTED BUILDING IMPLICATIONS

7f. PROJECT RISKS AND UNCERTAINTIES

7f. HAVE ALTERNATIVE PROCUREMENT STRATEGIES SUCH AS JOINT PROCUREMENT BEEN EXPLORED?

8. ANTICIPATED START AND END DATES FOR PROJECT ONCE APPROVED

9. ANY ADDITIONAL INFORMATION (results of tenant survey, cost breakdown per site or type of work etc)

FORM COMPLETED BY: _____

DATE: _____

SIGNATURE OF SPONSORING DIRECTOR: _____

PRIORITISATION CRITERIA

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
1	<p>Key Priorities</p> <p>Scheme must link to at least one of the Council's priorities and be an objective contained within a Service Plan.</p>	<p>If a scheme does not clearly relate to these areas it will not be considered further.</p>	<p>Each scheme to be marked as to how well it fits with the Community Plan</p>	35%
2	<p>Evidence of Need</p> <p>Service Strategy National Strategy or Guidelines Statutory Obligation</p>	<p>In some cases local demands are in excess of national guidelines and strategies and this tries to acknowledge that the two must be balanced. This will cover Health and Safety related schemes.</p>	<p>The following factors will receive equal weighting :-</p> <ul style="list-style-type: none"> • Statutory Obligation • National Strategy • Validity of consultation in relation to project. e.g. How specific to this project? Who was consulted, was this comprehensive? • Quality of evidence of need for project .e.g. size of sample base, date of evidence, format of evidence 	10%
3	<p>Partnership</p> <p>Eligibility under existing criteria can be demonstrated.</p>	<p>Show that work has been done to ensure that the obtaining of external finance is realistic. The degree to which the partnership will add value to the project.</p>	<p>The proportion of finance which will be met by third party. The likelihood of receiving support.</p> <p>Assessment of the value the partner will add to the project.</p>	15%

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
4	<p>Outputs and Outcomes</p> <p>These have been clearly identified and can be justified from supporting evidence.</p> <p>Specific comments should be made as to how the scheme represents value for money when compared to other options</p>	<p>This will enable the council to improve the way it reports its work and clearly show what is being achieved. The comments should refer to any performance indicators which the proposal is addressing specifying what the improvement target is.</p>	<p>Assessment then made on what the scheme will achieve.</p>	<p>15%</p> <p>Assessment of all factors or group of factors</p>
5	<p>Financial</p> <p>Capital costs have been based on internal or external professional advice</p> <p>Revenue implications have been properly developed</p>	<p>Capital costs include both works and land purchase and cover all associated costs.</p> <p>Try and avoid “guesstimates” which result in schemes requiring increased finance or having to be reduced to meet finance available.</p>	<p><u>Capital</u> will be based on the quality of work which has been put into estimate. e.g. costed feasibility studies.</p> <p><u>Revenue</u> will be based on whether the effect is positive, neutral or negative on the revenue budget.</p> <p>Positive effect scores 10</p> <p>Neutral effect scores 3</p> <p>Negative effect scores 0</p>	<p>5%</p> <p>10%</p>

6	<p>Risk Assessment</p> <p>Identify the level of risk in a project not being able to proceed. For example planning appeals, listed building consent. Over subscription of partnership funds</p>	<p>Try and ensure that not all schemes selected are high risk with the danger that there will be delays in delivery or no-delivery.</p>	<p>The following will all need to be considered:-</p> <ul style="list-style-type: none"> Technical Issues Financial Uncertainty Partnership uncertainty Planning Issues Legal issues Timescale 	<p>10%</p>
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Report to: Audit & Governance Committee Meeting 19 February 2025

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

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
Report Title	Investment Strategy 2025/26
Purpose of Report	This investment strategy is for 2025/26, meeting the requirements of statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance in January 2018.
Recommendations	That Committee approves each of the following key elements and recommends these to Full Council on 6 March 2025 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter: <ul style="list-style-type: none"> • The Investment Strategy 2025/26 Appendix A. • The Investment Prudential Indicators and Limits for 2025/26, contained within Appendix A.
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 definition of an investment covers all of the financial assets of the Council as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

1.2 A loan is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

1.3 Statutory Requirements:

- The MHCLG Investment Guidance is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to “have regard” to “such guidance as the Secretary of State may issue”.
- For each financial year, a local authority should prepare at least one Investment Strategy (“the Strategy”). The Strategy should contain the disclosures and reporting requirements specified in this guidance. The Strategy should be approved by the full council.

2.0 Summary of Limits

2.1 The below table summarises the proposed limits within the Investment Strategy 2025/26 for the non-treasury investments, each category has further details within the **Appendix**;

Category of borrower	2023/24 actual			2025/26
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
	£m	£m	£m	£m
Service Investments: Loans	0.021	0	0.021	16.500
Service Investments: Shares	4.404	-0.365	4.039	5.000
Commercial Investments: Property	0	0	0	0

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 (LEG2425/3145)

Audit & Governance Committee is the appropriate body to consider the content of this report, by virtue of its terms of reference.

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.

MHCLG Investment Guidance 3rd Edition

Investment Strategy Report 2025/26

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to, or buying shares in, other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories. This investment strategy has been created in line with the Council's Treasury Management Strategy Statement and the Council's Capital Strategy. The initial strategy may be replaced with a revised strategy at any time during the year in cases where any treasury management issues (including investment issues) need to be brought to the attention of Full Council.

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of treasury management investments is expected to fluctuate between £20m and £65m during the 2025/26 financial year.

Treasury Management Investments

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2025/26 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council can lend money to its subsidiaries, local businesses, local charities and any other bodies to support local public services and stimulate local economic growth. The Council currently does not intend to invest further in service loans.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to

service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Prudential Indicator 13: Loans for service purposes

Category of borrower	2023/24 actual			2024/25	2025/26
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Forecast Actual £m	Approved Limit £m
Subsidiaries	0	0	0	8.000	15.000
Local businesses	0	0	0	0.000	0.500
Local charities	0	0	0	0	0.500
Other Bodies	0.021	0	0.021	0.018	0.500
TOTAL	0.021	0	0.021	8.018	16.500

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council’s statement of accounts will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Prudential Indicator 14: Net income from service investments to net revenue stream

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
General Fund					
Total GF Service Investment Income	3.917	2.146	1.980	1.959	1.966
Proportion of net revenue stream	16.00%	7.06%	7.13%	5.80%	4.74%
Housing Revenue Account					
Total Service Investment Income	0.004	0.005	0.051	0.020	0.020
Proportion of net revenue stream	0.01%	0.02%	0.16%	0.06%	0.06%

Risk assessment: The Council assesses the risk of loss before entering into service loans by assessing the counterparty’s resilience, the service users’ needs that the loan is designed to help meet, and how these will evolve over time. During the life of the loan any change in original assumptions will be monitored. The Council will use external advisors if felt appropriate by the Director of Resources/Deputy Chief Executive or Business Manager for Financial Services. All loans will be subject to contract agreed by the Legal Business Unit and the credit risk will be determined by reference to the “expected credit loss” model for loans and receivables as set out in International Reporting Standard (IFRS) 9 Financial Instruments. All loans must be approved by full Council and will be

monitored by the Director of Resources/Deputy Chief Executive, or Business Manager for Financial Services.

Service Investments: Shares

Contribution: The Council can invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth. Currently the Council does not intend to invest further in any shares with suppliers or local businesses; however the Council has invested £4m of equity funding into Arkwood Development Limited for which it has received 100% of the share capital issued, making it wholly owned by the Council.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recoverable. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Prudential Indicator 15: Shares held for service purposes

Category of company	Original Investment £m	Previous Years Accumulated Gains or (Losses) £m	2023/24 actual			2025/26
			Amounts invested £m	Gains or (losses) £m	Value in accounts £m	Approved Limit £m
Subsidiaries	4.000	0.404	4.404	-0.365	4.039	5.000
Suppliers	0	0	0	0	0	0
Local businesses	0	0	0	0	0	0
TOTAL	4.000	0.404	4.404	-0.365	4.039	5.000

Shares are classed as capital expenditure and purchases will therefore be approved as part of the capital programme.

Risk assessment: The Council would assess the risk of loss before entering into and whilst holding shares by going through an extensive process of risk analysis. The risk analysis will include an assessment of the market that the subsidiary will be active in; including the nature and level of competition, how the market/customer needs will evolve over time, the barriers to entry and exit and any ongoing investment requirements. The Council will use external advisors as thought appropriate by Director of Resources/Deputy Chief Executive, or Business Services Manager for Finance.

Liquidity: Although this type of investment is fundamentally illiquid, in order to limit this the Council, when it sets a limit in this area, will initially set out the maximum periods for which funds may prudently be committed and how the Council will ensure it stays within its stated investment limits.

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The

Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

Contribution: The Council can invest in local, regional and UK commercial and residential property with the intention of making a profit that will be spent on local public services. Currently none of the Council properties meet the investment property definition as defined in International Accounting Standard 40: Investment Property.

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding property investments by ensuring they are prudent and has fully considered the risk implications, with regard to both the individual property and that the cumulative exposure of the council is proportionate and prudent. The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place, before entering into any commercial property investment and the business case will balance the benefits and risks. All investments of this type will be agreed by Cabinet.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. The investment strategy for the Council for 2025/26 is proposed to remain broadly unchanged as it is considered overall to be well structured to limit any undue risks to the security of assets and preservation of liquidity whilst also allowing the council and delegated officers to access suitable investment opportunities.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands at the point of entry, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness. The Council does not provide such commitments and guarantees, and this strategy does not include them for 2025/26.

Borrowing in Advance of Need

The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £217 million. The maximum period between borrowing and expenditure is expected to be two years.

Capacity, Skills and Culture

Elected members and statutory officers: The Council recognises that those elected Members and statutory officers involved in the investments decision making process must have appropriate capacity, skills and information to enable them to:

- take informed decisions as to whether to enter into a specific investment;
- to assess individual assessments in the context of the strategic objectives and risk profile of the Council; and
- to enable them to understand how new decisions have changed the overall risk exposure of the Council.

The Council establishes project teams from all the professional disciplines from across the Council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

The investment decisions are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management, which includes investment decisions, receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Members of the Audit and Governance Committee received training from the Council's treasury advisers, Link Group, on 9 December 2024. Further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

Commercial deals: The Council will ensure that the Audit and Governance Committee, Cabinet and officers negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

Corporate governance: Any investment decisions will be scrutinised by Senior Leadership Team before final approval by Members.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Total investment exposure	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Forecast £m
Treasury management investments	34.410	33.641	17.466
Service investments: Loans	0.021	8.018	11.408
Service investments: Shares	4.039	4.000	4.000
Commercial investments: Property	0	0	0
TOTAL INVESTMENTS	38.470	45.659	32.874
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	38.470	45.659	32.874

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing in year	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Forecast £m
Treasury management investments	0	0	0
Service investments: Loans	0.000	8.000	3.408
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
TOTAL FUNDED BY BORROWING	0	8.000	3.408

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments net rate of return	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Forecast £m
Treasury management investments	4.74%	4.44%	4.00%
Service investments: Loans	5.64%	6.51%	6.51%
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
ALL INVESTMENTS	5.19%	5.48%	5.26%



Report to: Audit & Governance Committee Meeting 19 February 2025

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

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
Report Title	Treasury Management Strategy 2025/26
Purpose of Report	This report seeks approval for the Treasury Management Strategy, which incorporates the Borrowing Strategy, Investment Strategy, and Treasury Prudential Indicators, updated in accordance with latest guidance.
Recommendations	That Committee approves each of the following key elements and recommends these to Full Council on 6 March 2025 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter: <ul style="list-style-type: none"> • The Treasury Management Strategy 2025/26, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A). • The Treasury Prudential Indicators and Limits, contained within Appendix A. • The Authorised Limit Treasury Prudential Indicator contained within Appendix A.
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 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.”

1.2 Statutory Requirements:

- The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury

Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes to set Treasury Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

- The Act therefore requires the Council to set out its Treasury Strategy for Borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.3 CIPFA Requirements:

The primary requirements of the Code are as follows:

- The creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
- The creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy, a Mid-year Review Report and an Annual Report covering activities during the previous year;

1.4 This report seeks approval for the Treasury Management Strategy 2025/26 (Appendix A), which encompasses the Treasury Prudential Indicators, the Borrowing Strategy, and the Annual Investment Strategy, in accordance with latest guidance as follows:

2.0 Summary of Investment Limits and Indicators

2.1 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). No investment limits have been amended for the financial year 2025/26. Also, it is proposed to use the same prudential indicators for the investing activity, further details are in the **Appendix**.

3.0 Summary of Borrowing Limits and Indicators

3.1 The Council's borrowing limits are directly affected by the Council's approved capital programme and any capital expenditure financed by borrowing will therefore increase the Capital Financing Requirement (CFR). In respect of the tables within the documents, these reflect the proposed capital programme that will be presented to Cabinet on 18 February 2025 to be approved at Council on 6 March 2025. Where changes occur, these will be reflected in the documents as appropriate. The CFR is the level of expected borrowing and when compared to the actual external debt the variance represents the over or under borrowing position.

3.2 The Council is currently in an under borrowed position which means that previous capital expenditure financed by borrowing hasn't yet required actual external debt due

to the timing of cash backed reserves that haven't yet been utilised. However, this is always a temporary position as ultimately when the cash backed reserves are used there will be a requirement for actual external borrowing.

- 3.3 The table below shows the Councils increasing CFR due to capital expenditure financed by borrowing less the actual external debt, with no new borrowing assumptions, less the cash backed reserves and working capital (debtors less creditors), further details are in **Appendix A**.

	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Loans CFR	183,075	197,258	205,118
Less: External borrowing	-103,857	-100,812	-94,766
Internal (over) borrowing	79,218	96,446	110,352
Less: Usable reserves	-44,681	-37,836	-35,998
Less: Working capital	-10,500	-10,500	-10,500
Investments / -New borrowing	-24,037	-48,110	-63,854

The table indicates that between 2025/26 and 2027/28 it is estimated that there will potentially be a minimum requirement to borrow an additional £64m.

- 3.4 Within the borrowing strategy the following key limits are proposed for the operational boundary and authorised limit over the same period, further details in **Appendix A**.

	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Operational Boundary	190,075	204,258	212,118
Authorised Limit	195,075	209,258	217,118

- 3.5 In the proposed borrowing strategy of the Treasury Management Strategy 2025/26, prudential indicator 4 (maturity structure of borrowing) has been revised to increase the upper limit on the first three exposure periods by 10%. This change is intended to enhance flexibility in a high-interest rate environment, allowing for shorter borrowing periods instead of being constrained to commit to long-term borrowing while interest rates are elevated.

4.0 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.

- 4.1 Legal Implications (LEG2425/8)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its terms of reference.

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.

CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2011 Edition and the 2017 revised Edition

CIPFA Prudential Code Local Government Act 2003

CIPFA Standard of Professional Practice on Treasury Management

TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26**Introduction**

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

“The management of the local authority's borrowing, 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.”

This strategy covers the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC (now MHCLG) MRP Guidance, the CIPFA Treasury Management Code and DLUHC (now MHCLG) Investment Guidance.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

Treasury Management Reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital forecast summary;
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how treasury investments are to be managed).
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the treasury position, amending prudential indicators as necessary, and whether any policies require revision.
- c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports and strategies are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

Quarterly Reports

In addition to the three major reports detailed above, from 2024/25 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council but are required to be adequately scrutinised. This role is undertaken by the Cabinet and the Prudential Indicators form part of the Quarterly Budget Monitoring Reports.

Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Treasury Management training has been undertaken by members on 9 December 2024 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained by the finance department. Similarly, a formal record of the treasury

management/capital finance training received by members will also be maintained by democratic services.

Treasury Management Consultants

The Council uses MUFG Corporate Markets, formally known as Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Capital Summary and Liability Benchmark

On 31 December 2024, the Council held £95m of borrowing and £47m of investments. Forecast changes in these sums are shown in the balance sheet analysis table below.

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure and financing:

	2023/24 Actual £'000	2024/25 Forecast £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Fund services	41,350	19,885	31,031	7,954	5,075
Council housing (HRA)	14,035	21,270	23,295	23,850	18,033
Capital Loan (GF)	0	8,000	3,408	3,408	0
TOTAL	55,385	49,155	57,734	31,804	23,108
Capital Grants	33,845	6,245	7,787	1,378	1,675
Other Contributions	1,284	4,573	2,451	0	0
CIL	0	76	2,500	3,000	0
Capital Receipts	2,184	2,744	3,404	1,916	2,444
Revenue/ Major Repairs	14,814	12,492	9,730	7,204	4,413
Borrowing	3,258	23,025	31,862	18,306	14,576
TOTAL	55,384	49,155	57,734	31,804	23,108

The Council's borrowing need (the Capital Financing Requirement)

	2023/24 Actual £'000	2024/25 Forecast £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Fund CFR	34,591	45,335	63,910	63,634	63,343
HRA CFR	101,067	111,637	119,165	133,624	141,775
Total CFR	135,658	156,972	183,075	197,258	205,118
Less: External borrowing	-84,935	-108,897	-103,857	-100,812	-94,766
Internal (over) borrowing	50,723	48,075	79,218	96,446	110,352
Less: Usable reserves	-58,217	-48,637	-44,681	-37,836	-35,998
Less: Working capital	-9,575	-10,500	-10,500	-10,500	-10,500
Investments / - New borrowing	17,069	11,062	-24,037	-48,110	-63,854

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Council has an increasing CFR due to the proposed capital programme and diminishing investments and will therefore be required to borrow up to a minimum of an additional £90m over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the Council expects to comply with this recommendation during 2025/26.

Liability benchmark: A liability benchmark has been calculated showing the lowest level of borrowing required. This assumes the same forecasts as the table above, but that cash and investment balances are kept to a minimum level of £10m, as per MiFID II, at each year-end to maintain sufficient liquidity but minimise credit risk.

	2023/24 Actual £'000	2024/25 Forecast £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Loans CFR	135,658	156,972	183,075	197,258	205,118
Less: Usable reserves	-58,217	-48,637	-44,681	-37,836	-35,998
Less: Working capital	-9,575	-10,500	-10,500	-10,500	-10,500
Plus: Minimum investments	10,000	10,000	10,000	10,000	10,000
Liability Benchmark	77,866	107,835	137,894	158,922	168,620

Borrowing Strategy

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Current Borrowing portfolio position

The Council's treasury portfolio position, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Forecast	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Debt at 1 April	90,429	84,935	108,897	103,857	100,812
Expected change in Debt	-5,494	23,962	-5,040	-3,045	-6,046
Actual gross debt at 31	84,935	108,897	103,857	100,812	94,766
The Capital Financing Requirement	135,658	156,972	183,075	197,258	205,118
Under / (over) borrowing	50,723	48,075	79,218	96,446	110,352

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes or speculative purposes.

The Director of Resources/Deputy Chief Executive reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

IFRS16 – Leasing

The CIPFA LAASAC Local Authority Accounting Code Board deferred implementation of IFRS16 until 1 April 2024, the 2024/25 financial year. Where off-balance sheet leased assets have been brought onto the balance sheet in 2024/25.

The Council is presently assessing the effects of implementing the IFRS16 standard. To accommodate the necessary amendments in accordance with the standard, prudent assumptions and forecasts have been incorporated within the strategy limits

Treasury Indicators: limits to borrowing activity

Prudential Indicator 1: Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise of finance leases, Private Finance Initiatives and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2024/25 Revised £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Borrowing	161,972	188,075	202,258	210,118
Impact of IFRS16	2,000	2,000	2,000	2,000
Total Debt	163,972	190,075	204,258	212,118

Prudential Indicator 2 and 3: Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2024/25 Revised £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Borrowing	166,972	193,075	207,258	215,118
Impact of IFRS16	2,000	2,000	2,000	2,000
Total Debt	168,972	195,075	209,258	217,118

Separately, following the removal of the HRA Debt cap set by Government on 30 October 2018, the Council chose to use the Interest Cover Ratio (ICR) as its borrowing boundary for the HRA. The ICR represents the cover that the HRA has against its interest cost liabilities in any year. The ICR is set to a minimum which provides comfort that if there were a sudden drop in income or increase in operating costs, there would be sufficient headroom to continue to cover debt interest payments. The typical lending covenants used with the ratio varies between 1.10 and 1.50, the lower rate represents less cover and higher rate represents more cover, the Council will use the most prudent approach and therefore use 1.50 within the ratio to provide the most comfort of interest costs cover. The ICR has been modelled into the current HRA 30 year business plan and the maximum additional debt capacity set is £14,946m in order to maintain affordability in each financial year:

HRA Debt Limit	2024/25 Revised £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
HRA CFR	111,637	119,165	133,624	141,775
Additional ICR Debt	41,314	14,946	14,946	14,946
HRA Authorised Limit	152,951	134,111	148,570	156,721

Prudential Indicator 4: Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed and variable rate borrowing will be:

	Upper	Lower
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Strategy: The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt. Instead, cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains relatively elevated in 2025 even if some rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Director of Resources/Deputy Chief Executive will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

The benefits of internal or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Link will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2025/26, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow (normally for up to one to six months) short-term loans to cover unplanned cash flow shortages. Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

Sources of borrowing: Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following additional sources.

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- UK Municipal Bonds Agency plc any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds
- capital market bond investors
- Finance Leases

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

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. £3.5m of these LOBOs have options during 2025/26, and although the Council understands that lenders are unlikely to exercise their options in the current interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £0m.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. Rescheduling of current borrowing in our debt portfolio is unlikely to occur. If rescheduling was done, it will be reported to Council, at the earliest meeting following its action.

Policy on borrowing in advance of need: The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Policy on internal borrowing interest to the HRA: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other.

Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (capital financing requirement) will result in an internal borrowing situation. The internal borrowing on the HRA will be charged at the 25 year fixed maturity interest rate for PWLB for the 31 March for the relevant financial year with the credit going to the General Fund balance.

Investment Strategy

Management of Risk

The Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy and Investment Strategy.

The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk.

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 9 months, the Council's investment balance has ranged between £30 and £54 million. Levels available for investment are affected by capital expenditure and use of reserves, both will continue to be monitored throughout the financial year.

Objectives: As the CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Strategy: Given the continued risk and market volatility, the Council aims to continue investing into secure and/or higher yielding asset classes during 2025/26. This is especially the case for the estimated £15m that is potentially available for longer-term investment. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits and money market funds.

Business models: As a result of the change in accounting standards under IFRS 9, the Council must consider the implications of investment instruments which could result in an adverse

movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. On 18 December 2024, The Ministry of Housing, Communities and Local Government (MHCLG) issued a consultation on the provisional Local government finance settlement for 2025/26, which included the IFRS9 statutory override (Pooled Investment Fund Override – Regulation 30k), which they are minded not to extend beyond 31 March 2025. The override has been in place since 2018/19 for an initial five-year period to 31 March 2023 and was subsequently extended for a further two years to 31 March 2025.

During this seven-year period, the council has been prohibited from charging the fair value movements on the Council's pooled investment funds to the Comprehensive Income and Expenditure Statement (CIES) and have instead charged these to the Pooled Fund Investment Override account on the balance sheet, which was set up solely for the purpose of recognising fair value gains and losses on pooled investment funds.

In order to mitigate the impact of fair value movements on pooled investment funds, following the demise of the IFRS9 override, the Council will review the requirement for an earmarked reserve for the purpose of smoothing fair value movements on these funds during 2025/26.

Creditworthiness Policy; The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

1. It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security; and
2. It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Resources/Deputy Chief Executive will maintain a counterparty list in compliance with the following criteria in the table below and will revise the criteria and submit them to Council for approval as necessary.

Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the below criteria relies

primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council’s counterparty list are as follows:

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£8m 5 years	£10m 20 years	£20m 50 years	£5m 20 years	£5m 20 years
AA+	£6m 5 years	£10m 10 years	£10m 25 years	£5m 10 years	£5m 10 years
AA	£6m 4 years	£10m 5 years	£10m 15 years	£5m 5 years	£5m 10 years
AA-	£6m 3 years	£10m 4 years		£5m 4 years	£5m 10 years
A+	£6m 2 years	£10m 3 years		£5m 3 years	£5m 5 years
A	£6m 13 months	£10m 2 years		£5m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months		£5m 13 months	£5m 5 years
None		n/a			£5m 5 years
Pooled funds and real estate investment trusts		£15m per fund or trust			

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are

subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Council will incur operational exposures through its current accounts, with Lloyds Bank. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £850,000 net in the bank with an overdraft facility of £100,000. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Country and sector limits: Due care will be taken to consider the country, group and sector exposure of the Council’s investments.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA (excluding UK) from Fitch (or equivalent). This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

Investment limits: In order to limit the amount of reserves that will be potentially put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£15m per group
Any group of pooled funds under the same management	£15m per manager
Negotiable instruments held in a broker’s nominee account	£10m per broker
Foreign countries	£10m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£15m in total

Local Authorities	£15m each
Money market funds	£12m each
Real estate investment trusts	£10m in total

Liquidity management: The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium-term financial plan and cash flow forecast.

Policy on internal investment interest to the HRA: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Interest receivable for HRA balance sheet resources available for investment will result in a notional cash balance. This balance will be measured at the end of the financial year and interest transferred from the General Fund to the HRA at the average investment rate for a DMO investment for the financial year due to the General Fund carrying all the credit risk per investment.

Investment returns expectations: The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2024/25 (residual)	4.20%
2025/26	3.90%
2026/27	3.50%
2027/28	3.25%
2028/29	3.25%

Treasury Indicators: limits to investing activity

The Council measures and manages its exposures to treasury management risks using the following indicators.

Prudential Indicator 5: Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

Prudential Indicator 6: Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a banding period, without additional borrowing.

Liquidity risk indicator	Target	Limit
Total cash available within;		
3 months	30%	100%
3 – 12 months	30%	80%
Over 12 months	40%	60%

Prudential Indicator 7: Interest rate exposures: This indicator is set to control the Council’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£400,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£400,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Prudential Indicator 8: Principal sums invested for periods longer than a year: 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. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2025/26	2026/27	2027/28
Limit on principal invested beyond year end	£15m	£15m	£15m

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Resources/Deputy Chief Executive has produced its treasury management practices (TMPs). This part, TMP 1, covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments.
- The principles to be used to determine the maximum periods for which funds can be committed.

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in institutions.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Resources/Deputy Chief Executive, and if required new counterparties which meet the criteria will be added to the list.

Treasury Management Scheme of Delegation

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;

(ii) Audit and Governance Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body;
- receiving and reviewing regular monitoring reports and acting on recommendations; and
- approving the selection of external service providers and agreeing terms of appointment.

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management, with a long term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees ;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above; and
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed.

Economic Background and Interest Rate Forecast

The third quarter of 2024 (July to September) saw:

- GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
- A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
- CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
- Core CPI inflation increasing from 3.3% in July to 3.6% in August;
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
- 10-year gilt yields falling to 4.0% in September.

Over the aforementioned period, the economy's stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy's performance has been the negative market sentiment in respect of the fallout from the Chancellor's Budget on 30 October.

If we reflect on the 30 October Budget, our central case is that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back to sub-2% in 2027. Nonetheless, since the Budget, the October inflation print has shown the CPI measure of inflation bouncing up to 2.3% y/y with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The RPI measure has also increased significantly to 3.4% y/y.

How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises in the June 2025 Spending Review (pushed back from the end of March), and a tepid GDP performance.

Regarding having a sufficiently large pool of flexible and healthy workers, the initial outlook does not look bright. Research from Capital Economics has alluded to an increase of some 500,000 construction workers being needed to provide any chance of the Government hitting its target of 300,000 new homes being built in each of the next five years (234,000 net additional dwellings in England in 2022/23). But the last time such an increase was needed, and construction employment is currently at a nine-year low, it took 12 years to get there (1996 to 2008). Also note, as of October 2024, job vacancies in the construction sector were still higher than at any time in the 20 years preceding the pandemic.

Currently, it also seems likely that net inward migration is set to fall, so there is likely to be a smaller pool of migrant workers available who, in the past, have filled the requirement for construction worker demand. The Government plans to heavily promote training schemes, particularly to the one million 16- to 24-year-olds who are neither in education nor work. But it is arguable as to whether the employee shortfall can be made up from this source in the requisite time, even if more do enter the workforce.

Against, this backdrop, there may be a near-term boost to inflation caused by a wave of public sector cash chasing the same construction providers over the course of the next year or so, whilst wages remain higher than the Bank currently forecasts because of general labour shortages, including in social care where Government accepts there is a 150,000 shortfall at present.

Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% y/y (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy. Indeed, over the next six months, the market is currently only pricing in Bank Rate reductions in February and May – which would see Bank Rate fall to 4.25% - but further cuts, thereafter, are highly likely to be even more data-dependent.

If we focus on borrowing, a term we are likely to hear throughout 2025 is “bond vigilante”. Essentially, this represents a generic term for when the market is ill at ease with the level of government borrowing and demands a higher return for holding debt issuance. In the UK, we do not need to go back too far to recall the negative market reaction to the Truss/Kwarteng budget of 2022. But long-term borrowing rates have already gradually moved back to those levels since their recent low point in the middle of September 2024. Of course, the UK is not alone in this respect. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too. Throw into the mix the uncertain outcome to German elections, and there is plenty of bond investor concern to be seen.

Staying with the US, Donald Trump’s victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates

whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.

In the past month, the US Core CPI measure of inflation has indicated that inflation is still a concern (3.3% y/y, 0.3% m/m), as has the November Producer Prices Data (up 3.0 y/y v a market estimate of 2.6% y/y, 0.4% m/m v an estimate of 0.2% m/m) albeit probably insufficient to deter the FOMC from cutting US rates a further 0.25% at its December meeting. However, with Trump's inauguration as President being held on 20 January, further rate reductions and their timing will very much be determined by his policy announcements and their implications for both inflation and Treasury issuance.

Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. More recently, however, 10 year gilt yields have spiked back up to 4.35%.

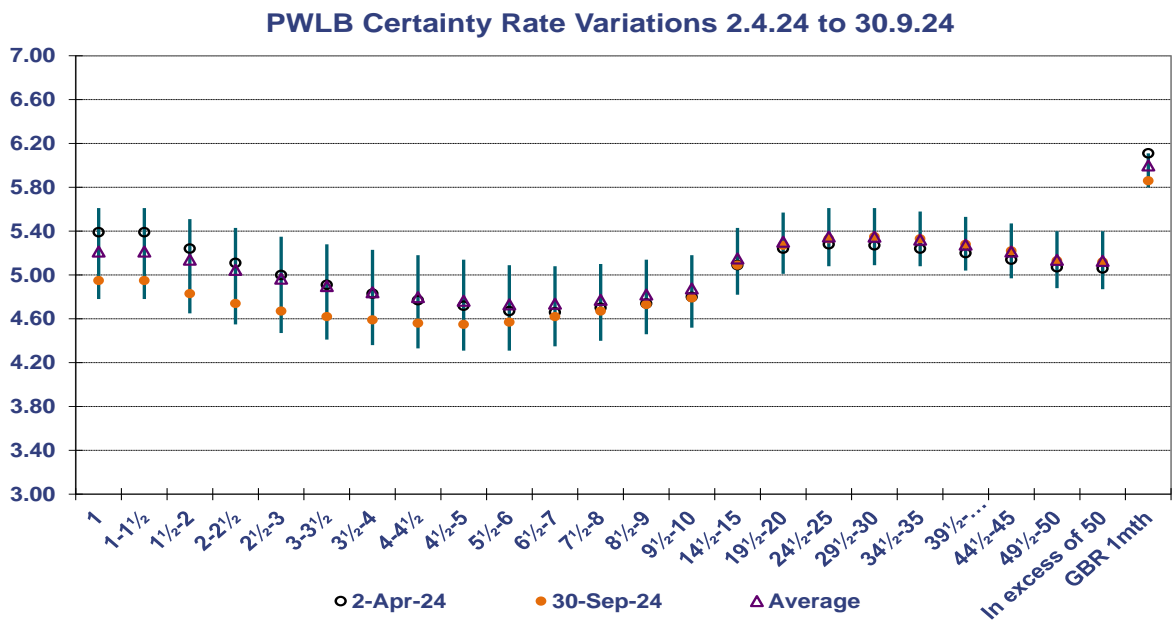
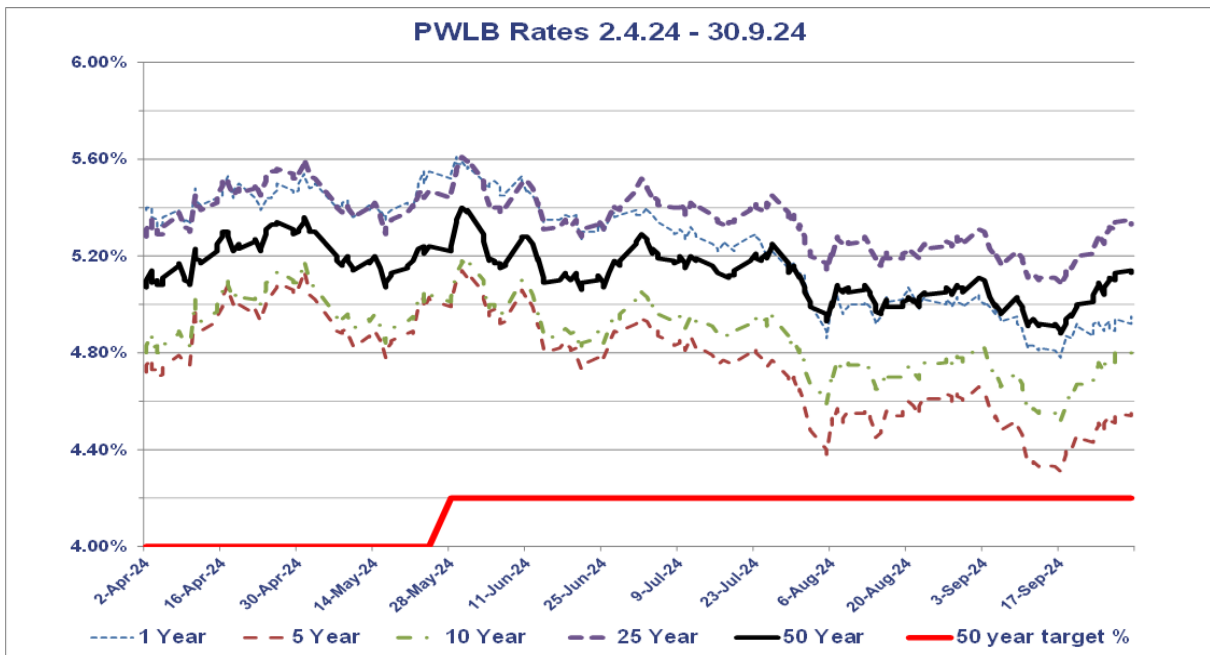
The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8,304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% y/y. The catalyst for any further rally (or not) is likely to be the breadth of AI's impact on business growth and performance.

MPC meetings: 9 May, 20 June, 1 August, 19 September, 7 November 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

PWLB RATES 02.04.24 - 30.09.24



HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 30.09.24

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
30/09/2024	4.95%	4.55%	4.79%	5.33%	5.13%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.14%	5.18%	5.61%	5.40%
High date	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
Average	5.21%	4.76%	4.88%	5.35%	5.14%
Spread	0.83%	0.83%	0.66%	0.53%	0.52%

INTEREST RATE FORECASTS

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 11 November 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

The Council can access a Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps), until March 2026.



Report to: Audit & Governance Committee: 19 February 2025

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive/Director
Resources, Section 151 Officer
Sue Bearman, Assistant Director Legal & Democratic Services, Monitoring Officer

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

Report Summary	
Report Title	Review of Significant Issues in the Annual Governance Statement
Purpose of Report	To update members of the Audit & Governance Committee on the significant governance issues identified in the Annual Governance Statement.
Recommendations	That the Committee notes the results of the review of significant governance issues as identified in the Annual Governance Statement.
Reason for Recommendation	To provide assurance for Members that identified issues are being managed appropriately and that any necessary improvements are implemented. To ensure the Council meets its Community Plan objective to be professional and trustworthy by delivering on promises; providing good quality and demonstrating integrity.

1.0 Background

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and with proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement.
- 1.2 At the meeting of the Audit & Accounts Committee on 31 July 2024, Members approved the draft Annual Governance Statement for the Council for financial year ended 31 March 2024; part of the Council’s Statement of Accounts. The AGS has not

been amended since that point and is attached to the Audited Statement of Accounts report on this Committee’s agenda for final approval. To ensure that Members can undertake their assurance role, this report updates the Committee on the status of the governance issues identified within the Annual Governance Statement.

1.3 The significant governance issues identified were as follows: -

Issue	Action	Responsible Officer	Completion Date
<p>Long Term Financial Sustainability of the Council</p> <p>The approval of the Medium Term Financial Plan in March 2024 identified that by 2027/28 there will be a shortfall in funding of £1.627m. The use of the MTFP mitigates the impact of the annual shortfalls over the MTFP period, which equates to annual shortfalls of circa £3m 2026/27.</p>	<p>Mitigations over the period were identified within the MTFP and are underway with delivery. It is paramount these targets are met and actions are already underway to ensure their delivery. Should any of the identified mitigations not be met, this would increase the shortfall currently identified and also increase the inherent annual shortfalls. Further to the delivery of the identified mitigations, work is currently underway with reviewing base budget variances over the past 3 years to understand whether inherent savings/additional income are prevalent in services which could contribute to reducing the annual shortfalls.</p>	<p>Deputy Chief Executive/Director of Resources and S151 Officer & Business Manager – Financial Services</p>	<p>Ongoing</p>

1.4 The Annual Governance Statement confirmed, ‘We propose over the coming year to take steps to address the above matter to further enhance our governance arrangements. We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review’.

2.0 Update to significant issue identified

2.1 The Medium Term Financial Plan (MTFP) will be tabled at Cabinet on 18 February 2025. The papers showed that over the next four-year period the Council is fully funded, subject to a number of mitigation measures. The report details how these mitigation

measures are progressing against target and the further work that continues to ensure the delivery of them. At the time of writing this report the papers have been circulated but the meeting yet to have occurred. Work continues to understand the impact of the proposed changes in the Local Government Finance System together with the mitigations described within the MTFP. An update from Cabinet will be provided at the meeting.

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.

3.2 Legal Implications (LEG2425/2819)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its responsibilities in relation to Audit.

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.

Audit and Governance Committee report of 31 July 2024 – Unaudited Statement of Accounts 2023/4 is published – item 9 - <https://democracy.newark-sherwooddc.gov.uk/ieListDocuments.aspx?Cid=298&Mid=985>



Report to: Audit & Governance Committee: 19 February 2025

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

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

Report Summary	
Report Title	Whistleblowing Policy Annual Report
Purpose of Report	An annual report to update the Committee on the implementation of the Council’s Whistleblowing Policy.
Recommendations	That the report be noted, and that the Committee includes an annual review of the operation of the Council’s Whistleblowing Policy in the Committee’s work plan, and that an awareness raising exercise be undertaken during the next year.
Reason for Recommendation	To ensure oversight arrangements are in place going forward.

1.0 Background

- 1.1 The Council’s Whistleblowing Policy was last updated in 2023 following review by the Audit & Governance Committee. No updates were considered necessary in 2024.
- 1.2 In 2024 The Monitoring Officer worked with Corporate Communications to promote the existence of the Policy through the Council’s staff newsletter and posters.
- 1.3 The Policy has been shared with the Council’s wholly owned companies, Active 4 Today Limited and Arkwood Developments Limited, as a template.
- 1.4 No whistleblowing concerns have been recorded by the Monitoring Officer in the past year.

2.0 Proposal/Options Considered

- 2.1 It is proposed that the Committee again includes an annual review of the operation of the Council’s Whistleblowing Policy in the Committee’s work plan. No updates or amendments are considered necessary this year.

- 2.2 It is proposed that a further awareness raising exercise is undertaken prior to the next annual review.

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.

3.2 Legal Implications (LEG2425/1092)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its function in relation to assurance of the Council's governance arrangements.

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.

- The Council's Whistleblowing Policy is published for staff on the Council's Intranet and is available as a background paper.
- Audit & Governance Committee report of 21 February 2024 is published - <https://democracy.newark-sherwooddc.gov.uk/documents/s19160/Item%2017%2021.02.2024%20Whistleblowing%20Policy%20Annual%20Report.pdf>



Report to: Audit & Governance Committee: 19 February 2025

Director or Business Manager Lead: Sue Bearman – Assistant Director Law and Information Governance, Monitoring Officer

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

Report Summary	
Report Title	Gifts and Hospitality Annual Report
Purpose of Report	An annual report to update Committee on the implementation of the Council’s gifts and hospitality policies.
Recommendations	That the report be noted and that the Committee includes an annual review of the operation of the Council’s Gifts and Hospitality arrangements in the Committee’s work plan
Reason for Recommendation	To ensure oversight arrangements are in place going forward.

1.0 Background

- 1.1 A Protocol for Members on Hospitality and Gifts is included in the Council’s Constitution. There is separate provision relating to gifts and hospitality in the Code of Conduct for Members.
- 1.2 Members are required to register gifts and hospitality over a certain value (even if declined) with the Monitoring Officer, via Democratic Services. These details are then published on the relevant Members’ web page together with their register of interests, attendance record and so on.
- 1.3 There is a separate Gifts and Hospitality Policy for Officers. This is referenced in induction materials for all new starters via the Officer Code of Conduct.
- 1.4 Officers are required to register gifts and hospitality over a certain value (even if declined) with Administrative Services. These details are then published on the Council’s website.
- 1.5 All Members and Officers are issued with periodic reminders about the importance of registering and declaring interests, managing conflicts of interest, and registering gifts and hospitality.

2.0 Proposal/Options Considered

- 2.1 It is proposed that reminders for all Members and Officers (as per paragraph 1.5 above) are issued again.
- 2.2 It is proposed that the Committee again includes an annual review of the operation of the Council's Gifts and Hospitality arrangements in the Committee's work plan.

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 (LEG2425/860)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its functions in relation to oversight of the Constitution and promoting and maintaining high standards of conduct by Members.

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.

- The Protocol for Members on Hospitality and Gifts is published in the [Council's Constitution](#) – page F19
- The Code of Conduct for Members is published in the [Council's Constitution](#) – Gifts and Hospitality are referenced on page F8
- The Officer Register of Gifts and Hospitality is published on the Council's [website](#)
- Individual Member web pages are published on the Council's [website](#)

Audit & Governance Committee report of 21 February 2024 is published - <https://democracy.newark-sherwooddc.gov.uk/documents/s19159/Item%2015%2021.02.20.4%20Gifts%20and%20Hospitality%20Annual%20Report.pdf>



Report to: Audit & Governance Committee Meeting –
19 February 2025

Director or Business Manager Lead: Deborah Johnson, Director Customer Services and
Organisational Development

Lead Officer: Carl Burns, Transformation and Service Improvement
Manager

Report Summary	
Report Title	Member Survey
Purpose of Report	To report back on the outcomes of the member survey.
Recommendations	Members are recommended to a.) Note the report, and b.) Approve officers to undertake work to develop an action plan
Reason for Recommendation	To ensure members of Audit and Governance Committee have appropriate sight of the outcomes of the member survey prior to any action plan being developed.

1.0 Background

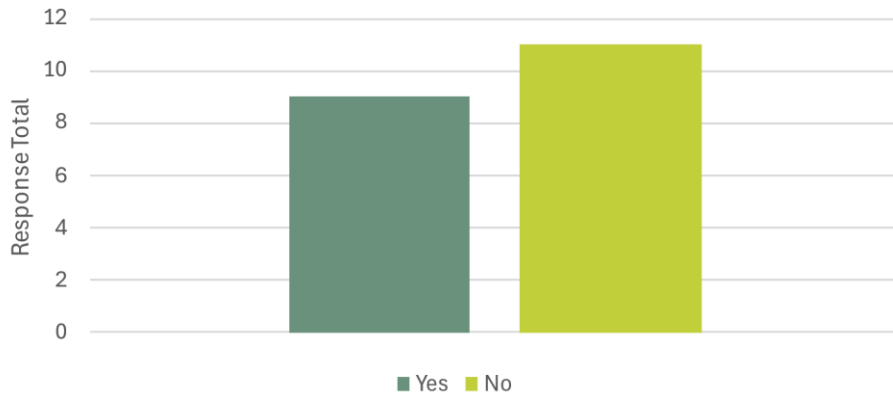
At the Committee meeting on 31st July 2024 members had the opportunity to consider a set of questions in relation to a member survey. This survey had been at the suggestion of the Leader of the Council, Cllr Paul Peacock. Audit and Governance kindly considered this item and were supportive, with the caveat that all comments remained anonymous.

2.0 Outcome of Survey – data analysis

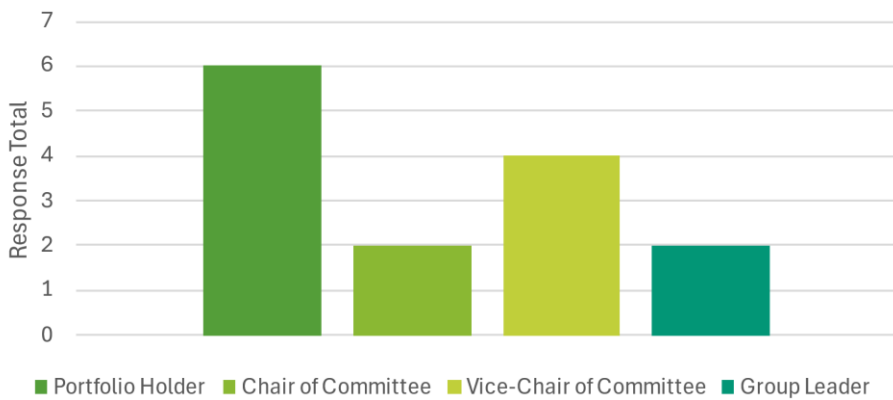
The survey was completed by 20 members out of 39 which is just over a 50% completion rate. Of those completing the survey 9 of the members were new members joining the council in May 2023 and 11 were existing members.

Not all respondents decided to answer every question which is why not all the questions total to 20. Below are the summaries of the answers for each of the questions.

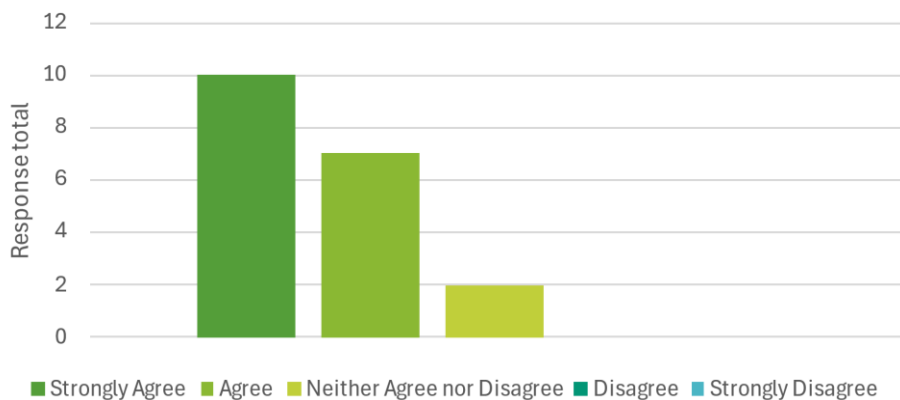
1. Were you a new member elected for the first time in May 2023

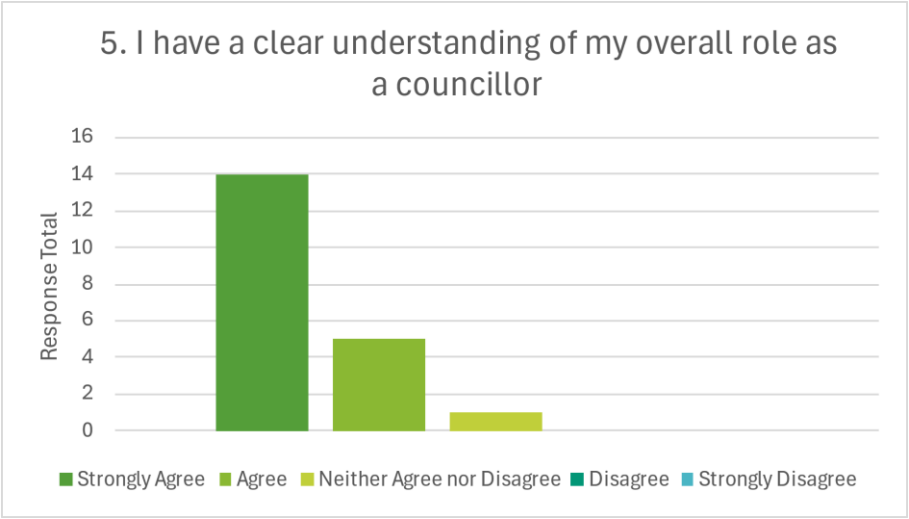
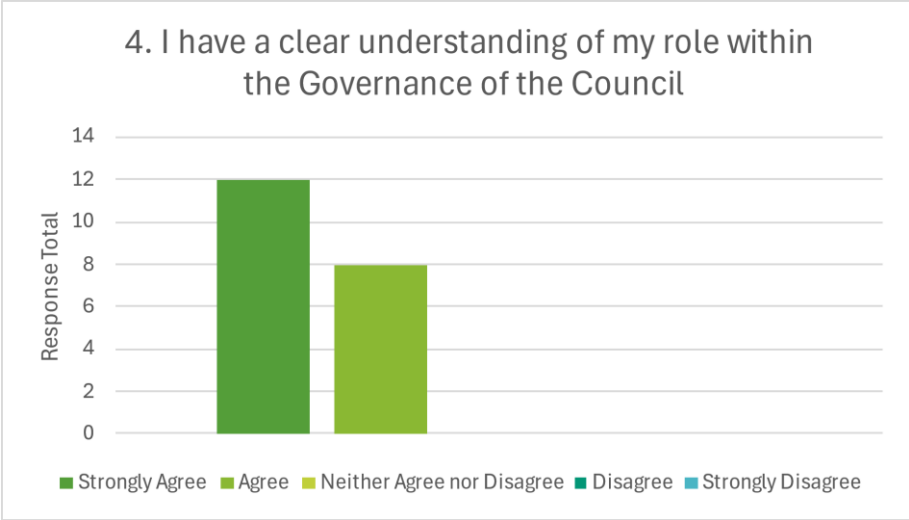


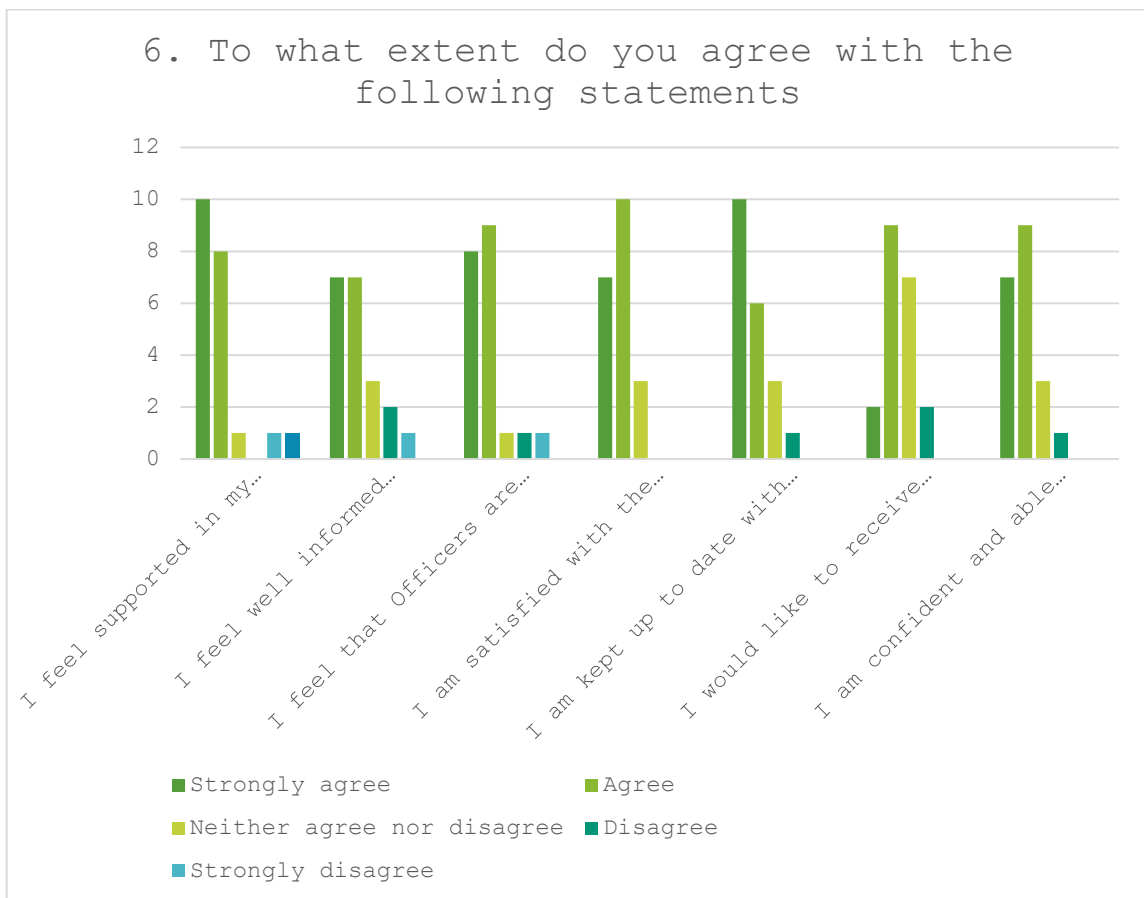
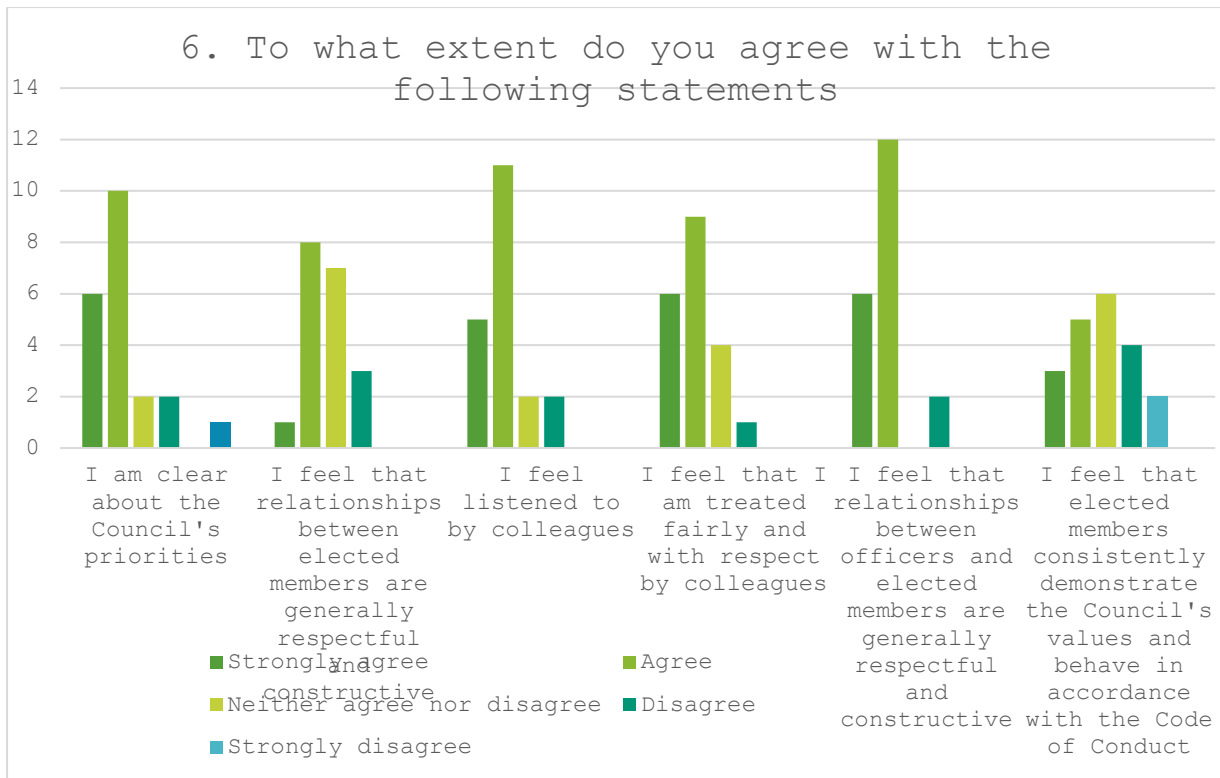
2. Do you have any special responsibilities at the Council?

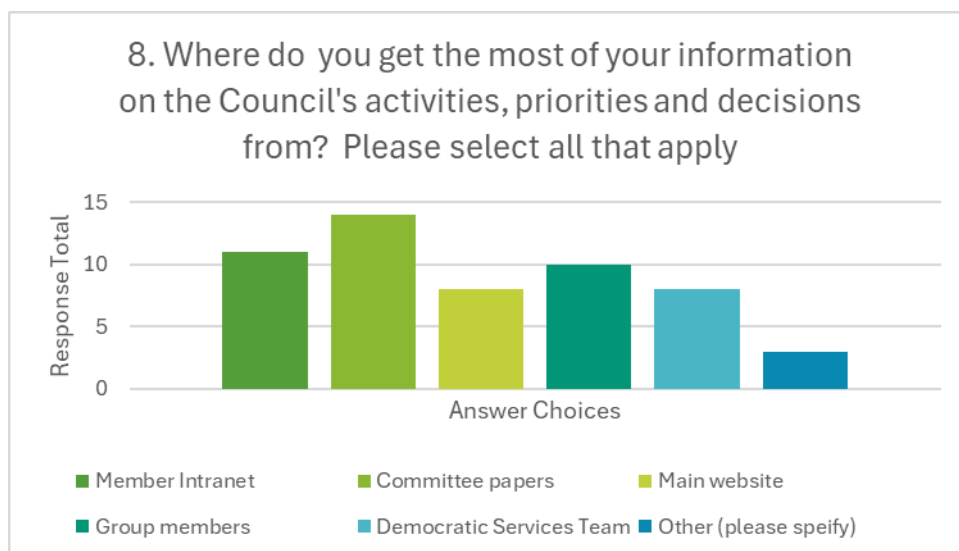


3. I have a clear understanding of the services provided by the Council









3.0 Outcome of Survey – Comments (themed)

12 members submitted 37 comments as part of the survey.

For the purpose of analysis these have been organised into 6 themes and to aid analysis have been generally designated as positive, neutral and negative comments.

Theme	Total comments
Member conduct	13
Governance	3
Informed communications	4
Learning and development	2
General comments	4
Suggestions	11
TOTAL	37

3.1 Member Conduct Comments

One member reported that they had “been treated with respect and consideration and found “management communications all very good”.

One member thought the relationships with officers were good but that sometimes officers didn’t understand the political element and having a political view was not the same as being “disrespectful”.

With 11 members making similar comments this is the most common set of views from the survey. The language was strident and powerful with views specifically about one particular member/very small minority being “disruptive”, “disrespectful”, having “behaviour that is utterly reprehensible” and that “it pollutes the whole environment”.

They also reflected that member’s bad behaviour “reflects on all members” and “is not in line with the values” or “principles of member conduct”.

3.2 Governance Comments

One member expressed concerns about protocols that restrict opposition members and backbenchers from fulfilling their roles, including subjects available for scrutiny.

One member expressed some concerns that a few officers are restrictive about involving members in policy development.

3.3 Informed Communications

One member felt they were not well informed and found information out in the local press.

One member felt there was such a lot of information it was a challenge to filter it.

One member felt the opposition members were not well informed, and

One member spoke positively about the communications, saying “links between myself and all officers are always well received”.

3.4 Learning and Development

We received two comments on learning and development. One member commented “There is an awful lot of CPD on offer. More than I could ever have time for”.

One member expressed a concern that, “while we got plenty of information in the training, I still have really no sense of how to get things done, how to effect change, how to influence policy especially when representing an area outside Newark”.

3.5 General Comments

One member reflected that “It is hard to balance working life and being a councillor sometimes”.

One member would like the opposition to work closer with the administration.

One member reported “officers are consistently helpful and professional. As a member of the opposition, I am treated just as courteously by the leadership”.

One member stated, “it’s been a privilege to work with the majority of members elected in 2023 and all of the officers, employees and executive of the council”.

3.6 Suggestions

It is important to look where members have made specific suggestions. These are listed below.

	Member Suggestion:	Suggested Action:
Information	Every new member of staff should get a who’s who when it comes to elected councillors and who are the portfolio holders. The same as elected members when we’re elected with who’s who at the Council?	There is potential to cover in induction and for an annual update, officers will explore this.

	As soon as you go onto the Internet page for NSDC, the first thing you should see is who are your elected councillors and what positions each one holds.	This is easy to locate. The website is designed for the customer with the most frequently requested items are on the front page.
	Maybe some sort of priority system that flags "must read" documents and information would help.	Officers to consider
Member Resources	There should be an allocated members area like we used to have at Kelham Hall with TV and coffee facilities just for elected members.	Having members interact with staff is essential for a good relationship. The pilot program of allocating the training room was not utilised.
	Each group should have their own desk area and allocated space to meet up during the day if they wish to do so.	Councillors can book a room anytime via democratic services or use a hot desk when needed.
	Controlling group should have their own staffing resources with their own researchers.	Not a typical district or borough resource, as it would necessitate reallocating the budget from other essential services.
	There needs to be more of an overlap between members and officers to get the best results for residents. The machine can be overwhelming and change hard to achieve unless relationships are mutually beneficial and work for everyone.	Each member has a dedicated DSO and they can facilitate any request to understand a service or meeting with relevant officers. All directors are available if a member wishes to explore the best way to interact with a particular service.
Scrutiny	Scrutiny committee should be non-paid roles.	The Chair and Vice Chair are entitled to a Special Responsibility Allowance as are all other committee Chairs and Vice Chairs, in accordance with the Members Allowances Scheme, which is reviewed periodically by an independent panel taking into account statutory requirements and benchmarking data. Other

		Committee Members are not entitled to any additional allowance.
	You need to have more than one scrutiny as one scrutiny committee is not enough to scrutinise the entire Council. The scrutiny committee should be chaired by the opposition members with an overall scrutiny that oversees them by the controlling group.	Our constitution includes one scrutiny committee. We also conduct governance reviews through working groups and the Housing Advisory Board, which acts as a form of scrutiny.
Training	The adoption of a standard of behaviour higher than that expected by the code of conduct, particularly focusing on the use of social media.	Audit and Governance has recently reviewed the code of conduct. The Council has adopted a Social Media Protocol for Councillors, which is due for review. Further work is being undertaken on this.
	Planning training should be mandatory for ALL Councillors, not just the planning committee, but many clearly don't understand what is material and not material in planning terms. This might also help stem some of the ignorance displayed on social media about planning decisions.	Planning training was offered to all Members as part of the Councillor induction programme, in 2023 with 32 Members attending. Further training can be provided.

4.0 **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.

There are no specific implications from undertaking the survey. However, there is little point in asking for views if there are no actions arising from them.

The Council is required to promote and maintain high standards of conduct by Councillors, but individual councillors must also take responsibility. The Council also has a duty to consider equalities in everything it does, under the Public Sector Equality Duty. This duty extends to the Code of Conduct for Councillors, and consideration of reasonable adjustments for Councillors where appropriate.

There are no financial implications at this stage however should any agreed actions have a financial implication these will be brought back for consideration.

4.1 Legal Implications (LEG2425/7251)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its terms of reference.

5.0 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



Report to: Audit & Governance Committee Meeting – 19 Feb 2025

Director or Business Manager Lead: Deborah Johnson, Director - Customer Services & Organisational Development

Lead Officer: Carl Burns, Transformation & Service Improvement Manager; and Tracey Allen, Research & Development Officer

Report Summary	
Report Title	Customer Feedback – Half Year 1 - 2024/2025
Purpose of Report	The customer feedback report is an opportunity for the Committee to see what complaints are being submitted across the organisation. It gives an opportunity to understand how the customer is receiving the services we deliver and is a form of performance management to inform how well we are doing and where we can improve.
Recommendations	That the Audit & Governance Committee meeting note the Customer Feedback Half 1 report and recommend PPIC conduct a performance review for any areas of concern.

1.0 Background

- 1.1 The Council values resident feedback on services received and has a robust customer feedback policy to capture, investigate, respond and learn from the insights it gives. This policy involves a two-stage complaint process, with the opportunity for complainants to escalate to the relevant Ombudsman if unsatisfied after Stage 2.
- 1.2 Feedback, both positive and negative, is crucial for identifying areas needing improvement and preventing larger issues. Significant work has been done in the past year on complaints policy, procedure and staff training. Key developments include comprehensive training for complaint handlers, a complaints toolkit, complaint response templates and adjustments to accommodate new Housing Ombudsman response times.

2.0 Half Year Report 24/25

- 2.1 Attached as **Appendix A** is the report for the first half year 2024/2025. This report is a comprehensive look at complaints. It demonstrates that as an organisation we take complaints seriously, that we look to learn from them and that we share that learning.
- 2.2 There has been a 66% increase in stage 1 complaints and a corresponding increase in stage 2 complaints, total number of complaints are shown in the table below.

Total number of complaints received (half year 24/25)

Stage 1 Complaints	Stage 2 Complaints	Suggestions	Compliments (Praise)
326	35	23	67

- 2.3 This is a significant increase in the number of complaints we have received. It is likely that there are a number of factors contributing to this rise in complaints. We have proactively promoted ways in which residents can make complaints to raise awareness. There are some known issues in delivering the repairs service, which are being addressed. It is important to see complaints in context of almost 3,500,000 waste collections there were 75 complaints. There are 5,400 council homes and 116 complaints in relation to these.

Complaints responded to on time/late

Period	Met Deadline	Missed Deadline	Total completed	% on Target
April- September 2023	182	3	195	93%
April - September 2024	208	91	317	66%

- 2.4 With the significant rise in complaint numbers it has been harder for officers to respond to them in time. A temporary resource is being pursued to assist the Housing Assets and Repairs Team in dealing promptly with complaints they receive.

3.0 Distribution

- 3.1 This report is shared with SLT and then Business Managers before being presented to the Committees below. This enables Directors and Business Managers to consider if there are any themes and actions they need to undertake to improve the services they provide.

- Member Champion for Complaints
- Policy & performance Improvement Committee - 10 February 2025
- Audit & Governance Committee - 19 February 2025
- Housing Assurance Board - 20 February 2025

4.0 Proposal/Options Considered

- 4.1 That the Policy & Performance Improvement Committee review the Customer Feedback Half 1 report.

5.0 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.

5.1 Financial Implications

There are no financial implications as a result of this report

5.2 Legal Implications

There are no Legal implications as a result of this report

5.3 Human Resources Implications

There are no HR implications as a result of this report

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

1st Half Year Report Apr-Sept 2024/25



**NEWARK &
SHERWOOD**
DISTRICT COUNCIL

CUSTOMER FEEDBACK

(COMPLAINTS, SUGGESTIONS
AND PRAISE)



Director Lead:

Deborah Johnson, Director of
Customer Services and
Organisational Development

Lead Officers:

Carl Burns, Transformation and Service
Improvement Manager

Tracey Allen, Research & Development Officer

performance.team@newark-sherwooddc.gov.uk

CUSTOMER FEEDBACK ANALYSIS

April - September 2024

Director Lead: Deborah Johnson, Director of Customer Services and Organisational Development

Lead Officers: Carl Burns, Transformation and Service Improvement Manager, Tracey Allen, Research & Development Officer, performance.team@newark-sherwooddc.gov.uk,

Our Customer Complaints and Feedback Policy has been formally adopted and agreed and is designed to cover the requirement of both the Local Government & Social Care Ombudsman and the Housing Ombudsman. We are bound by the requirements both Ombudsmen set out which are clear about the expectations on us in how we deal with complaints.

One of the key things that both Ombudsmen expect that we report on and use all the feedback from customers, especially complaints, to improve our services.

This report is shared with:

- Senior Leadership Team and Business Managers
- Member Champion for complaints
- Housing Assurance Board
- Policy and Performance Improvement Committee
- Audit and Governance Committee

Contents

1. Context
2. Overview of Feedback
3. Complaints – stage 1
 - 3.1 Overview of feedback
 - 3.2 Complaints by Business Unit
 - 3.3 Complaints by category
 - 3.4 Processing times
 - 3.5 Outcomes of complaints by delivery teams
 - 3.6 What we learned – examples
4. Complaints – Stage 2
5. Ombudsman complaints
6. Suggestions
7. Compliments (Praise)
8. Putting it Right

1. Context

The Council recognises the importance of listening to the views of its residents about the services they receive from us. Our customer complaints and feedback policy provide the opportunity to capture, investigate, respond, and learn from customer feedback to assist with the delivery and shaping of Council services in the future.

Our complaints policy has two stages, with a response to the complaint provided by the relevant service at Stage 1. If the complainant remains unsatisfied, they can request the complaint is reviewed by a more senior officer, which is a Stage 2 complaint. Following our complaint process being completed, the complainant is able to request a review by the relevant Ombudsmen where they remain dissatisfied.

Both positive and negative feedback is important to us as it provides us with customer opinion, it allows us to recognise what areas need improvement and provides opportunity for us to learn. It can act as an early warning of problems that may otherwise stay unseen until they become a larger problem, which can then take up significant resource and time to remedy. Feedback helps us find the root cause of problems and to recognise where specific systems or processes aren't working as they should, and it enables us to create meaningful and effective changes in policies, procedures, or the training of staff.

Considerable work has been undertaken in the last year around complaints, policy, procedure, and training. Staff who respond to complaints have undertaken comprehensive training which included how to respond to complaints, our policy, and the role of the Ombudsmen. A complaints toolkit has been developed for staff which includes guidance in how to carry out an investigation and how to respond to a complaint. To support this, we have created complaint response templates which aid consistency in the responses. The Housing Ombudsman have made changes to the response times for complaints, these are now in place. We are currently working on amending out systems to accommodate the changes and prompts provided to officers and are updating the guidance to reflect these changes. Training on this amendment will be rolled out shortly.

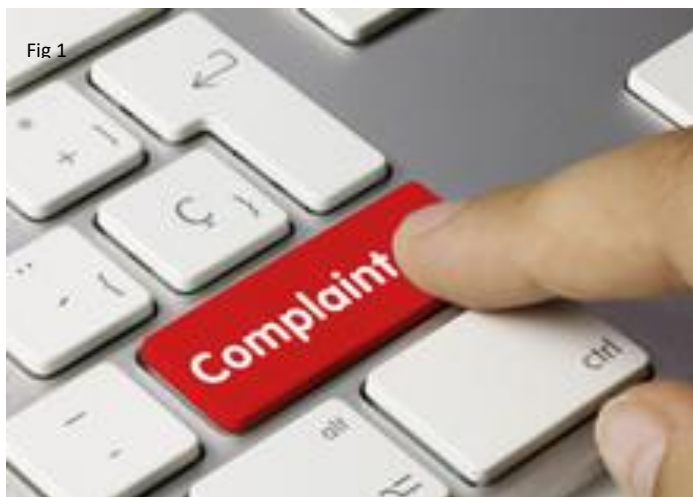
If a complainant has been through both stages of our complaints procedure and is still unhappy, they can ask the Local Government and Social Care Ombudsman, or if the complaint is regarding a housing tenancy, the Housing Ombudsman, to review their complaint. Tenants can contact the Housing Ombudsman at any point for additional support, and do not have to complete our full complaints process before they do so.

The Housing Ombudsman (HO) and Local Government and Social Care Ombudsman (LGSCO) carried out individual consultations on their joint complaint handling code proposals, with the aim of having one joint code, setting out standard for complaint handling across the local government and social housing sector. Unfortunately, they have concluded that it isn't possible at this time to do this.

The LGSCO have issued their Code as "advice and guidance" and intend to start considering the Code as part of their process from April 2026. Councils are encouraged to adopt the Code as soon as they are able to do so.

LGSCO Complaint Handling Code - February 2024

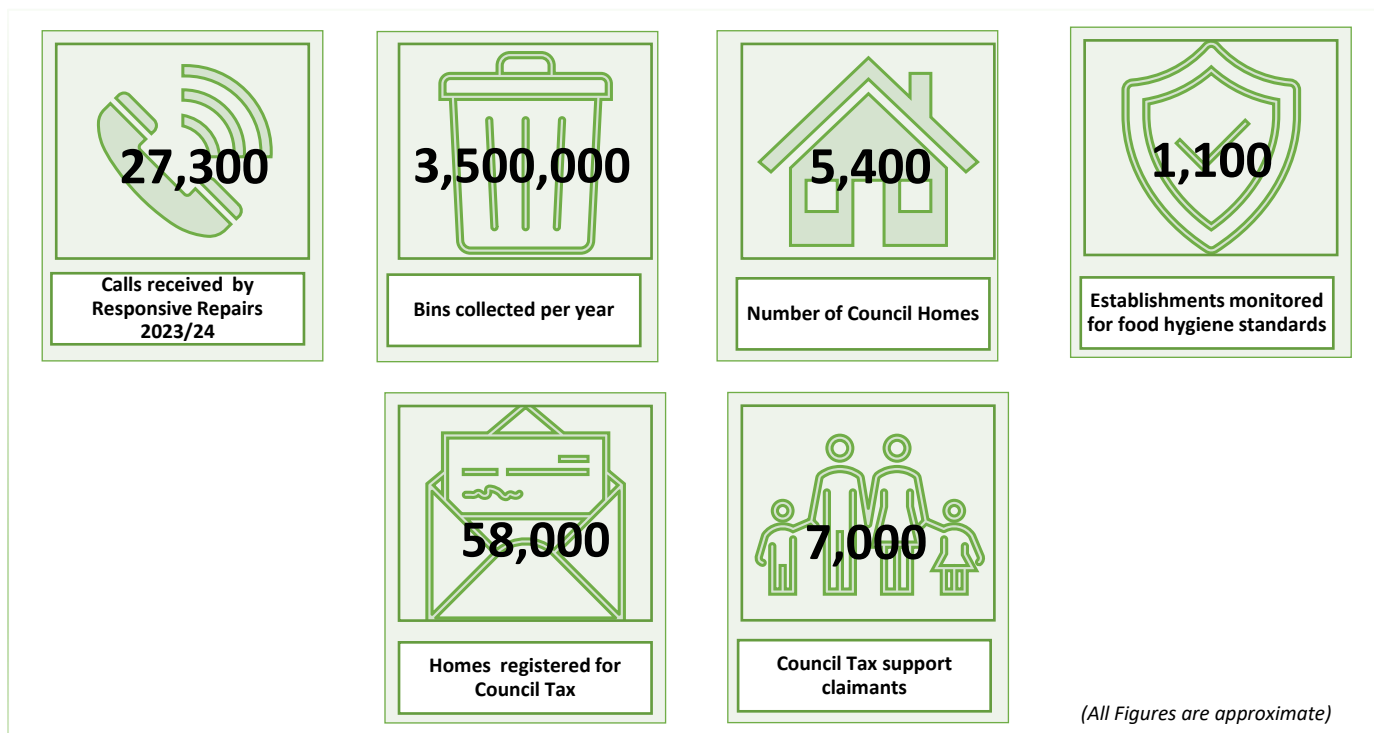
To accommodate the escalation in numbers referred to the Ombudsman, we are currently developing a procedure and guidance for staff on how to manage Ombudsman requests.



Our Responsibilities

The Council delivers services, across various areas, and feedback is received for all these services. Some data to provide context can be found in fig 2 below, which was correct as of 24/25:

Fig 2



2. Overview of feedback

Table 1 illustrates the total feedback received during the first half of 2024-25.

Table 1

Stage 1 Complaints	Stage 2 Complaints	Suggestions	Compliments (Praise)
326	35	23	67

All Figures shown include withdrawn complaints unless stated otherwise. These tend to be enquiries which are submitted as complaints but upon investigation, found to be service requests. The customer is contacted and if they agree with this approach then the complaint is withdrawn and treated as a service request.

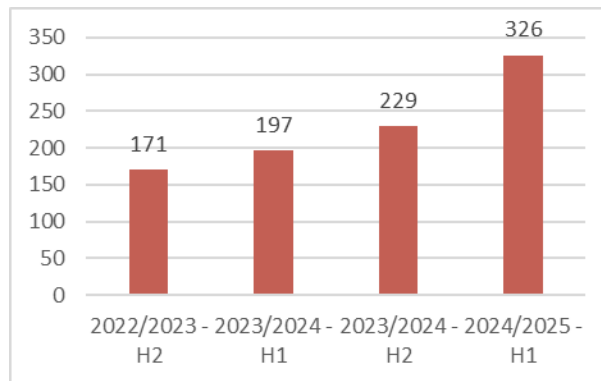
3. Complaints – Stage 1

It is important for us to use many different methods to engage and consult with our customers, so as to receive as broad and as representative view of our services as possible. Complaints are a valuable source of information that help us pinpoint areas for improvement and offer insight into where we are delivering a good service.

3.1. Number of Stage 1 Complaints received

There is a 66% increase in complaint numbers during the first half of 2024/25, when compared to the same period in 2023/24. The gradual increase across the two years is illustrated in Chart 1

Chart 1 (2-Year trend)- half years Stage 1 complaints



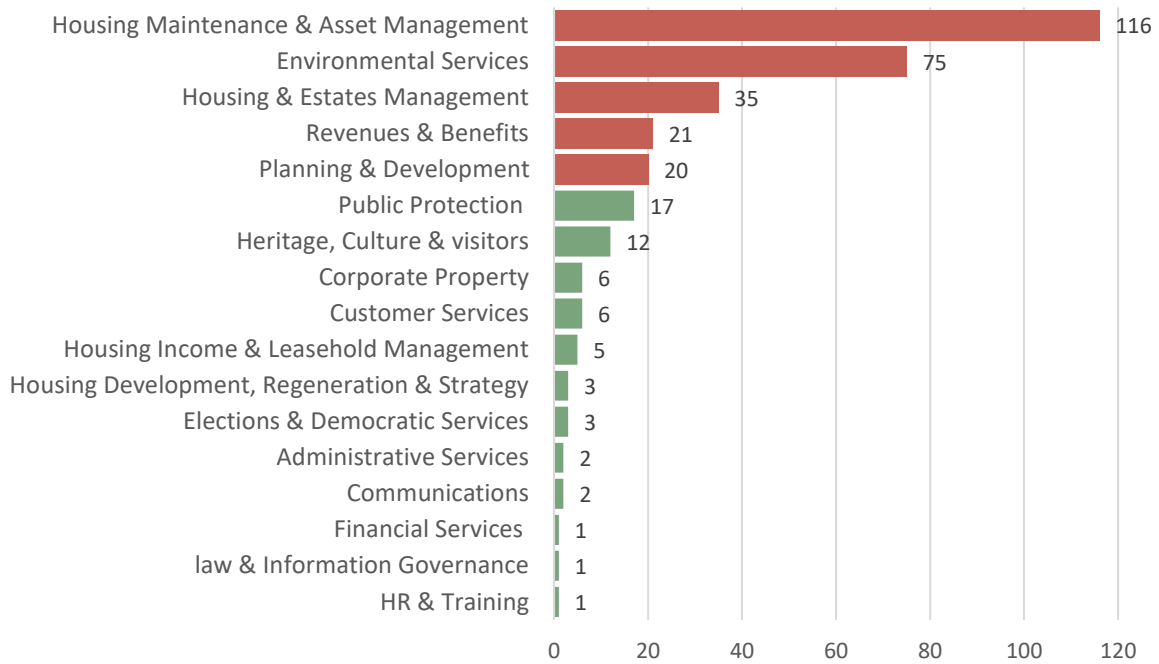
3.2. Complaints by Business Unit

As expected, the largest proportion of complaints received in the period (Chart 2, below) were for the front facing services (*displayed in red*) with:

- Housing Maintenance & Asset Management receiving 36% of all reported issues.
- Environmental Services 23%
- Housing & Estates Management 11%
- Revenues & Benefits 6%
- Planning & Development 6%

Twelve further business units also received complaints during the period which, together, accounted for approximately 18% of the total received (*displayed in green*):

Chart 2 (Stage 1 complaints received by business unit)



All Figures shown include complaints withdrawn. This provides a more accurate measure of demand

3.2a Housing Maintenance & Asset Management – 116 stage 1 complaints received (Chart 3)

The largest proportion of complaints received for the service were for Responsiveness (Delay/Lack of Action) – 25 complaints. There were 17 each received for Contractor (standard of work) and Officer (standard/quality of work). Over the past 18 months, significant government campaigns such as “Putting It Right” , promotion by the Council of how to complain and an improvement in the recording of complaints has contributed to this increase.

These complaints relate to both our in-house repairs service, contractors delivering specific repairs and contractors delivering our investment programme and gas servicing programme. There is a similar picture across the sector with many landlords reporting an uplift in complaints and the scale of this will be know when the next round of Tenant Satisfaction Measures are published. Some complaints can be complex and involve a number of services areas which is time consuming to resolve effectively.

Chart 4 below shows the breakdown of categories reported for the service:

Chart 3 (2-year outturn Stage 1 complaints)

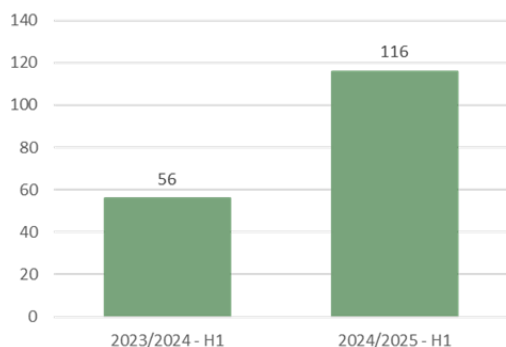
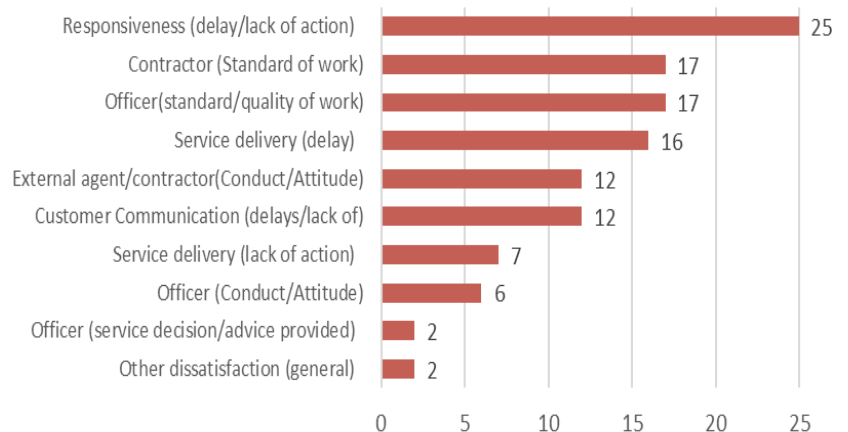


Chart 4 (Stage 1 complaints by category)



In response, we have taken the following steps to improve performance:

Increased budgets – additional budget has been proposed in repairs to improve repair completion times.

Additional training – more officers have been trained to respond effectively to complaints with refresher training planned in response to changes in the Complaint Handling Code.

Additional resources – new roles are being introduced to support the effective management of repairs including additional work planners to co-ordinate repairs and empty homes work, a complaints co-ordinator to support effective complaint handling and support for teams to identify and implement improvements resulting from the learning from complaints, providing a better service to tenants.

Increased contractor meetings – to discuss dips in performance and address the impact this has on the customer experience, putting monitored improvement plans in place.

Focus on service improvement – working with teams to review and improve our processes in conjunction with tenants and ensuring more quality checks are in place to ensure a good service is being provided. For example, the Repairs Policy has recently been reviewed by tenants and suggestions for improvements are being explored to agree changes that can be implemented.

Increase focus on complaints and learning – complaints are reviewed weekly by the Business Managers and monthly to consider learning and trends from complaints that then form an action plan to address. These are measured along with satisfaction with complaint handling to look for good practice and areas for further improvement.

3.2b Environmental Services – 75 complaints received

The business unit has received 27% more complaints compared to the same period in 2023/24 (Chart 5). The top 3 reasons for complaints in this area are as follows:

- The category “Service Delivery (Missed Action)” accounted for 43% of all complaints, primarily concerning missed bin collections. These issues were subsequently resolved either by returning to empty the bins or contacting the customers to address their concerns.
- Additionally, there were 14 complaints related to the standard and quality of work by officers. Of these, 5 complaints were about untidiness in parks, grounds, or streets, and 4 were regarding the placement of bins after emptying or delivery. Other reasons were noted in singular or smaller numbers
- Officer conduct/attitude received 12 complaints. Other reasons were noted in singular or smaller numbers.

Whilst Environmental Services received 27% of the stage 1 complaints, only 1 complaint of the 75 was escalated to stage 2. To have such a low level of complaints progress to stage 2 is excellent. Upon examination there are 2 elements that contribute to this, 1. Comprehensive reports are drafted to for the stage 1 complaint response and 2. The work/remedies detailed within the response are consistently delivered.

These improvements have come during a reporting period that has included the implementation of glass collecting in the district which has seen the number of bins collected each day rise significantly.

Chart 5 (2-year outturn Stage 1)

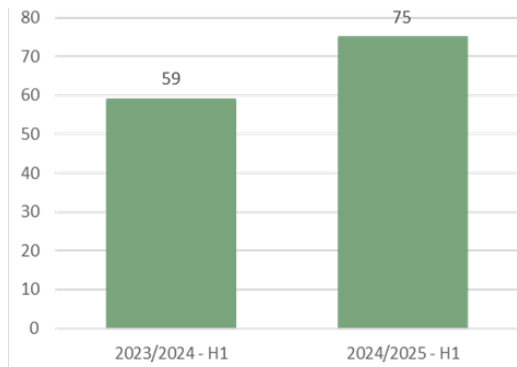
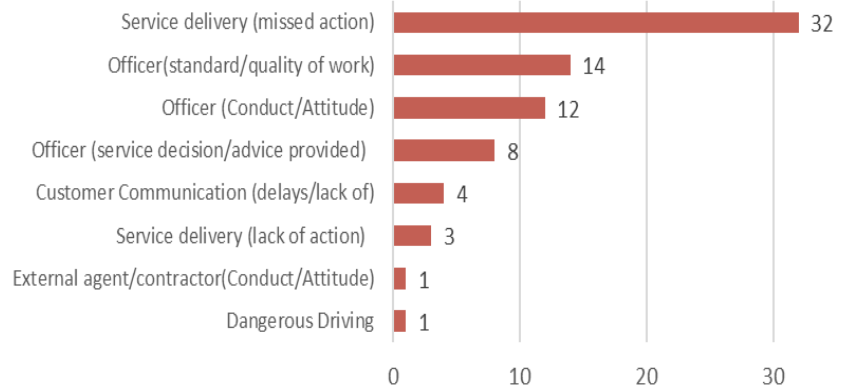


Chart 6 (Stage 1 complaints by category)



3.2c Housing & Estates Management – 35 Complaints received

The business unit received 2 more complaints than in the same period in 2023/24 with the majority (12) for the category, Officer conduct/attitude. Officer (Service Decision/ Advice given) received 9 complaints, for example, 3 complaints concerned issues with neighbours which hadn't been successfully resolved, and 2 mentioned our Council home banding process and decisions. Another person disputed our complaints procedure following parking issues at one of our social housing sites.

Complaints around officer conduct and attitude often relate to dissatisfaction with the application of policy and from April 2025, investigating officers can re-categorise where investigations establish a more appropriate category for the complaint.

Chart 7 (4-year outturn Stage 1 complaints)

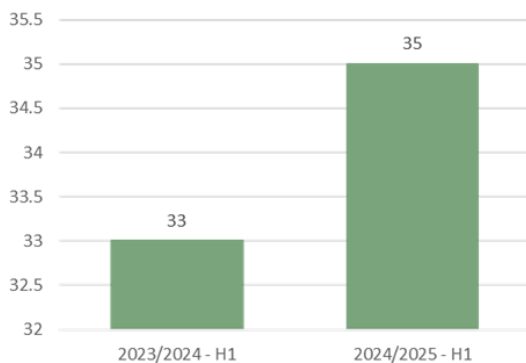
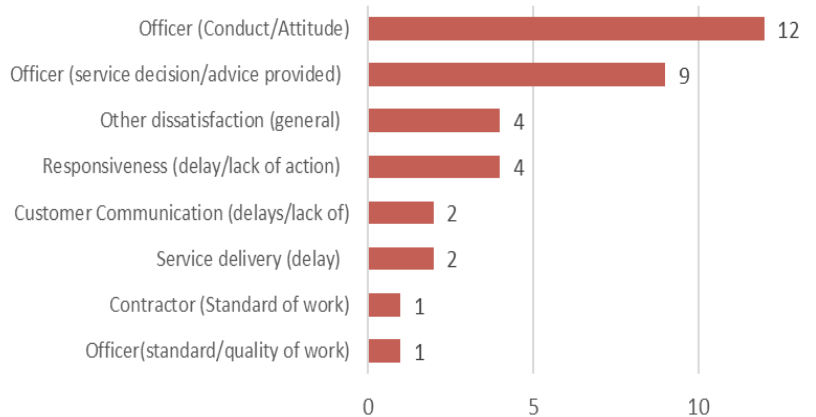


Chart 8 – Stage 1 complaints by category



3.3 Complaints by Category

During this period, 23% of the complaints received fell under the category “Officer (service decision/advice provided).” For example, 37 complaints were from customers who were dissatisfied with the outcome of a council decision, and 11 customers expressed dissatisfaction with our communication 5(Table 2).

Table 2 (Stage 1 complaints by category)

Complaints Category	Received	% of total
Officer (service decision/advice provided)	76	23%
Officer (Conduct/Attitude)	40	12%
Customer Communication (delays/lack of)	36	11%
Responsiveness (delay/lack of action)	34	10%
Officer (standard/quality of work)	34	10%
Service delivery (missed action)	32	10%
Service delivery (delay)	19	6%
Contractor (Standard of work)	18	6%
External agent/contractor (Conduct/Attitude)	14	4%
Other dissatisfaction (general)	12	4%
Service delivery (lack of action)	10	3%
Dangerous Driving	1	0%
Total	326	100.0%

Note: The complaints category ‘Officer (Conduct/Attitude)’ is a broad category that does not only cover the behaviour of an officer but could also include a complaint raised for either noise during a waste collection or response given by the officer with which the customer is not happy. Work is ongoing to review the categories to simplify them and ensure consistency.

3.4 Complaint Processing Times

To ensure compliance with the Housing Ombudsman’s complaint handling code, our policy includes specific timescales for responding to complaints. We have revised our response timescales to align with those stipulated by the Ombudsmen.

- Stage 1 - acknowledge the complaint within 5 working days of the request being received and provide a full response within 10 working days
- Stage 2 -acknowledge the complaint within 5 working days of the escalation request being received and provide a full response within 20 working days.

It is important that we take complaints seriously and meet the timescales of our policy and the Housing Ombudsman. When a customer has complained to us it is right that they expect a response within a reasonable timescale. There will be occasions where the timescales need to be extended in cases where obtaining the relevant information may take longer as it’s from a third party or because an officer who had dealt with the customer is on leave. Wherever this delay is necessary, the complainant will be kept updated.

Table 3 below details the number of complaints which haven’t met our statutory deadlines. The complaints which have not made the deadline in the period are being investigated to understand why. The volume of complaints received has significantly increased and this is impacting the ability to meet deadlines.

Table 3 (Stage 1 Complaint processing summary)

Period	Met Deadline	Missed Deadline	Total completed	% on Target
April- September 2023	182	3	195	93%
April - September 2024	211	94	326	65%

9 Withdrawn and 2 suspended complaints are excluded from the above calculations

Of the 326 complaints received between April and September 2024, 211 were responded to within the statutory time period, with a further 94 missing their deadline. A further 21 complaints were still in progress at the time of writing this report.

A weekly meeting to proactively chase responses have been introduced and we hope to see improvements in half 2.

Housing is particularly struggling with the number of complaints and are actively seeking to resolve this in two ways; initially to put additional resource in dealing with complaints which should be in place within the next few weeks and to undertake a service improvement project which will look at common causes of complaints and address the root cause of these.

Table 4 – (Late responses by delivery team – Stage 1 complaints)

Delivery Team	Received	Overdue	%
Housing Maintenance & Asset Management	113	59	52.2%
Waste & Transport	50	10	20.0%
Housing & Estates Management BM	33	7	21.2%
Planning Development	20	2	10.0%
Council Tax	19	3	15.8%
Street Scene/Grounds Maintenance	10	4	40.0%
Public Protection/CCTV/ASB	8	2	25.0%
Housing Income & Leasehold Management	5	1	20.0%
Housing Development, Regeneration & Strategy	3	1	33.3%
Communications	2	1	50.0%
Financial Services	1	1	100.0%

Table 4 excludes complaints which were withdrawn/suspended complaints and Delivery teams with all complaints dealt with on time

3.5 Outcome of Complaints by Delivery Team

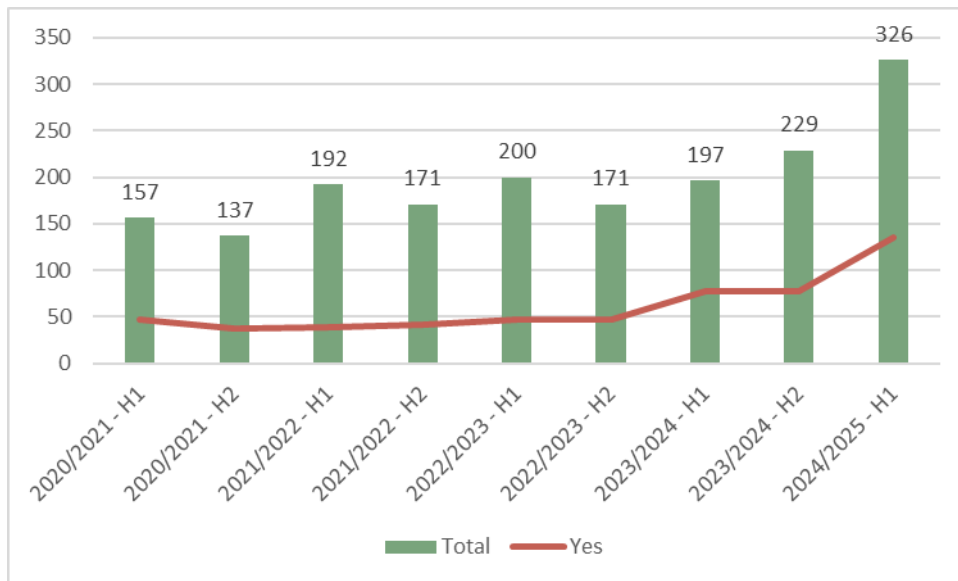
- Once the officer responsible for responding to a complaint has undertaken the appropriate investigation they will determine if the complaint was fully upheld, partially upheld, or not upheld. In writing the response they clearly state the outcome and record this within the ESB system.
- It is important to note that sometimes customers are unhappy with a decision or process but upon investigation it is found that the council has acted appropriately, and these complaints are not upheld.
- Often complaints contain more than 1 issue, complaints partially upheld are where some of the issues raised are upheld but others are not
- Complaints that haven't been decided may be addressed after the reporting period and will be included in future reports once their decision process is complete.

Table 5 (decision status of stage 1 complaints)

Complaints Upheld	Complaints Partially Upheld	Complaints Not Upheld	Complaints not decided
136	83	81	17
<i>*2 complaints were suspended and 9 were withdrawn from the process</i>			

On further examination of our data over a period of 4 years, we observed that while the number of complaints at Stage 1 has increased significantly, the number of upheld complaints has remained consistent, with most periods having over 90% of complaints upheld or partially upheld. The average percentage of upheld complaints over the previous 4 years is 94% (chart 7). This indicates that we are open to accepting when we have got something wrong and looking to learn and improve.

Chart 9 – Stage 1 complaints upheld



3.6 What have we learned?

Analysis of customer feedback enables us to identify and tackle specific issues:

Table 6 provides examples of actions taken to improve services as a result of customer complaints. These examples offer a snapshot of our efforts to enhance our services by learning from customer feedback, the majority of complaints upheld have some recorded learning and improvement logged.

Table 6 (Lessons learned)

Area of concern	Action taken to improve
Administrative Services	
<p>The customer is unhappy with communications regarding the termination of their garage tenancy. Communication was delayed by the request being directed incorrectly to the repairs team, causing a further rental payment to be deducted by direct debit.</p>	<p>We have reviewed and updated the Termination of a Garage Tenancy form to ensure the terms and conditions in relation to dates and times are clear. We will also endeavour to address terminations in a timely manner.</p>
Environmental Services	
<p>The customer was locked in a park while walking their dog. They were unable to contact staff by phone. Signage stating times for opening /closing or park gates was missing from the entrance used.</p>	<p>Town Council run park - The contractor in charge of locking the gates was contacted in this instance and we will contact the Town Council and recommend they review their information signs and ensure they are located at all entrances to the park with clear opening hours and contact information. Officer also left contact details for future issues.</p>
<p>Early morning noise complaint during glass recycling bin round.</p>	<p>Investigate practicalities to varying round start points to minimise noise issues for properties on this route. Officer left contact details for future reference.</p>
Public Protection	
<p>The customer waited 4 months from first communication to renew a personal licence, despite making payment and regularly chasing this up via calls and email.</p>	<p>New Licensing Support Officer is now in post, this should improve both communications and waiting times for Licensing requests and renewals</p>
Housing & Estates Management	
<p>Inconsiderate parking causing access and safety issues around the Clipstone Village Community Centre.</p> <p>The customer felt harassed and distressed by the responses received when asking individuals to move their vehicles to enable access and now feel that they will have to involve the police if this continues.</p>	<p>Groups using community centre have been spoken to about inconsiderate parking.</p>

Area of concern	Action taken to improve
Housing Maintenance & Asset Management	
<p>Faulty outdoor light flashing into customers bedroom and living room windows for several weeks, customer has to close curtains. Several reports made of this issue by complainant and other residents.</p>	<p>Follow up works completed outside of target timescales, this has been discussed with both the Works Planning and Trade Supervisor team meetings to look at ways in which we can better monitor and ensure follow up works are raised and completed within target.</p>
Revenues & Benefits	
<p>Council tax demands were received after the customer had made payment. The customer used an incorrect reference number during bank transfer and the payment did not reach the intended destination.</p>	<p>The payment was located in suspense account and allocated to the customer's account. Officers reminded that a suppression should be put on accounts where the customer claims payment has been made and this is sent to Finance for payment to be traced. This will stop any reminders being issued unnecessarily.</p>

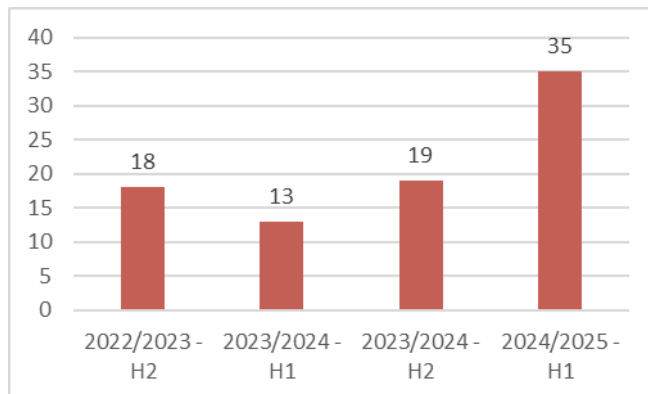
4. Complaints - Stage 2

It is important to pay particular attention to Stage 2 complaints, this is where a customer remains unsatisfied with the response that they have received at Stage 1. By reviewing these in some detail we are able to learn and improve both in terms of direct service delivery and the approach to the initial response.

This is also the opportunity to do a deep dive into some complaints to see how effectively and efficiently we deal with them. It should be remembered that the number of complaints we receive is proportionally very small compared to the number of services and transactions we deliver.

The number of stage 1 complaints escalated to stage 2 has increased significantly with 35 complaints received for Half 1. This is an increase of 84% when compared to the same period in 2023/24.

Chart 10 (2-Year trend) - half years



Of the 35 stage 2 complaints received in the period, 12 were upheld with a further 6 being partially upheld

Table 7 (Stage 2 Complaints)

Complaints Upheld	Complaints Partially Upheld	Complaints Not Upheld	Complaints not decided/in progress
12	6	15	2

Of the 33 complaints processed during Half 1, 76% met the response deadline of 15 working days. Two further complaints are in progress or not decided.

Table 8 – All Stage 2 complaints received in Half 1 2024-2025

Service Area	Nature of complaint	Category	Outcome at Stage 1	Reason not resolved at Stage 1	Outcome at Stage 2	Lessons learned
Community Relations (5621376)	Unhappy with road closures due to Tour of Brittain, impact on ability to get in and out of his property and lack of information on road closures.	Council Policy - Impact of road closures due to TOB	Not upheld	Customer dissatisfied	Not upheld	Complainant invited to give views in relation to the planning of any future events involving road closures.
Housing Assets - Originally allocated to Corporate Property at stage 1 (5470724)	Repairs not actioned on new build council house.	Assets- delay	Not upheld	Not all elements of the complaint responded to in stage 1	Upheld	The handoff between corporate property and repairs new build council houses (less than 1yr old) was not in place. This has since been rectified.
Council Tax (5455345)	Council tax arrears collection spanning a number of years	Council process	Not upheld	Customer dissatisfied with response	Not upheld	All attachments to the account were correctly applied.
Council Tax (5510231)	Informed Council Tax dept in April that complainant was leaving the property on 30 May but was still billed for the whole year. Then told council tax again that was leaving, and customer requested a bill up to the leaving date. Subsequently received another bill which had the new address on (out of the district), unhappy how you obtained the new address.	Council process	Partially upheld	Customer dissatisfied with response, queries the amount due and requests full breakdown.	Partially upheld	Bills should not be addressed to the new address until the date of occupancy, whether sent by post or email. All staff advised.
Council Tax (5511199)	The complainant was a landlord and was unhappy they were issued with a council tax bill as they were not liable the tenant was. The tenant had informed the council they were leaving on x date, but the council	Council process	Not upheld	Customer dissatisfied, not all elements of the complaint had been addressed in	Upheld	Amend procedure so that council tax bills and due dates are not issued/set in advance of actual liability commencement date - specifically with regard to landlord liability.

Table 8 – All Stage 2 complaints received in Half 1 2024-2025

Service Area	Nature of complaint	Category	Outcome at Stage 1	Reason not resolved at Stage 1	Outcome at Stage 2	Lessons learned
	issued the bill to the landlord before this date. The Landlord queried how they could issue a bill before the tenant had left, as there was no agreement that the tenant would actually leave on this date. At stage 2 it became apparent the tenant hadn't left on the date advised to council tax but a month later.			stage 1 response.		
Council Tax (5569865)	Recovery action taken when bill was in dispute, online form for single persons discount didn't explain what documents needed to be provided, bailiffs chasing for money not owed.	Council tax – council process	Partially upheld	Customer dissatisfied. A number of points in the complaint not addressed.	Partially upheld	Review the SPD online form to provide information on what evidence is required for a backdated claim.
Customer Services (5531019)	Made an overpayment on son's council tax account and was unhappy with the amount of visits it took to obtain a refund.	Council process	Upheld	Customer dissatisfied	Not upheld	Reminder to the team how important it is to raise urgent refund or finance issues. Noted that anyone can pay on someone else's account but need account holder's permission to refund.
Democratic Services (5441359)	Southwell Leisure Centre – how the petition was dealt with	Communication	Not upheld	Did not answer all elements of the original complaint	Not upheld	
Environmental Health (5436177)	Neighbour dispute re high hedges	Communication	Partially upheld	Customer dissatisfied with response	Not upheld	Where there is a difficult and ongoing issue, communication in addition to a standard notification should be undertaken.
Heritage and Culture *(5515134, 5527328 and 5527293)	During a show interval a male dressed as a female was using the female toilets	Council process and staff conduct	Not upheld	Customer dissatisfied with response	Partially upheld	Improved signage and opening of gender-neutral toilets at all times the building is in use

Table 8 – All Stage 2 complaints received in Half 1 2024-2025

Service Area	Nature of complaint	Category	Outcome at Stage 1	Reason not resolved at Stage 1	Outcome at Stage 2	Lessons learned
Housing Assets (5532100)	Complainant moved into property over a year ago and has not been able to decorate as structural repairs were needed which were highlighted before moving in. The tenancy officer promised that the works would be fully completed before the tenant moved in. The tenant now needs to move to another property while damp works, and other works are completed.	Repairs – delay	Partially upheld	Customer dissatisfied with response	Upheld	The process for responding to structural works has changed recently if this issue would have been raised now the complaint would not have happened. Complex damp cases are referred to the Asset team for investigation and to coordinate 1 contractor to complete all works.
Housing Assets (5333483)	Tenant was promised that pointing and repairs to brick work would be undertaken prior to a flat roof being installed. This was not done. Water quality issue which seven Trent has said is a council responsibility to replace a lead pipe and have a separate water feed into the kitchen. Lack of communication.	Repairs delay	Upheld	Customer dissatisfied some elements of complaint not addressed at stage 1. No date for the work to be undertaken	Partially upheld	Assumptions were made with regards to what works our contractor were contracted to do as part of the contract. Better communication and contractor management is being addressed by the Assets team.
Housing income and leasehold mgmt. (5506534)	When leaving a council property was advised by tenancy officer is now being charged far more for removal of items than promised.	Council process – dispute on recharge for void works	Not upheld	Customer dissatisfied and is adamant that the tenancy officer did advise a lower amount for removing belongings.	Upheld	All recharge costs and works descriptions will be provided in writing to increase transparency and minimise misunderstanding. This will be incorporated into the Recharge Policy
Housing income and leasehold mgmt. (5518068)	Personal items including floor covering damaged during repair. Repeated attempts to get someone to update complainant about the insurance claim	Communication – lack of updates	Upheld	Customer dissatisfied as claim has been going on too long and believes this is deliberate	Not upheld	Reminder to all officers involved with the complainant to respond to his requests for contact and ensure regular feedback is given even if there is no update on his claim (insurance team)

Table 8 – All Stage 2 complaints received in Half 1 2024-2025

Service Area	Nature of complaint	Category	Outcome at Stage 1	Reason not resolved at Stage 1	Outcome at Stage 2	Lessons learned
Housing Repairs (5473013)	Damp in kitchen for a year that requires external pointing/ rendering repair but operative attended to patch up internally only. Decoration and floor now ruined. Also fence at front directly on to road blown down, was told would be repaired but now past that date and it has not been completed.	Repairs -delay	Upheld	Customer dissatisfied – poor workmanship to repairs, poor quality fence replacement, not given notice of appointments damage to floor covering.	Upheld	It was acknowledged that the length of time taken to complete repairs and lack of communication with tenant were an issue, this is being addressed internally.
Housing repairs (5351600)	Ceiling leaking water, bedroom window issue – both causing damp and mould. Reported as a repair but its taking too long.	Repairs delay	Partially upheld	Some of the work agreed in stage 1 not undertaken	Partially upheld	Acknowledged and is being addressed internally.
Housing Repairs (5499061)	Leaking flat roof – workers attended but had not identified or solved the issue. Also repointing/ repair to brickwork not undertaken. They had attended but not done any works.	Repair – standard of work	Upheld	Customer dissatisfied as work promised in stage 1 response not undertaken	Upheld	At stage 1 it was identified that better descriptions of the work required and follow up details were needed from trade operatives. Better investigation into repairs history and warranty. Addressed with the team.
Housing Repairs (5405411)	Roof leak was not repaired when reported and this has led to damp and mould issues.	Repairs -delay	Upheld	Customer still had not had the repair undertaken	Upheld	The new works orders were put into the wrong category – they should have been set as ‘urgent’. Addressed with the team.
Housing Repairs (5494768)	Community facility – hot water has not worked for 6 months and toilets haven’t worked for 2 months	Repairs delay	Upheld	Customer dissatisfied with response.	Upheld	Ensure there is a triage for repairs requests based on information obtained and urgency to make sure they are prioritised accordingly and in line with our priority guidelines. Repairs call takers to ensure relevant questions are asked

Table 8 – All Stage 2 complaints received in Half 1 2024-2025

Service Area	Nature of complaint	Category	Outcome at Stage 1	Reason not resolved at Stage 1	Outcome at Stage 2	Lessons learned
						when receiving calls so that accurate information can be recorded. Being addressed with relevant teams.
Housing Repairs (5555500)	Waiting 18 months for a repair, when received a call about arranging for a plasterer to attend, they hadn't been told about the surveys and the extent of the damage.	Repairs -delay	Partially upheld	Customer dissatisfied with the poor information they have received and the need to now decant to an alternative property.	Upheld	We have added into the process adding a flag to capita when structural monitoring/works are in progress so that we don't raise repairs without first speaking to the asset surveyor who manages the structural works.
Housing Repairs (5520200)	Damage to his property (private owned) whilst roof works were being undertaken on a neighbouring council owned property	Contractor – quality of work	Partially upheld	Customer dissatisfied – Response not accurate and remedial works promised not undertaken	Upheld	The council's roofing contractor did make a mistake and will rectify the issues.
Housing Repairs (5518625)	New heating system had led to pipes banging, low water pressure. Repeated visits have left floorboards broken, damage to floor coverings, leaks from radiators and the problem remains.	Repairs -Quality of work	Upheld	Customer dissatisfied; appointments promised in stage 1 did not take place	Partially upheld	Examine a solution to centralise information and communication when works crossover through multiple teams.
Housing repairs (5605754)	Cracks throughout the house and problems with heating system and drains despite a number of visits from trades.	Repairs - Quality of work	Upheld	Customer dissatisfied with level of compensation offered	Partially upheld	Poor service received across multiple repairs to be addressed with relevant teams/contractor.
Housing Repairs (5455138)	Continuous mould issues in the bathroom spreading through the property.	Repairs delay	Partially upheld	Customer dissatisfied with response and	Partially upheld	Engagement with the tenancy officer is required where this property had a large volume of

Table 8 – All Stage 2 complaints received in Half 1 2024-2025

Service Area	Nature of complaint	Category	Outcome at Stage 1	Reason not resolved at Stage 1	Outcome at Stage 2	Lessons learned
				requests compensation for delay		possessions and was not ventilated appropriately therefore contributing to the issue.
Planning Development (5471005)	Planning didn't follow due process, including consultation, in relation to a neighbour's planning application	Council process	Not upheld	Customer dissatisfied with response	Not upheld	Process was followed appropriately
Planning development (5494994)	Customer did not get written notification of a planning application nor were any public notices put in her cul-de-sac. Although development on a different road, the extension will run alongside her garden. As customer didn't know about the planning application, she could not object and the time limit for objections has now gone. The development will impact on her privacy.	Council process	Not Upheld	Customer dissatisfied with response	Not Upheld	Process was followed and all required notifications sent.
Planning Development (5528734)	The way a planning application was dealt with, lack of response to an email.	Planning process	Partially upheld	Customer dissatisfied	Not upheld	Process followed appropriately – no change required.
Planning Development (5563488)	Planning process not properly applied. Drainage elements at church car park not taken into account.	Council process	Not upheld	Customer dissatisfied with response	Not upheld	Process followed appropriately – no change required.
Planning Development (5397540)	Neighbour shed overhanging property. Officers who visited did not do their job and didn't respond to update requests.	Officer conduct and poor communication	Partially upheld	Customer dissatisfied	Not upheld	Communication from officers to members of the public to be improved - officer training.
Planning Development (5613382)	Unhappy with planning officers not taking into account the impact of a planning application as they had not	Council process - Planning	Not upheld	Customer dissatisfied	Not upheld	Case Officers and the wider planning team have been reminded to always put

Table 8 – All Stage 2 complaints received in Half 1 2024-2025

Service Area	Nature of complaint	Category	Outcome at Stage 1	Reason not resolved at Stage 1	Outcome at Stage 2	Lessons learned
	visited them (the neighbouring property).					themselves in a neighbours' shoes when it comes to requests to view a proposed development site from their perspective. If a site visit is requested, we should try and accommodate.
Public Protection (5619478)	Damage caused to doors and windows as part of the closure notice.	Contractor – quality of work	Not upheld	Customer dissatisfied – does not agree with the answers given	Not upheld	Complaint not upheld; decision made by council's insurance company
Public Protection (5615333)	Neighbour – noisy exhaust. Council says it's the police, the police say it's the council. Lack of response by council.	Communication -Lack of response	Not upheld	Customer dissatisfied	Not upheld	This is a police responsibility.
Waste and Recycling (5526448)	Repeated missed bin collection	Missed Bin	Upheld	Customer dissatisfied. Bins continue to be missed.	Upheld	New Operational process now in place.

*3

complaints received from one customer were amalgamated and dealt with collectively as one stage 2 complaint.

5. Ombudsman Complaints

Each Ombudsman produces Annual Review Letters detailing how many complaints they have received for individual councils and how many decisions they have made. These are reported to the Audit and Governance Committee. Table 11 below summarises the number of complaints received by the Local Government and Social Care Ombudsman (LGSCO) for the previous 4 years.

Table 9 (LGSC Ombudsman complaints decisions)

Year	Decided by the LGSCO	Number Upheld
April 2023 – March 2024	9	0
April 2022 – March 2023	9	0
April 2021 – March 2022	12	0
April 2020 - March 2021	11	1

None of the complaints decided were upheld the by LGSCO throughout 2021 - 2023. This is testament to the detailed responses to the complaints submitted to the Council and our commitment to putting right anything we got wrong.

The received and decided figures are different due to several reasons including:

- The complaint may have been received during 2022 - 2023 but a decision made in 2023 - 2024 (or even later) and therefore the complaint will show in a later year's report.
- The complaint did not relate to a service provided by us e.g., highways.
- The complaint was classed as premature

The LGSCO have published two good practice guides aimed at helping authorities to get things right before cases are escalated:

- Appendix 1. [Section 117 Aftercare guidance \(lgo.org.uk\)](https://lgo.org.uk)
- Appendix 2. [Guidance for practitioners: Deprivation of Capital \(lgo.org.uk\)](https://lgo.org.uk)

The Housing Ombudsman outcomes for the past 3 years are shown in Table 12. Figures for 2023/24 are expected to be published in November 2024 and reported in the 2024/25 (Half 2) Customer Feedback report

Table 10 (Housing Ombudsman complaints decisions)

Year	Decided by the HO	Number Upheld
April 2022 – March 2023	1	0
April 2021 – March 2022	1	0
April 2020 - March 2021	1	0

6. Suggestions

In the period, 23 suggestions were initially received. On examination, 10 suggestions were considered to be service requests and 1 was a complaint (Table 11). Four further suggestions were subsequently withdrawn. A sample of suggestions received are shown below.

Table 11 (Suggestions)

Suggestion	Outcome
Revenues & Benefits	
<p>Suggestion that names of individuals exempt from council tax due to Severe Mental Impairment (SMI) should still appear on their bill. Customer feels dehumanised by this and would like his name to appear on the bill, albeit, marked as exempt. This would also allow him to use the bill as proof of address'</p>	<p>At present it is not a legal requirement to show the name(s) of the disregarded persons on the bill giving rise to the discount, and in certain circumstances, may not be practical however the software provider will be consulted to see if this is something that could be accommodated in the future.</p>
Corporate Property	
<p>Free short stay parking time removed from Southwell car parks, customer feels that people popping to the shops for a few minutes should not have to pay these charges and suggests that the free parking time be reinstated</p>	<p>The car park referred to is externally managed, the comments and suggestions have been forwarded to Southwell Town Council to review how to make the user experience better.</p>
Environmental Services	
<p>Sherwood Avenue play zone facilities We have paid our first of many visits. Great upgrade just a few points I would adjust... Needs more places to sit only 3 benches for the whole park area. Also add some more older children swings, you could add them on grass near the zip line."</p>	<p>Thank you for the feedback, we're delighted that you've enjoyed your visit to see some of the new facilities. At this time, we have installed the zip-wire and the new children's play area, but there is still much more to come – a new skatepark, water feature, active zone, and nature area. More benches and seating areas will be installed as part of those developments</p>
<p>I tried to use the QR code on the new glass recycling to determine when the glass would be collected. Instead I get sent to generic page on what can and can't be recycled. The most helpful info for the most people would be to state when the glass recycling is collected</p>	<p>The link on the QR code should take you to a page that has a link to sign up for bin reminders. you would need to confirm your address so that the calendar draws the correct information. When I checked your address, there was no glass round linked to it so I have updated our records and uploaded the new calendar which should now show the collections. I recommend to everyone to sign up for the bin reminders as collections are every 8 weeks and it is easy to forget.</p>
Customer Services	
<p>I have just submitted an on-line compliment regarding your refuse collection. I found it would be much simpler to make a complaint than to find a way to say something positive or make a suggestion. Please consider making it much easier to do this as I nearly gave up. If it was more prominent it may result in people feeling more inclined to say</p>	<p>Thank you for taking the time to submit your feedback about how hard it is to find out how to leave us a compliment. We regularly review the content of the website to make sure it is customer friendly, and that information is easy to find, so your comments are particularly helpful. We recently updated our feedback pages to bring them into line with the latest legislation, which puts the emphasis on to how to raise a grievance or complain. It is important that our</p>

<p>something nice and viewing the council in a more positive light. I'm sure you do some statistics on complaints, and this may reduce the numbers if people made suggestions rather than complaints. Thank you.</p>	<p>residents are able to tell us about issues easily. However, it is still important for us to receive praise, as we do also need to know when we are getting it right! We have used the word 'compliments,' but this did lead to some confusion with 'complaints'. We do want to make it as easy as possible for residents to submit comments, either positive or negative, so we will take your comments on board. thank you again for contacting us.</p>
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7. Praise (Compliments)

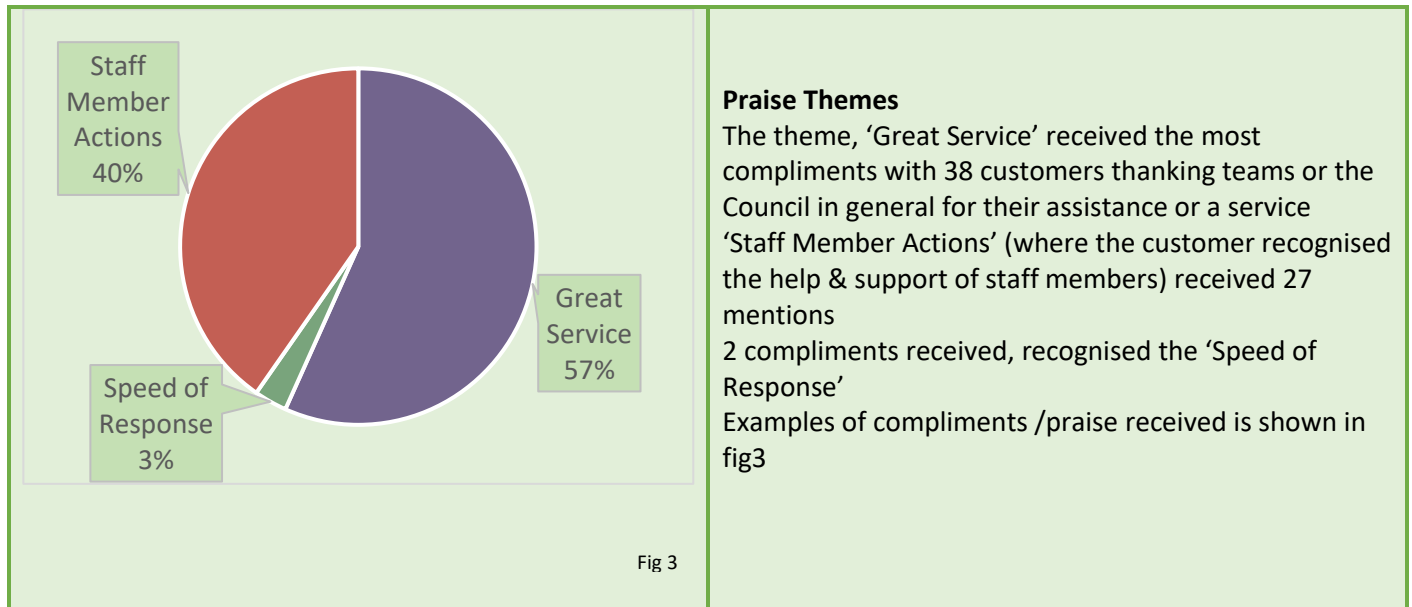
Compliments can help us identify what our customers' value and highlight good practice. This includes compliments to the Council by a customer relating to the quality of service provided by individual staff members or service teams. On a few occasions, customer have submitted a compliment instead of a complaint, to prevent confusion we have amended the wording to Praise

*I went to the council office on 27th September with a problem with my council tax. I was very stressed and scared to go to the office. It made me have anxiety. I would like to thank the receptionist who listened carefully to my explanation of the problem. And the second person, Laura, she listened, solved the problem, and helped me to use the computer to pay my tax. In the future, I will have to go to the office again. I hope that I will be greeted with a smile and have the patience to listen as this time.
I thank you from the bottom of my heart.*

Table 12 (praise by BU)


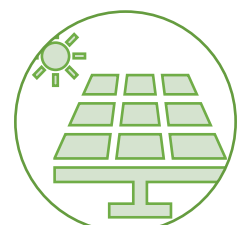





Table 13 (Praise Themes)



Compliments Examples

Fig 3

 <p>I wanted to pass on compliments for a number of staff working at Castle House. I attended to support someone presenting as homeless and was met with the kindest female staff member who completed the triage. All staff on the front desk were incredibly helpful.</p>	 <p>Thank you for the speed & efficiency in granting a Lawful Development Certificate. The process took much less time than we expected & we are grateful for your efficiency in allowing us to go ahead with the installation of our 16 solar panels.</p>	 <p>Just wanted to drop a note to highlight how lovely the three chaps that do the refuse collection around the Middlebeck estate on Fridays are. They've always got a smile and a wave for the children (and adults), my kids love 'bin day'!</p>	 <p>I just wanted to say we had a lovely chap come out on Friday to repair a dripping issue with the shower. Nothing was too much trouble for him. it's nice to see someone who cares about doing a good job! A credit to NSDC</p>	 <p>I'd like to leave a compliment to the waste recycling staff who collected my mattress this morning. I'd forgotten about the collection and the mattress was in the garage. They were kind enough to come and fetch it out for me. Thank you so much,</p>
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8. Putting it Right

Compensation is considered to be a remedy for inconvenience or distress caused by a service failure within the Council's social housing, and claims will be considered on a case-by-case basis. The amount of compensation paid will reflect the level of inconvenience, disturbance and distress caused by not getting things right sooner and the extent to which the Council is solely responsible. The Council will also take into account, the time taken to resolve the problem and whether this was excessive.

Twenty one claims were awarded compensation in the period 01 April – 30 September (Half 1 2024/25) amounting to a total of £11,765; Chart 13 shows the number of awards to each category and percentage of the total awards. Table 16 displays the costs awarded in each category in comparison to the same period in 2023/24

Chart 11 (Categories %)

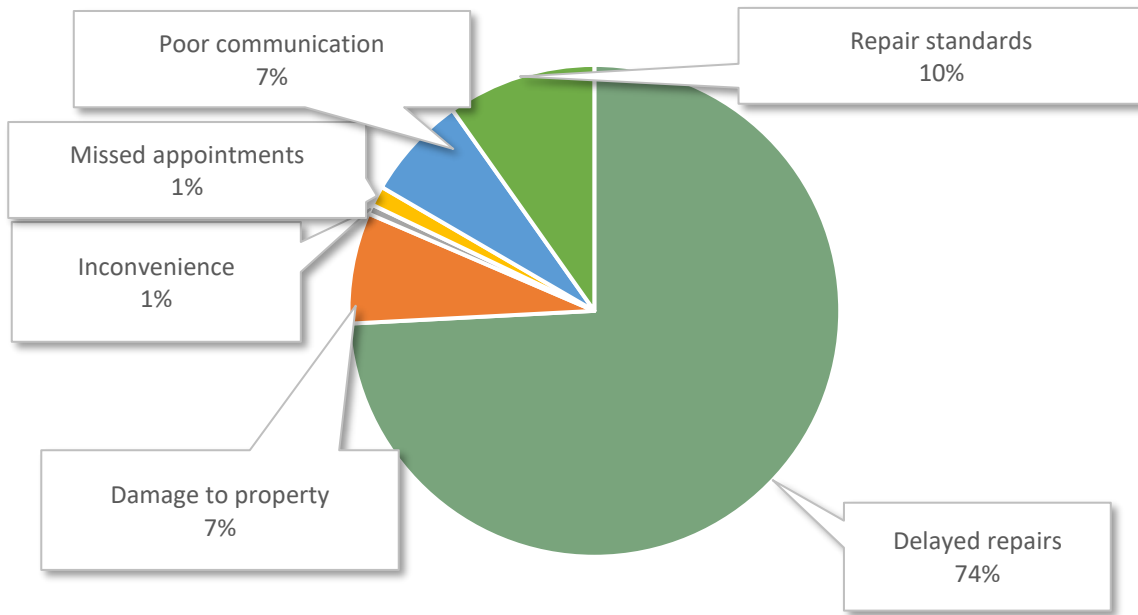


Table 14 (Cost by category)

Category of Complaint	Half 1 2023/24	Half 1 2024/25
Damage to property	£531.88	£858.98
Damp/Mould/Leaks	£709.15	
Delayed repairs/Works	£15,294.13	£8,725.63
Goodwill	£200.00	
Inconvenience	£2,707.57	£73.88
loss of income	£100.00	
Missed appointments	£172.00	£152.00
Poor communication	£801.90	£801.90
Poor service (Contractor)	£608.66	
Rent recovery	£80.85	
Repair Standards	£925.00	£1,152.11
Delay in Services	£50.00	
Grand Total	£22,181.14	£11,764.50

Table 14 provides a comparison of compensation costs between the same periods in 2023/24 and 2024/25. Notably, costs have decreased by 47% in the first half of 2024/25. This reduction highlights the effectiveness of ongoing efforts to enhance services and address complaints more promptly.



Report to: Audit & Governance Committee Meeting: 19 February 2025

Director or Business Manager Lead: Sue Bearman – Assistant Director Law and Information Governance.

Lead Officer: Lisa Ingram, Principal Legal Officer and RIPA Co-ordinator

Report Summary	
Report Title	REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) - ANNUAL REPORT
Purpose of Report	To report to the Committee: <ul style="list-style-type: none"> i. Activity by the Council under RIPA from 2023 to December 2024 ii. IPCO inspection iii. Relevant minor amendments to the RIPA policy iv. An update on mandatory training for officers
Recommendations	For the committee to note the report and agree the minor amendments to the policy.
Reason for Recommendation	To ensure the Council fulfils its statutory obligations and keeps up to date with policy and training.

1.0 Background

The Regulation of Investigatory Powers Act 2000(RIPA) gives the Council certain powers to undertake covert surveillance in relation to some investigations undertaken by the Council. Since 2017 the Investigatory Powers Commissioner’s Office (IPCO) has been responsible for the oversight of the use of RIPA.

1.1 There is a strict authorisation process set out in the legislation requiring that all applications are considered by designated members of the Council’s Senior Leadership Team before final authorisation is sought in the Magistrates Court. The Council is required to submit an annual statistical return to the IPCO on the number of authorisations made and the Council is also subject to periodic inspections by the IPCO.

1.2 The Council is also able to obtain certain communications data (i.e. data about electronic communications) through the National Anti-Fraud Network (NAFN) who are an expert provider accredited by the IPCO and the Home Office. NAFN submits an annual statistical return to the IPCO of the number of submissions made by the Council requesting information from NAFN.

1.4 A programme of monitoring and review is set out in the Council's RIPA policy and guidance. Annual reports of RIPA authorisations are made to the Audit and Governance committee.

1.5 **Annual Activity**

There has been 1 authorisation sought by the Magistrates court during this period. This related to a flytipping hotspot at an address in Ollerton. Unfortunately, no relevant material was obtained but officers are taking further action in relation to the same.

There have been no authorisations refused by the Magistrates Court.

The Council's use of authorised RIPA surveillance has always been and remains extremely low. This is in line with the majority of other authorities; particularly those who do not have services such as Trading Standards or Consumer Protection teams.

1.6 The Council will submit the annual statistical return to the IPCO for the 2024 period by 31st January 2025 when it is due. There have been Nil returns to the IPCO since 2016.

2.0 **IPCO Inspection**

On 11 June 2024, the Council was notified by IPCO that they intended to carry out an inspection of the Council's application and use of RIPA.

2.1 On 2 July 2024, IPCO sent their report to the Council. The only general recommendation made was as follows:

"key compliance issues continue to receive the necessary internal governance and oversight through yourself and your Senior Responsible Officer: policy refreshes; annual updates to your Elected Members; ongoing training and awareness raising; internal compliance monitoring by lead managers within their business areas; and the retention, review and destruction (RRD) of any product obtained through the use of covert powers (Records and Product Management in accordance with the Safeguards Chapters of the relevant Codes of Practice)."

3.0 **Minor amendments to the Council's RIPA Policy**

The Council is required to have a policy governing the law and procedure for undertaking surveillance and how that integrates with RIPA. The policy should be published on the website and also on the intranet for reference by staff undertaking any investigations involving surveillance.

3.1 The internal policy, including the names of relevant Authorising officers, the Senior Responsible Officer and RIPA Co-ordinator is on the intranet and provides much more detailed information on how surveillance techniques may or may not be used and will be available on the internet and intranet. Minor amendments have been made to the policy to reflect changes in names/job titles of relevant officers and some improvements to level of detail and layout.

4.0 **Training**

Appropriate training is provided to all Authorising officers and training has been provided in July 2024. Ongoing advice and training is provided to investigating officers

on a case by case basis throughout the year. More formal training is planned to be completed by December 2025 to investigating officers in relevant teams.

- 4.1 RIPA is also discussed at the 6 weekly Corporate Enforcement Group meetings to ensure consistency of application of the policy across the Council.

5.0 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.

5.1 Legal Implications (LEG2425/3139)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its function in relation to assurance of the Council's governance arrangements, and the RIPA policy.

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.

21 February 2024 Annual Report to Audit & Governance Committee is published - <https://democracy.newark-sherwooddc.gov.uk/documents/s19158/Item%2016%2021.02.2024%20Regulation%20of%20Investigatory%20Powers%20Act%20Annual%20Report.pdf>

**REGULATION OF INVESTIGATORY POWERS ACT 2000
POLICY AND PROCEDURAL GUIDE¹**

Adopted by Council:	26/9/19
Reviewed/amended ²	16/11/22-to amend names of Relevant officers only
Reviewed/amended	15/04/2024
Reviewed/amended	30/12/2024

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1. INTRODUCTION

- 1.1 This policy document shall be readily available at the offices of Newark and Sherwood District Council (“the Council”). It will be available on the Intranet for staff use only and the Internet site of the Council for public to view.
- 1.2 The purpose of this document is to ensure that the Council complies with the Regulation of Investigatory Powers Act 2000 (RIPA) and any associated codes of practice or Government (or other) guidance and as maybe amended from time to time.
- 1.3 This document provides guidance on the regulation of any covert surveillance that is carried out by Council officers. This includes the use of undercover officers, informants and private investigators and other agents of the Council.
- 1.4 Any covert surveillance will have to be authorised and conducted in accordance with RIPA, the statutory codes of practice and this Guide. Any such covert surveillance shall only be for one of the purposes set out in this Guide and for a purpose which the Council is legally required or empowered to investigate as part of its functions.
- 1.5 Covert surveillance will only be used by the Council where it is satisfied that such use to be proportionate to the seriousness of the crime or matter being investigated, and the history and character of the individual(s) concerned.
- 1.6 Before requesting authorisation, Investigating Officers will have regard to this document and the statutory Codes of Practice issued under section 71 of RIPA. The

Codes of Practice are available from the RIPA co-ordinator and direct from the Home Office at <http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-codes-of-practice/>

- 1.7 Authorising officers will have to consider whether it is reasonable, necessary and proportionate for Investigating Officers to undertake covert surveillance and whether it is possible to obtain the evidence through other means.
- 1.8 Authorising Officers must give detailed consideration to the risk of collateral intrusion, i.e. the risk of intruding into the privacy of others while watching someone else. All reasonable and practical steps will have to be taken to minimise or negate this risk.
- 1.9 There should be no situation where an officer engages in covert surveillance without obtaining authorisation in accordance with the procedures set out in this document, the statutory Codes of Practice and from RIPA.
- 1.10 Any queries concerning the content of the document should be addressed to the RIPA co-ordinator. Details of all relevant co-ordinator and authorising officer details are on page 18 of this document.
- 1.11 If you are in any doubt as to whether RIPA applies to any activity you intend to carry out, please seek legal advice from the team or RIPA co-ordinator before you undertake the activity.
- 1.12 This policy should be read in conjunction with the Council's social media policy for employees and the Social Media Policy in respect of Investigations.

2. THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

2.1 The background to RIPA

RIPA provides a legal framework for the control and regulation of surveillance and information gathering techniques which public authorities undertake as part of their duties.

On the 25 September 2000 the Regulation of Investigatory Powers Act 2000 was brought into force in England and Wales. The need for such control arose as a result of the Human Rights Act 1998. Article 8 of the European Convention on Human Rights states that:-

1. Everyone has the right to respect for his private and family life, his home and his correspondence.
2. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic wellbeing of the country, for the prevention of disorder or crime, for the protection of health and morals or for the protection of the rights and freedoms of others.

This right under Article 8 is a "qualified right" and public authorities can interfere with this right for the reasons given in paragraph 2 of Article 8 (above).

RIPA provides the legal framework for lawful interference.

2.2 The scope of this Policy and Guide

This Guide intends to cover the surveillance and information gathering techniques which are most likely to be carried out by the Council.

Neither RIPA nor this Guide covers the use of any “overt” surveillance (i.e. out in the open so that the person/people being observed would know), general observation that forms part of the normal day to day duties of officers, the use of equipment to merely reinforce normal sensory perception (i.e. binoculars) or circumstances where members of the public who volunteer information to the Council.

RIPA does not normally cover the use of overt CCTV surveillance systems since members of the public are aware that such systems are in place.

If an Investigating Officer envisages using any CCTV system for surveillance they should contact the RIPA co-ordinator.

RIPA deals with a wide variety of surveillance types. Some of the other techniques that are covered by RIPA will not, or cannot, be used by local authorities. These include:-

1. Interception of any communication such as postal, telephone or electronic communications without both the sender and receiver’s permission; ie to prevent the addressee receiving the communication or reading it prior to them receiving it.
2. The acquisition and disclosure of information as to who has sent or received any postal, telephone or electronic communication; and
3. The covert use of surveillance equipment within any premises or vehicle, including business premises and vehicles with the intention of covertly gathering information about the occupant(s) of such premises or vehicles.

2.3 Consequences of not following RIPA

Section 27 of RIPA provides that surveillance shall be lawful for all purposes if authorised and conducted in accordance with an authorisation granted under RIPA.

Lawful surveillance is exempted from civil liability.

Although not obtaining authorisation does not make the authorisation unlawful per se, it does have serious consequences:-

- (i) Evidence that is gathered may be inadmissible in court;
- (ii) The subjects of surveillance can bring their own proceedings or defeat proceedings brought by the Council against them on human rights grounds, ie. we have infringed their rights under Article 8;
- (iii) If a challenge under Article 8 is successful the Council could face a claim for financial compensation;
- (iv) A complaint could be made to The Investigatory Powers Commissioner’s Office and
- (v) Any person who believes that their rights have been breached can have their

complaint dealt with by way of a tribunal.

All of the above have a financial impact on the Council as well as harming our reputation with the public, the courts and other professionals.

2.4 The Surveillance Commissioner

Investigatory Powers Commissioner's Office (IPCO) provides independent review and regulation of the use of investigatory powers by intelligence agencies, police forces, councils and other public authorities.

The IP Commissioner and his Judicial Commissioners are responsible for regulating and overseeing the use of investigatory powers by public authorities which include law enforcement, the intelligence agencies, prisons, local authorities and other government agencies (e.g. regulators). In total over 600 public authorities and institutions have investigatory powers.

The IPCO has unrestricted access to all locations, documentation and information systems as necessary to carry out their full functions and duties. They regularly review the way in which public authorities implement the requirements of RIPA. The Council will receive periodic visits from the IPCO. They will check to see if the Council is complying with RIPA.

It is important that the Council can show, with appropriate evidence, that it complies with this Policy and guidance and with the provisions of RIPA.

3. COVERT SURVEILLANCE

Covert surveillance means surveillance that is carried out in a manner calculated to ensure that the person subject to the surveillance is unaware that it is taking place.

There are three categories of covert surveillance:-

1. Directed surveillance (as defined by S26(6) of RIPA 2000)
2. Covert human intelligence sources (CHIS); and
3. Intrusive surveillance (but nothing in this Policy allows the authorising of "Intrusive surveillance" as defined in RIPA) ie. in respect of anything taking place on residential premises or in a private vehicle, involving the presence of an investigator on those premises/vehicles or carried out through a surveillance device such as a camera, recording device or similar.

3.1 Directed Surveillance (DS)

3.1.1 The majority of covert surveillance that will be undertaken by the Council will fall under the heading of Directed Surveillance (DS).

3.1.2 DS is defined as surveillance which is covert, but not intrusive, and is undertaken:-

- (a) for the purpose of a specific investigation or operation;
- (b) in such a manner as it is likely to result in obtaining private information about a person (whether or not that person is the target of the investigation or operation); and

- (c) in a planned manner and not by way of an immediate response whereby it would not be reasonably practicable to obtain an authorisation prior to the surveillance being carried out. i.e. if an officer walked past just as a fly-tip took place and recorded it on their mobile phone getting the drivers car registration and video of him.

3.1.3 It is irrelevant where the subject of the DS is being observed.

3.1.4 If you intend to instruct an agent (eg a process server or investigative service) to carry out the DS the agent must complete and sign the form marked “agent’s agreement form” contained in **Appendix B**. The agent will be subject to RIPA in the same way as any employee of the Council would be. This is unlikely to happen often in the Council and advice must always be sought.

3.1.5 The flow chart in **Appendix C** gives guidance on when authorisation might be needed.

3.2 Covert Human Intelligence Sources (CHIS)

3.2.1 Under Part 2 RIPA 2000 Newark and Sherwood District Council is provided with lawful authority to obtain authorisation to use a covert human intelligence source to assist in the investigation of an operation to detect or prevent a crime or disorder. This involves the establishment or maintenance of a personal or other relationship with a person for the covert purpose of obtaining or disclosing private information. A CHIS is a person who:-

- (a) establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph (b) or (c);
- (b) covertly uses such a relationship to obtain information or to provide access to any information to another person; or
- (c) covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

3.2.2 A relationship is established or maintained for a covert purpose if and only if it is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose. Eg using a false social media account to hide that you are from NSDC and engaging with someone on there.

3.2.3 A relationship is used covertly and information obtained is disclosed covertly, if and only if the relationship is used or the information is disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question. Eg asking a pub landlord to listen in on a customer and report to NSDC about them; asking a neighbour to befriend someone suspected of ASB **and** to keep diary sheets about them for NSDC.

3.2.4 Covert Human Intelligence Sources may only be authorised if the following arrangements are in place:

- that there will at all times be an officer within the local authority who will have day to day responsibility for dealing with the CHIS on behalf of the authority, and for the CHIS’s security and welfare;
- that there will at all times be another officer within the local authority who will

have general oversight of the use made of the CHIS;

- that there will at all times be an officer within the local authority who has responsibility for maintaining a record of the use made of the CHIS; and
- that the records relating to the CHIS maintained by the local authority will always contain particulars of all matters specified by the Secretary of State in Regulations.

3.2.5 Legal advice should always be sought where any matters for investigation may involve the use of other enforcement agencies, including the police.

3.2.6 Special consideration must be given to the use of vulnerable individuals for CHIS. A 'vulnerable individual' is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself, or unable to protect himself against significant harm or exploitation.

3.2.7 Any individual of this description, or a juvenile as defined below, should only be authorised to act as a CHIS in the most exceptional circumstances and only then when authorised by the Chief Executive or, in his absence, by the person acting as Chief Executive or in case of short term absences, by the Director of Governance and Organisational Development and Monitoring Officer.

3.2.8 Before an Investigating Officer undertakes any surveillance involving a vulnerable individual they **must obtain legal advice** and consult the RIPA co-ordinator concerning any clarification on the administrative process. Also in these cases, any authorisation must be carried out by the Chief Executive or, in his absence, by the person acting as Chief Executive or in case of short term absences, by the Director of Governance and Organisational Development and Monitoring Officer

3.2.9 Special safeguards also apply to the use or conduct of juvenile CHIS; ie someone under the age of 18 years you wish to engage as a CHIS. On no occasion should the use or conduct of CHIS under 16 years of age be authorised to give information against his parents or any person who has parental responsibility for him.

3.2.10 There must be additional supervision and care taken for any proposed juvenile CHIS and the person responsible for their use must ensure that additional consideration of their wellbeing and safety is documented before, during and throughout the matter. Refer back to paragraphs 3.2.4 and 3.2.6 above

3.2.11 In other cases, authorisations should not be granted unless the special provisions contained within The Regulation of Investigatory Powers (Juveniles) Order 2000; SI No. 2793 are satisfied. Authorisations for juvenile sources should only be granted by the Chief Executive (or in his absence, the acting Chief Executive).

3.2.12 Before an Investigating Officer undertakes any surveillance involving a juvenile they must consult the RIPA co-ordinator.

3.2.13 The flow chart in **Appendix D** gives guidance on when authorisation might be needed.

3.2.14 Any Investigating Officer considering the use of a CHIS must seek advice from the RIPA Co-ordinator before taking any steps in relation to a CHIS.

3.3 Intrusive surveillance

- 3.3.1 Intrusive Surveillance is available only to the Police or other law enforcement agencies. Intrusive surveillance is defined as covert surveillance that:-
- (a) is carried out in relation to anything taking place on/in any residential premises or in any private vehicle; and
 - (b) involves the presence of any individual on the premises or in the vehicle or is carried out by means of a surveillance device.
 - (c) if the device is not located on the premises or in the vehicle, it is not intrusive surveillance unless the device consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle.

Local authorities are not authorised to conduct intrusive surveillance.

4. Procedure for Obtaining Authorisations

4.1 The Senior Responsible Officer (SRO):-

Role:

- 4.1.1 The Codes of Practice place certain responsibilities on the Senior Responsible Officer (RIPA Monitoring Officer):- The Assistant Director of Law and Democratic Services and Monitoring Officer is designated the Council's Senior Responsible Officer (SRO). Code 3.22 states that "within every relevant public authority the SRO must be responsible for:-
- (a) ensuring the integrity of the Council's RIPA processes.
 - (b) ensuring compliance with RIPA legislation and the Home Office Codes of Practice.
 - (c) engaging with the IPCO when its inspector conducts an inspection.
 - (d) overseeing the implementation of any post-inspection plans.
 - (e) ensuring that all Authorising Officers are of an appropriate standard in light of any recommendations made by the IPCO inspection reports.
 - (f) ensuring that concerns are addressed, where IPCO inspection highlights concerns about the standards of Authorising Officers or application of RIPA.
- 4.1.2 To ensure these requirements are met the SRO maintains oversight and quality control in relation to RIPA functions and processes. The RMO maintains the Central Record of Authorisations and is also responsible for RIPA training and the heightening of awareness of RIPA issues throughout the Council and an oversight of all applications to ensure ongoing quality control.

Authorising Officers: **Appendix A** sets out the officers within the Council who can grant authorisations.

4.2 Role:

An Authorising Officer is an employee of Newark and Sherwood District Council who

has received adequate training and has attained a level of competency to be able to provide authorisation. Authorising Officers can authorise, review and cancel directed surveillance. Each of them can authorise, review and cancel the employment of a juvenile or vulnerable CHIS, or the acquisition of confidential information.

- 4.2.1 The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 prescribes that for local authorities the Authorising Officer shall be a Director, Head of Service, Service Manager or equivalent. They must be distinct and in a senior role from the officer responsible for the conduct of an investigation.
- 4.2.2 A designated Authorising Officer must qualify **both** by rank and by competence. Officers who wish to be designated must have been trained to an appropriate level and must maintain their training appropriately so as to have an understanding of the Act and the requirements that must be satisfied of before an authorisation can be granted.
- 4.2.3 Authorisations must be given in writing by the Authorising Officer.
- 4.2.4 Authorising Officers are also responsible for carrying out regular reviews of applications which they have authorised and also for the cancellation of authorisations.

4.3 Investigating Officers - What they must do before applying for authorisation.

- 4.3.1 An Investigating Officer is an officer within the Council who is involved in undertaking a specific investigation or operation. Investigating Officers should think about the need to undertake DS or CHIS before they seek authorisation. They need to consider whether they can obtain the information by using techniques other than covert surveillance. There is nothing that prevents an Investigating Officer discussing the issue of surveillance before progressing further. Consultation should take place with the Officer's manager and/or legal services. Any comments made by a manager or legal representative should be entered into the application for authorisation. Notes of all the discussions should be kept and retained on file.
- 4.3.2 The Codes of Practice advise that Authorising Officers should not be directly responsible for authorising investigations or operations in which they are directly involved although it is recognised that this may sometimes be unavoidable. This is highly unlikely however. Legal advice together with advice from the Authorising Officer's senior line manager should take place before any authorisation is signed in these circumstances.
- 4.3.3 If an Investigating Officer intends to carry out DS or use CHIS they should complete and submit an "Application for Directed Surveillance" form which is marked as such, or an "Application for the use of CHIS" to an Authorising Officer. An electronic version of the most up-to-date forms and Codes of Practice are available online downloaded from the Home Office in **Appendix B**. The Investigating Officer should also consider including an assessment of the risk of collateral intrusion and detail any measures taken to limit this.
- 4.3.4 **Appendix C** shows the steps which are required as part of the authorisation process and the Covert Surveillance and Property Interference Revised Code of Practice (August 2018) contains best practice guidelines with regard to applications for

Directed Surveillance including the need for information to be presented in a fair and balanced way.

4.3.5 The person seeking the authorisation should obtain a Unique Reference Number from the RIPA Co-ordinator and complete parts 1 and 2 of the form having regard to the guidance given in this Guide and the statutory Codes of Practice.

4.3.6 The form should then be submitted to the Authorising Officer for authorisation.

4.4 Authorising Officers - What they must do before authorising surveillance

4.4.1 Before giving authorisation, an Authorising Officer **must** be satisfied that the reason for the request is the permitted reason under the Act and permitted under the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010, i.e.

- in the case of directed surveillance, for the purpose of the prevention and detection of conduct which constitutes one or more criminal offences that are:

(i) punishable by a maximum term of at least 6 months imprisonment; or

(ii) are offences under:

- a. Section 146 of the Licensing Act 2003 (sale of alcohol to children)
- b. Section 147 of the Licensing Act 2003 (allowing the sale of alcohol to children)
- c. Section 147A of the Licensing Act 2003 (persistently selling alcohol to children); or
- d. Section 7 of the Children and Young Persons Act 2003 (sale of tobacco etc. to persons under eighteen); and

or

- in the case of CHIS, for the purpose of the prevention and detection of crime or for the preventing of disorder;

and

e. the desired result of the covert surveillance cannot reasonably be achieved by other means;

and

f. the risks of collateral intrusion (the risk of obtaining private information about persons who are not the subject of investigation) have been properly considered, and the reason for the surveillance is balanced proportionately against the risk of collateral intrusion with particular consideration given to cases where religious, medical, journalistic or legally privileged material may be inferred or where communications between a Member of Parliament and another person on constituent business may be involved.

and

g. there must also be consideration given to the possibility of collecting confidential personal information. If there is a possibility of collecting personal information the matter should be passed to the Senior Responsible Officer for consideration.

4.4.2 An Authorising Officer **must** also be satisfied that the surveillance in each case is

necessary and proportionate.

This is defined as:-

Necessity

- Obtaining an authorisation under the 2000 Act will only ensure that there is a justifiable interference with an individual's Article 8 rights if it is necessary and proportionate for these activities to take place.
- The 2000 Act first requires that the person granting an authorisation for directed surveillance believes that the authorisation is necessary in the circumstances of the particular case for the statutory ground in section 28(3)(b) of the 2000 Act being "*for the purpose of preventing or detecting crime or of preventing disorder*".

Proportionality

- The following elements of proportionality should be considered:
 - i) balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or harm;
 - ii) explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
 - iii) considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the information sought;
 - iv) evidencing as far as reasonably practicable, what other methods have been considered and why they were not implemented, or have been implemented unsuccessfully.

When the Authorising Officer has considered if the surveillance is necessary and proportionate they must complete the relevant section of the form explaining why in his/her opinion the surveillance is necessary and proportionate.

4.5 Judicial Approval

4.5.1 From 1 November 2012, any DS or CHIS authorisation granted by an Authorising Officer **does not** take effect until an order has been made by a Justice of the Peace ("Magistrate") approving the grant of the authorisation.

4.5.2 When an authorisation has been granted by an Authorising Officer (following the process set out above) and after consultation with Legal Services, an Officer authorised by the Council to appear on its behalf in Magistrates' Court proceedings (the "Applicant") needs to make an application to the Magistrates' Court for judicial approval of the authorisation before the authorisation can take effect (i.e. before lawful surveillance can begin). These steps will be taken by Legal Services. The Investigating Officer will however be asked to attend court when the application is heard.

4.5.3 Under the Criminal Procedure Rules 2012, the Applicant must:

- (i) apply in writing and serve the application on the appropriate court officer;

- (ii) attach the authorisation which the Applicant wants the court to approve (NB the original authorisation should be shown to and a copy provided to, the Magistrate. The original authorisation should be retained by the Investigating Officer) ;
- (iii) attach such other material (if any) on which the Applicant is relying to satisfy the court that the authorisation was necessary for the purposes of the prevention and detection of crime and was proportionate (as set out in paragraph 4.4.1) and that the authorisation was granted by a person designated for the purposes of RIPA .

The Applicant should also provide the Magistrate with two copies of a partially completed judicial application/order to assist the process.

4.5.4 The hearing will be in private and heard by a single District Judge/JP who will read and consider the RIPA authorisation or notice and the judicial application/order form. He/she may have questions to clarify points or require additional reassurance on particular matters. The forms and supporting papers must, by themselves, make the case. It is not sufficient to provide oral evidence where this is not reflected or supported in the papers provided. The JP may note on the form any additional information he or she has received during the course of the hearing but information fundamental to the case should not be submitted in this manner.

4.5.5 The relevant Magistrate may approve the granting of a DS authorisation if, and only if, they are satisfied that:

- (i) at the time of the grant (i.e. when approval was given by the Authorising Officer):
 - a. there were reasonable grounds for believing that the authorisation was necessary for the purposes of the prevention and detection of crime and was proportionate (as set out in paragraph 4.4.1); and
 - b. that the authorisation was granted by a person designated for the purposes of authorising DS; and
- (ii) at the time when the relevant Magistrate is considering the matter, there remain reasonable grounds for believing that the authorisation is necessary and proportionate (as set out in paragraph 4.4.1)

4.5.6 The relevant Magistrate may approve the granting of a CHIS authorisation if, and only if, they are satisfied that:

- (i) at the time of the grant (i.e. when approval was given by the Chief Executive)
 - a. there were reasonable grounds for believing that the authorisation was necessary for the purposes of the prevention and detection of crime or disorder and was proportionate (as set out in paragraph 4.4.1) and that the arrangements set out in paragraph 3.2.3, together with any other prescribed requirements, were in place; and
 - b. that the authorisation was granted by a person designated for the purposes of authorising CHIS, and
- (ii) at the time when the relevant Justice of the Peace is considering the matter, there remain reasonable grounds for believing that the authorisation is necessary and proportionate (as set out in paragraph 4.4.1)

- 4.5.7 Where an application is approved by a Magistrate, the Investigating Officer should:
- (i) retain a copy of the judicial application/order that has been signed by the Magistrate;
 - (ii) retain the original authorisation; and
 - (iii) notify the RIPA Co-Ordinator of the Court's approval for the authorisation and provide a copy of the authorisation, application and Order for the RIPA records.
- 4.5.8 Where an application is not approved by a Magistrate, the authorisation does not take effect and the surveillance proposed in the authorisation must not be carried out.
- 4.5.9 Where an application is refused by a Magistrate, the Magistrate may make an order quashing the authorisation.

5. Record Keeping, Duration, Review, Errors, Renewal and Cancellation of Authorisations and Errors

5.1 Record Keeping

5.1.1 A record of all authorisations should be centrally retrievable within the Council for a period of at least three years and should be regularly updated and made available to the Investigatory Powers Commissioner and inspectors upon request. This record should contain the information outlined within the Covert Surveillance and Property Interference Revised Code of Practice (August 2018).

5.1.2 The Central Record should contain the following:-

The type of authorisation.

The date of the authorisation.

Name and rank of the Authorising Officer

The Unique Reference Number (URN) of the investigation or operation.

The title of the investigation or operation, including a brief description and names of subjects, if known.

Details of any renewal of the authorisation.

Whether the investigation or operation is likely to result in obtaining confidential information.

The date the authorisation was cancelled.

Full details of any equipment to be used

5.2 Duration

5.2.1 DS authorisations will cease to have effect after **three months** from the date of judicial approval unless renewed (also subject to judicial approval) or cancelled.

5.2.2 Authorisations should be given for the maximum duration (i.e. three months) but reviewed on a regular basis and formally cancelled when no longer needed.

5.2.3 CHIS authorisations will cease to have effect **after twelve months** from the date of approval. However, if using a juvenile CHS, the authorisation lasts for one month only but can be reviewed and renewed with court approval. For CHIS authorisations, legal advice must be sought.

- 5.2.4 Investigating Officers should indicate within the application the period of time that they estimate is required to carry out the surveillance, this will be proportionate to the objectives of the investigation and give due consideration to collateral intrusion.
- 5.2.5 The authorising officer must give authorisations in writing, except in urgent cases when they may be given orally by the authorising officer. An urgent case for oral authorisation should only be made if the applicant believes that the time required for an authorising officer to grant a written authorisation would, in the applicant's judgement, be likely to endanger life or jeopardise the investigation or operation for which the authorisation was being sought. An urgent oral authority lasts 72 hours from the time the surveillance was first authorised, unless renewed. .
- 5.2.7 It is the responsibility of the Investigating Officer to make sure that the authorisation is still valid when they undertake surveillance.

5.3 Review

- 5.3.1 An Investigating Officer must carry out a **regular** review of authorisations. If an authorisation is no longer required it **must** be cancelled.
- 5.3.2 The results of any review must be included on the review form (see forms "Review of Directed Surveillance" and "Review of CHIS" available from the RIPA Co-ordinator, or the Home Office website address given in **Appendix B**).
- 5.3.3 The Authorising Officer also has a duty to review authorisations that have been granted when it is necessary or practicable to do so. Particular attention should be given to authorisations involving collateral intrusion or confidential material.
- 5.3.4 The Authorising Officer should keep a copy of the review form for at least 3 years and a copy should be given to the Investigating Officer. A copy of the review form must also be sent to the RIPA Co-ordinator.

5.4 Renewals

- 5.4.1 An Investigating Officer can ask for, and an Authorising Officer can grant, subject to judicial approval, a renewal of an authorisation before it would cease to have effect and not more than 7 days before the original authorisation is due to expire.
- 5.4.2 A renewal can last for up to three months, effective from the date that the previous authorisation would cease to have effect. A renewal may also be granted for urgent cases for 72 hours.
- 5.4.3 An Authorising Officer can grant more than one renewal, subject to judicial approval, as long as the request for authorisation still meets the requirements for authorisation. An Authorising Officer must still consider all of the issues that are required for a first application before a renewal can be granted.
- 5.4.4 If the reason for requiring authorisation has changed from its original purpose it will not be appropriate to treat the application as a renewal. It should be treated as a new authorisation request. The original authorisation should be cancelled and a new authorisation should be sought, granted by an Authorising Officer and approved by a Magistrate.
- 5.4.5 All applications for renewal of authorisations for directed surveillance should

include:

Whether this is the first renewal.

Every occasion on which the authorisation has been renewed previously.

Significant changes to the information relating to the conduct to be authorised and also the purpose of the investigation or operation.

The reasons why it is considered to be necessary and proportionate to continue with the directed surveillance

The content and value to the investigation or operation of the information so far obtained by the surveillance and the result of regular reviews of the investigation operation

5.4.6 An application for a renewal must be completed on the appropriate form (see forms “Renewal of Directed Surveillance” and “Renewal of CHIS” available from the RIPA Co-ordinator, or the Home Office website address given in **Appendix B**).

5.4.7 The Authorising Officer should keep a copy of the renewal and a copy should be given to the Investigating Officer. A copy of the renewal form, judicial application and order must also be sent to the RIPA Co-ordinator.

5.5 Cancellations

5.5.1 If the reason for requiring the authorisation no longer exists, the authorisation must be cancelled and in any event as soon as the operation for which an authorisation was sought ceases to be necessary or proportionate by the Authorising Officer. This applies to both original applications and renewals (see forms “Cancellation of Directed Surveillance” and “Cancellation of CHIS” available from the RIPA Co-ordinator, or the Home Office website address given in **Appendix B**).

5.5.2 Authorisations must also be cancelled if the surveillance has been carried out and the original aim has been achieved. Authorising Officers will ensure that authorisations are set to expire at the end of the appropriate statutory period.

5.5.3 It is the responsibility of the Investigating Officer to monitor their authorisations and seek cancellation of them where appropriate.

5.5.4 The Authorising Officer should keep a copy of the cancellation form and a copy should be given to the Investigating Officer. A copy of the cancellation form must also be sent to the RIPA Co-ordinator.

5.6 Errors in applications

5.6.1 An error must be reported if it is a “relevant error” to the Investigatory Powers Commissioner as soon as reasonably practicable. If the error is of a serious nature then the Commissioner may require that the person concerned (i.e. who you intended to monitor) is informed of the error. They will consider the seriousness of the error and the potential impact on the person involved ie under surveillance. Legal advice should be sought as soon as possible if errors are identified

5.7 Review of Policy and Procedure

The Council’s Policy and Finance Committee will receive annual reports on the use of RIPA including the use of RIPA by the Authority.

6. The RIPA Co-ordinator

6.1 Role

The RIPA Co-ordinator will:-

- (i) provide a Unique Reference Number for each authorisation sought;
- (ii) keep copies of the forms for a period of at least three years;
- (iii) keep a register of all of the authorisations, reviews, renewals and cancellations, including authorisations granted by other public authorities relating to joint surveillance by the Council and that other public authority;
- (iv) provide administrative support and guidance on the processes involved;
- (v) monitor the authorisations, reviews, renewals and cancellations so as to ensure consistency throughout the Council;
- (vi) monitor each department's compliance and act on any cases of non-compliance;
- (vii) provide training and further guidance on and awareness of RIPA and the provisions of this Guide; and
- (viii) review the contents of the Guide, in consultation with Investigating Officers, Authorising Officers and the Senior Responsible Officer.

All original applications for authorisations and renewals including those that have been refused must be passed to the RIPA Co-ordinator as soon as possible after their completion with copies retained by the Authorising Officer and the Investigating Officer.

The RIPA Co-ordinator shall be either of the people in post of Principal Legal Officer.

All cancellations must also be passed to the RIPA Co-ordinator.

6.2 It is however the responsibility of the Investigating Officer, the Authorising Officers and the Senior Responsible Officer to ensure that:-

- (i) authorisations are only sought and given where appropriate;
- (ii) authorisations are only sought and renewed where appropriate;
- (iii) authorisations are reviewed regularly;
- (iv) authorisations are cancelled where appropriate; and
- (v) they act in accordance with the provisions of RIPA.

7. Legal Advice

Legal Services will provide legal advice to staff making, renewing or cancelling authorisations, including making applications for judicial approval.

8. Joint Investigations/Collaborative working

Where joint investigations are carried out with other agencies, such as the Department of Work and Pensions (DWP) or the Police, the RIPA Co-ordinator should be notified of the joint investigation and provided with a copy of any RIPA authorisation granted by another agency in respect of a joint investigation involving Council officers.

Any person granting or applying for an authorisation will need to be aware of the particular sensitivities in the local community where the surveillance is taking place.

Where possible, public authorities should try to avoid duplication of authorisations as part of a single investigation or operation. Where two agencies are conducting directive or intrusive surveillance as part of a joint operation, only one authorisation is required. Be cautious however of undertaking any form of surveillance that the Council is not authorised to do under another Authorities authorisation.

9. National Anti-Fraud Network (NAFN)

9.1 Since September 2014, Local Authorities can only access communications data via the National Anti-Fraud Network (NAFN). 'NAFN is a not-for-profit, non-incorporated body formed by its members to provide services which support their work in the protection of the public purse. Established in 1997, NAFN was created as a centre of excellence to provide data and intelligence to its members. This includes assisting members in the provision of effective corporate and financial governance. NAFN works with its members and other stakeholders to enhance and expand its range of services. It maintains all data in a secure and confidential environment conforming to Government legislation and national best practice

9.2 The Council is a member of NAFN. We must remain a paid up member in order to make use of its single point of contact (SPoC) service in relation to communications data.

9.3 The Council is a member, primarily to make use of other services provided by NAFN (credit referencing, DVLA checks, debtor tracing etc.) but given that Officers could now utilise the RIPA SPoC service and obtain communications data, guidance needs to be in place to govern the process.

9.4 This procedural guide is based on the requirements of The Regulation of Investigatory Powers Act 2000 (RIPA) and the Home Office Code of Practice on the Acquisition and Disclosure of Communication Data. The Council takes responsibility for ensuring its RIPA procedures are continuously improved and asks that any Officers with suggestions contact the RIPA Coordinator in the first instance. If any of the Home Office Codes of Practice change, the appropriate guide will be updated, and the amended version placed on the internet / published accordingly. Regular training sessions will also be provided to ensure that staff members are fully conversant with the Act

10. Complaints

The Investigatory Powers Tribunal (IPT) has jurisdiction to investigate and determine complaints against a public authority use of investigatory powers. It is the only appropriate tribunal for human rights claims against the intelligence services. All complaints for the use of powers should be directed to the IPT.

Notes and definitions

Superscript notes:

1. Wherever in this document the word Policy and/or Guide is used; this applies to this whole document and is the Council's RIPA Policy.
2. Complete dates on when Policy is adopted and then dates of each review.

OFFICERS

The following officers are the Senior Authorising Officer and the Authorising Officers for the purposes of RIPA.

<p>Senior Responsible Officer</p> <p>Sue Bearman – Assistant Director Legal and Democratic Services.</p>
<p>Authorising Officers – Directed Surveillance</p> <p>Sanjiv Kohli - Deputy Chief Executive. Director of Resources. S151 officer</p> <p>Matthew Finch- Director of Communities and Environment</p> <p>Matt Lamb –Director of Growth and Regeneration</p>
<p>Authorising Officer – CHIS</p> <p>Chief Executive – John Robinson</p>
<p>RIPA Co-Ordinator – Principal Legal Officer – Lisa Ingram</p>

AUTHORISATION FORMS

All of the forms necessary for RIPA are available from the Home Office website. These forms are a mandatory part of the process and must be used in line with the guidance.

All decisions about using regulated investigatory powers must be recorded as they are taken on the required form.

This is the case for applicants seeking authority to undertake regulated conduct and for Authorising Officers and designated persons who consider and decide whether to grant authority or give notice for that conduct. Select the form that you require from the hyperlinked lists below:-

www.gov.uk/government/collections/ripa-forms--2

Directed Surveillance

Application for DS

- <https://www.gov.uk/government/publications/application-for-use-of-directed-surveillance>

Renewal form form DS

- <https://www.gov.uk/government/publications/renewal-form-for-directed-surveillance>

Review of use of DS

- <https://www.gov.uk/government/publications/review-of-use-of-directed-surveillance>

Cancellation

- <https://www.gov.uk/government/publications/cancellation-of-use-of-directed-surveillance-form>

Covert Human Intelligence Sources

Application CHIS

- <https://www.gov.uk/government/publications/application-for-the-use-of-covert-human-intelligence-sources-chis>

Review CHIS

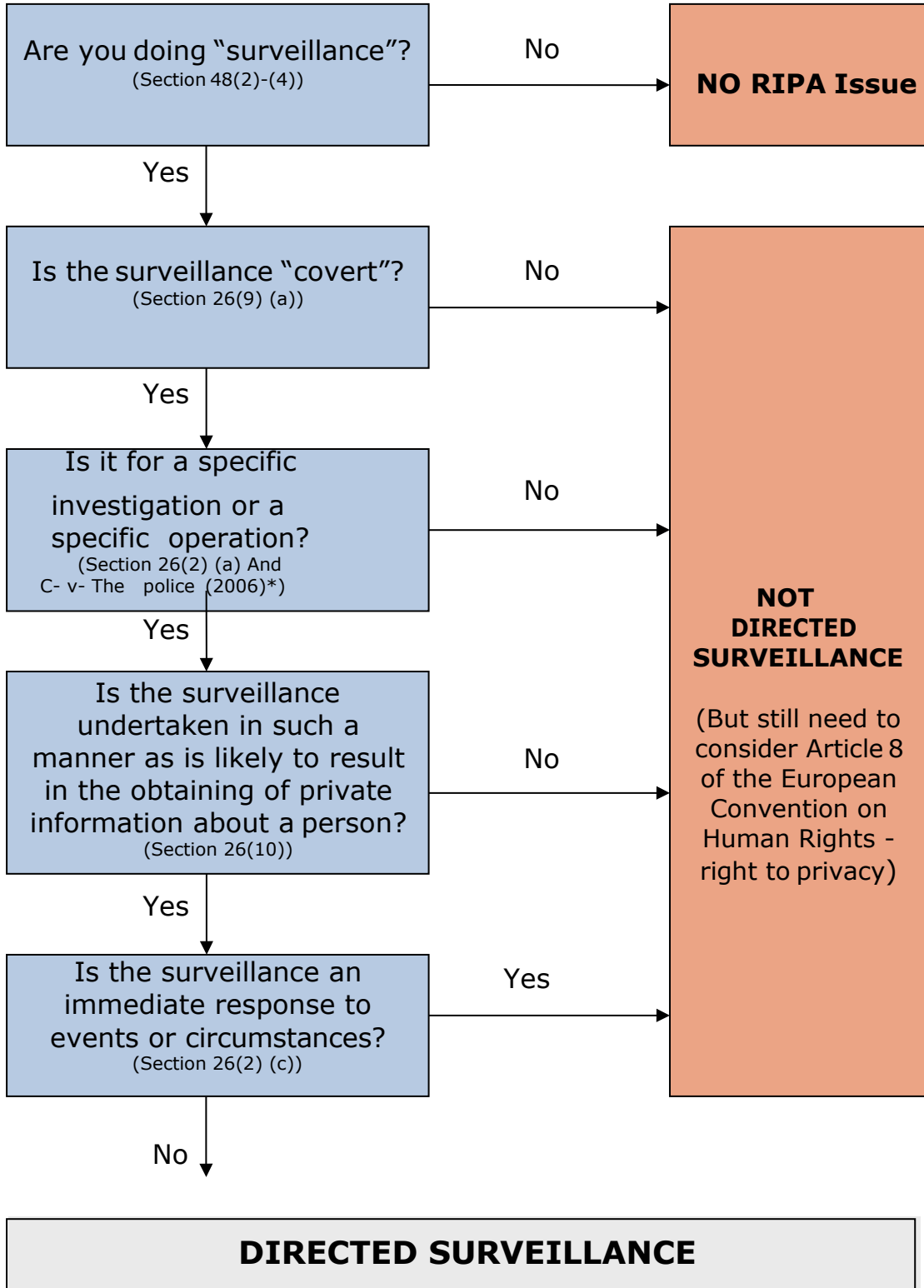
- <https://www.gov.uk/government/publications/reviewing-the-use-of-covert-human-intelligence-sources-chis>

Reporting errors to the IPCO

<https://www.ipco.org.uk/what-we-do/errors/>

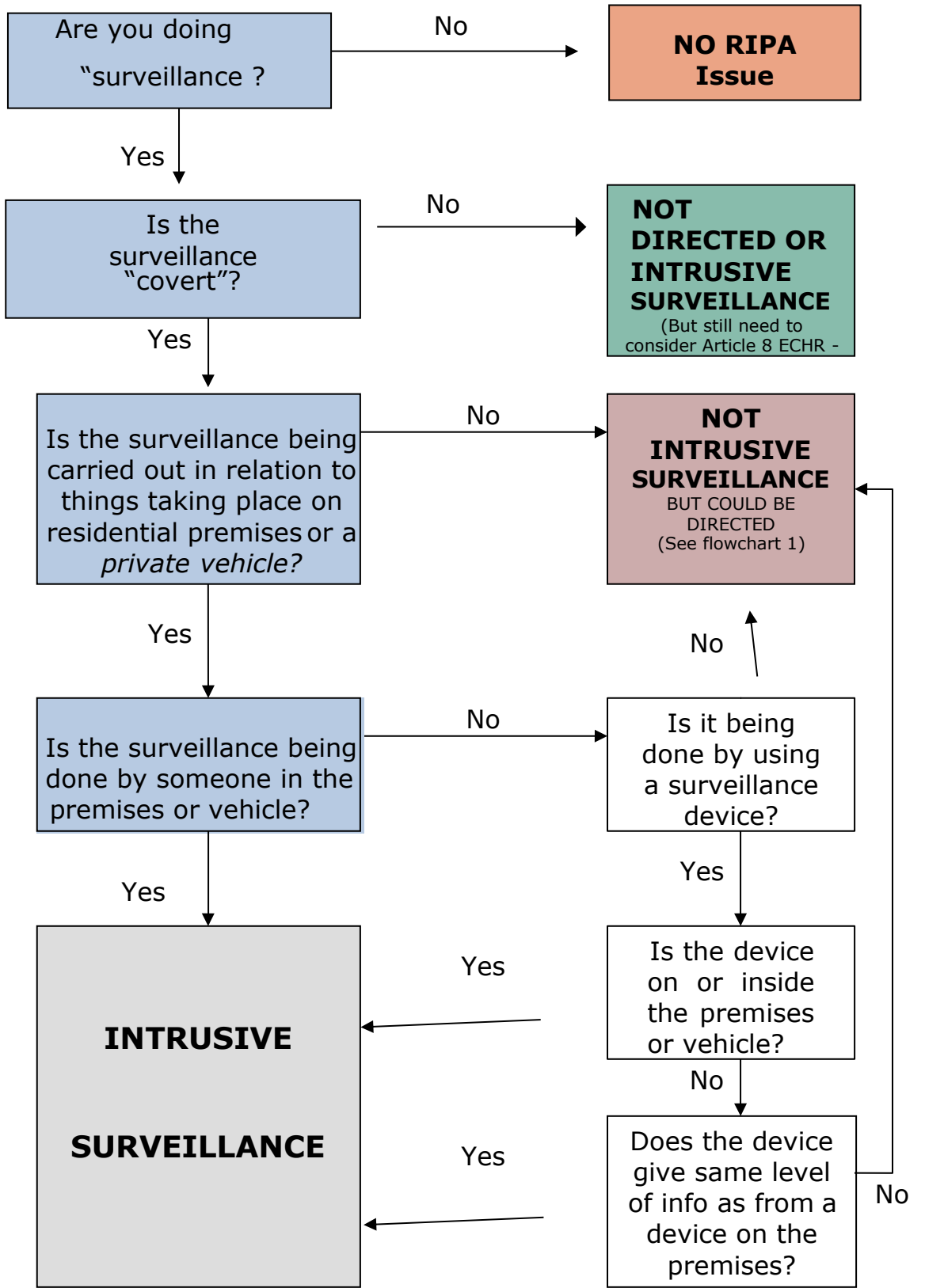
Flowchart 5.1 - Are you doing Directed Surveillance?

All references are to sections of the Regulation of Investigatory Powers Act 2000

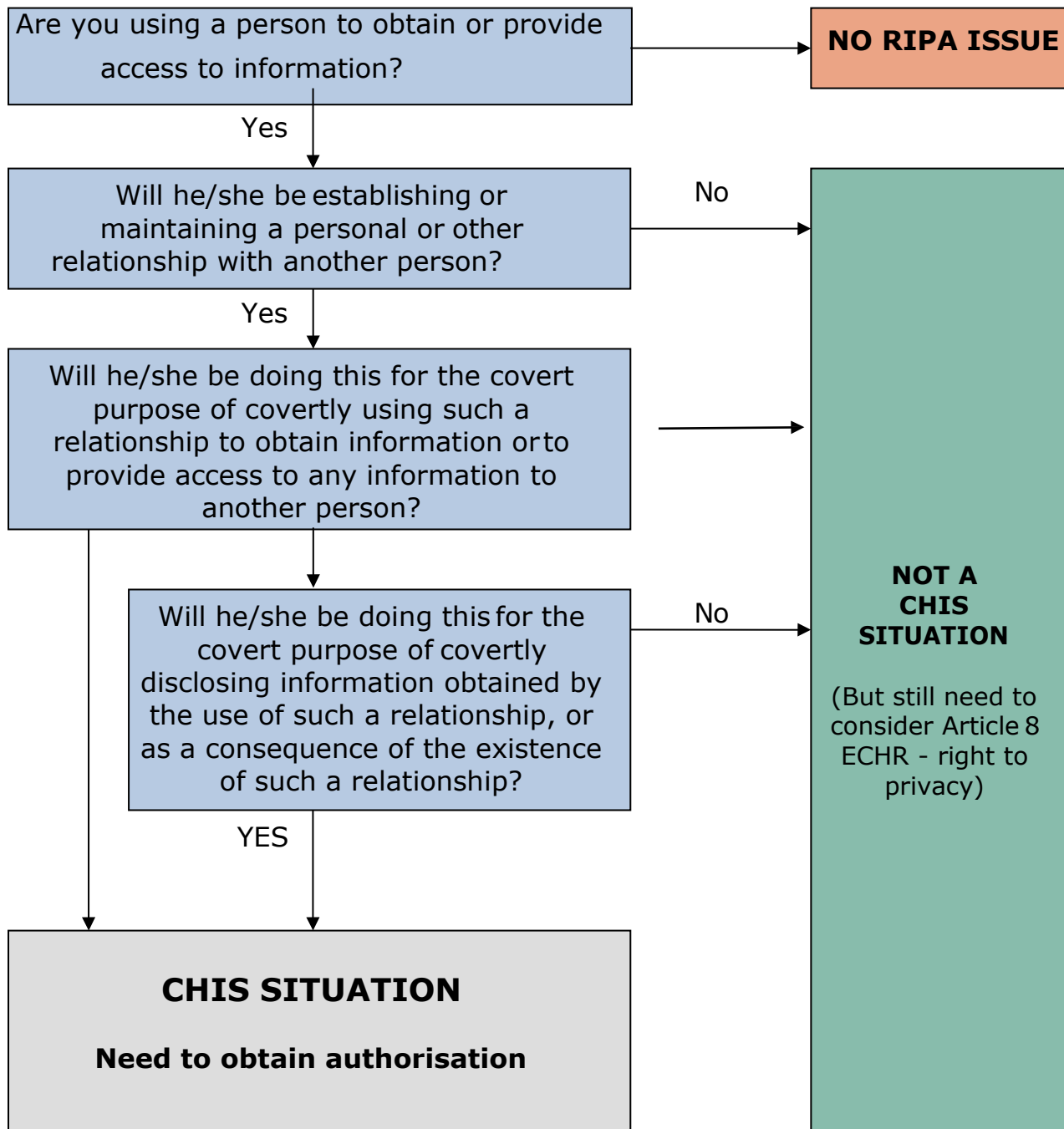


(Also consider if Intrusive Surveillance too – check flowchart 2)

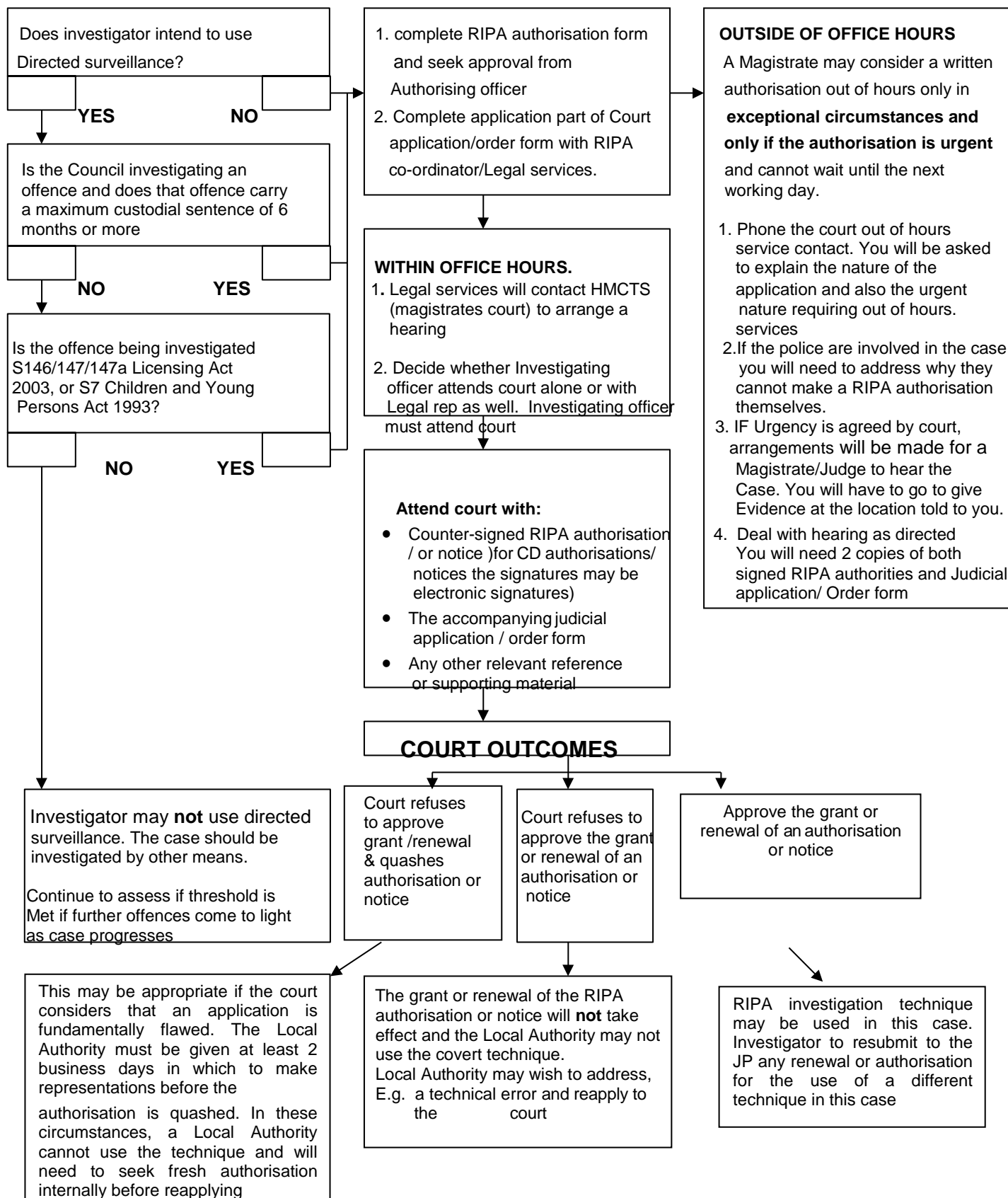
Flowchart 5.2 -Are you doing Intrusive Surveillance?



Flowchart 5.3 - Are you using CHIS? (Section 26(8))



LOCAL AUTHORITY PROCEDURE: APPLICATION TO A JUSTICE OF THE PEACE SEEKING AN ORDER TO APPROVE THE GRANT OF A RIPA AUTHORISATION OR NOTICE



Obtain signed order and retain original RIPA authorisation / notice. – Ensure copy is given to Legal Services Ripa Co-ordinator. For CD authorisations or notices, Council investigator to provide an additional copy of the judicial order to the SPoC. If out of hours a copy of the signed order is to be provided to the relevant court the next working day.

CODES OF PRACTICE

<https://www.gov.uk/government/publications/interception-of-communications-code-of-practice-2022>

<https://www.gov.uk/government/publications/equipment-interference-code-of-practice--2>

https://assets.publishing.service.gov.uk/media/5a8080a540f0b62305b8b86e/Acquisition_and_Disclosure_of_Communications_Data_Code_of_Practice_March_2015.pdf

<https://www.gov.uk/government/publications/covert-human-intelligence-sources-code-of-practice-2022>

<https://www.gov.uk/government/publications/code-of-practice-for-investigation-of-protected-electronic-information>



Report to: Audit & Governance Committee: 19 February 2025

Director or Business Manager Lead: Sue Bearman, Assistant Director Legal & Democratic Services, Monitoring Officer
01636 655935, Sue.Bearman@nsdc.info

Lead Officer: Nigel Hill, Business Manager Elections & Democratic Services
01636 655243, Nigel.Hill@nsdc.info

Report Summary	
Report Title	Code of Conduct – Update and Government Consultation
Purpose of Report	To consider an update on Code of Conduct complaints and the Government Consultation on Strengthening the standards and conduct framework for local authorities in England
Recommendations	To note the report and approve a Council response to the Government consultation as set out in the Appendix to the report.
Reason for Recommendation	To promote and maintain high standards of conduct by Members.

1.0 Background

- 1.1 The Audit & Governance Committee has responsibility for promoting and maintaining high standards of conduct by Members and Co-opted Members of the Council. It is also responsible for maintaining an overview of the Member Code of Conduct and arrangements for dealing with complaints.
- 1.2 The Code of Conduct Annual Report was presented to Committee on 31 July 2024. Committee requested a 6-month update due to concerns about the significant increase in complaints reported, and in relation to 4 investigations that were ongoing.
- 1.3 The Committee also received a report ‘Conduct and Public Service’ at its meeting of 11 December 2024, to consider implementation of the Full Council resolution made on 15 October 2024. It was agreed that an informal workshop would be arranged to consider proposals further. It is intended to confirm the date of that workshop verbally at this meeting.

1.4 Government published its consultation 'Strengthening the standards and conduct framework for local authorities in England' on 18 December 2024. The consultation closes at 11:59pm on 26 February 2025.

2.0 Code of Conduct Complaints

2.1 The Monitoring Officer recorded 28 formal complaints within the period 31 May 2024 to 31 January 2025; of these 15 related to District Councillors and 13 related to Town or Parish Councillors. Members will note that the number of complaints remains high.

2.2 In relation the 28 complaints received, 14 complaints were closed without investigation. It was determined following appropriate consultation with the Independent Persons that either no further action was required, or that informal resolution was appropriate. 14 complaints are currently open.

2.3 14 of the 28 complaints were received from members of the public and 14 from elected officials.

3.0 Formal Investigation and Code of Conduct Hearings

3.1 On 31 July 2024 it was reported that 4 Code of Conduct complaints had been referred for independent investigation.

3.2 The outcomes of those investigations were as follows: -

- Finding of no breach – no further action
- Finding of breach – the Councillor resigned before a hearing was arranged
- Partial finding of non-egregious breach – the Monitoring Officer concluded no further action should be taken – the Councillor resigned
- Finding of breach – the Councillor issued a formal apology and offered to undertake training – the Monitoring Officer concluded no further action should be taken

3.3 The costs of these investigations totalled £26,474.91 excluding VAT.

4.0 Code of Conduct Training

4.1 Officers presented a training session for all Members on 19 November 2024 regarding Equalities and the Code of Conduct. The session was well attended.

5.0 The process for dealing with Code of Conduct Complaints

5.1 Members will recall that an updated process was approved by Audit & Governance Committee on 25 September 2024. A further review will be needed if statutory provisions are revised by Government.

6.0 **Government Consultation**

- 6.1 This consultation seeks views on introducing a mandatory minimum code of conduct for local authorities in England, and measures to strengthen the standards and conduct regime in England to ensure consistency of approach amongst councils investigating serious breaches of their member codes of conduct, including the introduction of the power of suspension. The consultation document including proposed response is attached as the **Appendix** to this report.
- 6.2 Committee is asked to consider the draft response. Members may also wish to send their own individual responses. Officers are also able to do this.

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.

3.2 **Legal Implications (LEG2425/1299)**

Audit & Governance Committee is the appropriate body to consider this report by virtue of its terms of reference.

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.

The Government Consultation is published -

<https://www.gov.uk/government/consultations/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england>

Audit & Governance Committee report 11 December 2024 is published –

<https://democracy.newark-sherwooddc.gov.uk/documents/s21437/Item%2018%2011.12.24%20Conduct%20and%20Public%20Service.pdf>

Audit & Governance Committee report 25 September 2024 is published - *item 9* -

<https://democracy.newark-sherwooddc.gov.uk/ieListDocuments.aspx?Cid=298&Mid=986>

Audit & Governance Committee report 31 July 2024 is published -

<https://democracy.newark-sherwooddc.gov.uk/documents/s20492/Item%2017%2031.07.24%20Annual%20Code%20of%20Conduct%20Complaints%20Report.pdf>



Ministry of Housing,
Communities &
Local Government

Open consultation

Strengthening the standards and conduct framework for local authorities in England

Published 18 December 2024

Applies to England

Contents

1. Scope of this consultation
2. Ministerial foreword
3. Background: Standards and Conduct framework and sanctions arrangements
4. Who we would like to hear from
5. Strengthening the Standards and Conduct framework
6. Introducing the power of suspension with related safeguards
7. Public Sector Equality Duty

Annex A: Personal data



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This publication is available at <https://www.gov.uk/government/consultations/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england>

1. Scope of this consultation

Topic of this consultation

This consultation seeks views on introducing a mandatory minimum code of conduct for local authorities in England, and measures to strengthen the standards and conduct regime in England to ensure consistency of approach amongst councils investigating serious breaches of their member codes of conduct, including the introduction of the power of suspension.

Scope of this consultation

The Ministry of Housing, Communities and Local Government (MHCLG) is consulting on introducing strengthened sanctions for local authority code of conduct breaches in England.

This includes all 'relevant authorities' as defined by Section 27(6) of the Localism Act 2011, which includes:

- a county council
- a unitary authority
- London borough councils
- a district council
- the Greater London Authority
- the London Fire and Emergency Planning Authority
- the Common Council of the City of London in its capacity as a local authority or police authority
- the Council of the Isles of Scilly
- parish councils
- a fire and rescue authority in England constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies,
- a joint authority established by Part 4 of the Local Government Act 1985, an economic prosperity board established under section 88 of the Local Democracy, Economic Development and Construction Act 2009
- a combined authority established under section 103 of that Act,
- a combined county authority established under section 9(1) of the Levelling Up and Regeneration Act 2023
- the Broads Authority

- a National Park authority in England established under section 63 of the Environment Act 1995

It does not cover:

- police and crime commissioners
- internal drainage boards
- any other local authority not otherwise defined as a ‘relevant authority’ above

All references to ‘members’ refer to elected members, mayors, co-opted and appointed members of each of the ‘relevant authorities’ defined above.

Geographical scope

The questions in this consultation paper apply to all relevant local authorities in England as defined above.

They generally do not apply to authorities in Wales, Scotland or Northern Ireland, except in relation to Police and Crime Panels in Wales.

Impact assessment

We will produce a full Public Sector Equality Duty (PSED) assessment, and all necessary impact assessments, as the policy proposals develop further following this consultation.

Basic information

This is an open consultation. We particularly seek the views of individual members of the public; prospective and current elected members/representatives; all relevant local authorities defined above; and those bodies that represent the interests of local authority members/representatives at all levels.

Body responsible for the consultation

The Local Government Capacity and Improvement Division of the Ministry of Housing, Communities and Local Government is responsible for

conducting this consultation.

Duration

This consultation will last for 10 weeks from 18 December 2024. This consultation closes at 11:59pm on 26 February 2025.

Enquiries

For any enquiries about the consultation please contact:

[LGstandardsreform@ communities.gov.uk](mailto:LGstandardsreform@communities.gov.uk)

How to respond

You can only respond to this call for evidence through our online consultation platform, [Citizen Space \(https://consult.communities.gov.uk/local-government-standards-and-conduct/strengthening-the-standards-and-conduct-framework\)](https://consult.communities.gov.uk/local-government-standards-and-conduct/strengthening-the-standards-and-conduct-framework).

2. Ministerial foreword

The government is determined to fix the foundations of local government so councils can sustainably provide decent public services and shape local places, and so elected representatives can be fully accountable to the public they serve. Doing so is critical to national renewal, our missions, and our plans to push power out of Westminster and into the hands of local people with skin in the game.

At the core of this agenda is a plan to make local government across England fit, legal, and decent – so that councils have the backing from central government to deliver the high standards and strong financial management that they strive for, without needless micromanagement of day-to-day local decision-making. This plan includes:

- fixing our broken audit system
- improving oversight and accountability
- giving councils genuine freedoms to work for, and deliver in the best interests of, their communities
- improving the standards and conduct regime

This consultation is focused on the proposed reforms to the standards and conduct regime that will contribute to making sure England is covered by effective local and strategic authorities that are well-governed, with high standards met and maintained.

It is an honour and a privilege to be elected as a member and with it comes an individual and collective responsibility to consistently demonstrate and promote the highest standards of conduct and public service.

Members take decisions affecting critical local services such as social care, education, housing, planning, licensing, and waste collection. With greater devolution, local authorities will increasingly be taking decisions to shape local transport, skills, employment support, and growth. Decisions that are the responsibility of members impact virtually every citizen's life at some level, and the electorate has a right to expect that it can trust its local elected members to uphold the highest ethical standards and act in the best interests of the communities they serve.

I strongly believe that the vast majority of local elected members maintain high standards of conduct and that they are driven by duty and service. I believe that people stand for elected office in their local communities with the best intentions to act in the interests of those communities, bringing an energy and commitment to working collaboratively, creatively, and respectfully.

Members, officers, reporters and members of public are entitled to support and participate in the local democratic process in the confidence that high standards are maintained. This government wants to celebrate the positive power of public service and, in doing so, we want to give individual authorities appropriate and proportionate means to deal with misconduct effectively and decisively when it does occur. We also want to ensure that anyone can rightly feel confident about raising an issue under the code of conduct whether it impacts them personally and/or is a code conduct breach that brings the reputation of the council into disrepute.

With approximately 120,000 councillors in England across all types and tiers of local government, we know there are rare instances of misconduct.

Robust political debate is part of our democratic system, but we know from local councils that there are examples of bullying, harassment or other misconduct, when from even a very small minority of members can have a seriously destabilising effect, potentially bringing a council into disrepute and distracting from the critical business of delivering for residents.

This government is committed to working with local and regional government to establish partnerships built on mutual respect, genuine collaboration and meaningful engagement. Our ambition is to create a rigorous standards and conduct framework that will actively contribute to ensuring that local government throughout the country is fit, legal, and decent. With this in mind, this consultation seeks your views on a range of proposals to give local leaders the tools they need to establish and maintain a strong and ethical public service and democratic culture, and the people they serve the confidence that local democracy works for them.

3. Background: Standards and Conduct framework and sanctions arrangements

The [Localism Act 2011](#)

(<http://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7/enacted>)^[footnote 1] established the current standards and conduct framework for local authorities.

The current regime requires every local authority to adopt a code of conduct, the contents of which must as a minimum be consistent with the 7 [‘Nolan’ principles of standards in public life](#) (<https://www.gov.uk/government/publications/the-7-principles-of-public-life>) (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and set out rules on requiring members to register and disclose pecuniary and non-pecuniary interests. Beyond these requirements, it is for individual councils to set their own local code. The Local Government Association (LGA) published an [updated model code of conduct and guidance](#) (<https://www.local.gov.uk/publications/local-government-association-model-councillor-code-conduct-2020>) in 2021, which councils can choose whether to adopt or not.

Every authority must also have in place arrangements under which it can investigate allegations of breaches of its code of conduct and must consult at least one independent person before coming to decisions. These decisions are normally taken in one of two ways depending on an authority’s specific arrangements. The decision can be made by full council following advice from their standards committee (or equivalent). Alternatively, the decision can be made by the standards committee if they have been given the power to do so. Although a standards committee may contain unelected independent members and co-opted members, only principal councils’ elected members may vote in a decision-making standards committee.

There is no provision in current legislation for a sanction to suspend a councillor found to have breached the code of conduct. Sanctions for member code of conduct breaches are currently limited to less robust measures than suspension, such as barring members from Cabinet, Committee, or representative roles, a requirement to issue an apology or undergo code of conduct training, or public criticism. Local authorities are also unable to withhold allowances from members who commit serious breaches of their code of conduct, and there is no explicit provision in

legislation for councils to impose premises bans or facilities withdrawals where they consider that it might be beneficial to do so.

The government considers that the current local authority standards and conduct regime is in certain key aspects ineffectual, inconsistently applied, and lacking in adequate powers to effectively sanction members found in serious breach of their codes of conduct.

4. Who we would like to hear from

Responses are invited from local authority elected members and officers from all types and tiers of authorities, and local authority sector representative organisations. We are also particularly keen to hear from those members of the public who have point of view based on their interest in accessing local democracy in their area or standing as a candidate for local government at any tier to represent their local community at some future point.

Please be assured that all responses to this consultation are anonymous, and no information will be disclosed in any future published response to the consultation, or reporting of the consultation results, that will compromise that anonymity.

Question 1

Please tick all that apply - are you responding to this consultation as:

a) an elected member – if so please indicate which local authority type(s) you serve on

- Town or Parish Council District or Borough Council Unitary Authority
- County Council
- Combined Authority / Combined County Authority Fire and Rescue Authority
- Police and Crime Panel
- Other local authority type - please state

b) a council officer – if so please indicate which local authority type

- Town or Parish Council
- District or Borough Council

- Unitary Authority County Council
- Combined Authority / Combined County Authority Fire and Rescue Authority
- Police and Crime Panel
- Other local authority type - please state

c) a council body – if so please indicate which local authority type

- Town or Parish Council
- ✓ District or Borough Council
- Unitary Authority
- County Council
- Combined Authority / Combined County Authority Fire and Rescue Authority
- Police and Crime Panel
- Other local authority type - please state

d) a member of the public

e) a local government sector body – please state

5. Strengthening the Standards and Conduct framework

a) Mandatory minimum prescribed code of conduct

The government proposes to legislate for the introduction of a mandatory minimum code of conduct which would seek to ensure a higher minimum standard of consistency in setting out the behaviours expected of elected members. The government will likely set out the mandatory code in regulations to allow flexibility to review and amend in future, this will also provide the opportunity for further consultation on the detail.

Codes of conduct play an important role in prescribing and maintaining high standards of public service, integrity, transparency, and accountability. At their best, they establish clear guidelines for behaviour and expectations

that members always act ethically in the public's best interest. Currently, there is significant variation between adopted codes, ranging from those who choose to adopt the LGA's full model code to those who simply conform with the minimum requirement of restating the Nolan principles.

A prescribed model code which covers important issues such as discrimination, bullying, and harassment, social media use, public conduct when claiming to represent the council, and use of authority resources could help to uphold consistently high standards of public service in councils across the country and convey the privileged position of public office. It could also provide clarity for the public on the consistent baseline of ethical behaviour they have a right to expect.

We would be interested in understanding whether councils consider there should be flexibility to add to the prescribed code to reflect individual authorities' circumstances. They would not be able to amend the mandatory provisions.

Question 2

Do you think the government should prescribe a mandatory minimum code of conduct for local authorities in England?

- ✓ Yes
- No
- If no, why not? [Free text box]

Question 3

If yes, do you agree there should be scope for local authorities to add to a mandatory minimum code of conduct to reflect specific local challenges?

- Yes – it is important that local authorities have flexibility to add to a prescribed code
- ✓ No – a prescribed code should be uniform across the country
- Unsure

Question 4

Do you think the government should set out a code of conduct requirement for members to cooperate with investigations into code breaches?

- ✓ Yes
- No
- Unsure

b) Standards Committees

Currently, there is no requirement for local authorities to constitute a formal standards committee. The only legal requirement is for local authorities to have in place 'arrangements' to investigate and make decisions on allegations of misconduct.

The government believes that all principal authorities should be required to convene a standards committee. Formal standards committees would support consistency in the handling of misconduct allegations, applying the same standards and procedures to all cases and providing a formal route to swiftly identify and address vexatious complainants. Furthermore, having a formal standards committee in place could support the development of expertise in handling allegations of misconduct, leading to more informed decision-making. Removing the scope for less formal and more ad hoc arrangements would also enhance transparency and demonstrate to the public that standards and conduct issues will always be dealt with in a structured and consistent way.

This section of the consultation seeks views on two specific proposals to enhance the fairness and objectivity of the standards committee process. Firstly, it considers whether standards committee membership would be required to include at least one Independent Person, as well as (where applicable [\[footnote 2\]](#)) at least one co-opted member from a parish or town council. Secondly, it seeks views on whether standards committees should be chaired by the Independent Person.

Question 5

Does your local authority currently maintain a standards committee?

- Yes
- ✓ No
- Any further comments Newark & Sherwood District Council maintains a joint Audit & Governance Committee which has a specific remit in relation to the Code of Conduct for Councillors. A sub-committee is convened for any formal hearings under the Code

Question 6

Should all principal authorities be required to form a standards committee?

- Yes
- ✓ No
- Any further comments There should be flexibility for local arrangements providing there is a committee with specific responsibility for Code of Conduct

Question 7

In most principal authorities, code of conduct complaints are typically submitted in the first instance to the local authority Monitoring Officer to triage, before referring a case for full investigation. Should all alleged code of conduct breaches which are referred for investigation be heard by the relevant principal authority's standards committee?

- ✓ Yes, decisions should only be heard by standards committees
- No, local authorities should have discretion to allow decisions to be taken by full council
- Unsure

Question 8

Do you agree that the Independent Person and co-opted members should be given voting rights?

- Yes – this is important for ensuring objectivity
- ✓ No – only elected members of the council in question should have voting rights
- Unsure

Question 9

Should standards committees be chaired by the Independent Person?

- Yes
- No
- ✓ Unsure

Question 10

If you have further views on ensuring fairness and objectivity and reducing incidences of vexatious complaints, please use the free text box below.

[Free text box]

c) Publishing investigation outcomes

To enhance transparency, local authorities should, subject to data protection obligations, be required to publish a summary of code of conduct allegations, and any investigations and decisions. This will be accompanied

with strong mechanisms to protect victims' identity to ensure complainants are not dissuaded from coming forward for fear of being identified,

There may be a range of views on this, as publishing the outcome of an investigation that proves there is no case to answer could still be considered damaging to the reputation of the individuals concerned, or it could be considered as helpful in exposing instances of petty and vexatious complaints.

Question 11

Should local authorities be required to publish annually a list of allegations of code of conduct breaches, and any investigation outcomes?

- Yes - the public should have full access to all allegations and investigation outcomes
- ✓ No - only cases in which a member is found guilty of wrongdoing should be published
- Other views –

d) Requiring the completion of investigations if a member stands down

In circumstances where a member stands down during a live code of conduct investigation, councils should be required to conclude that investigation and publish the findings. The government is proposing this measure to ensure that, whilst the member in question will no longer be in office and therefore subject to any council sanction, for the purposes of accountability and transparency there will still be full record of any code of conduct breaches during their term of office.

Question 12

Should investigations into the conduct of members who stand down before a decision continue to their conclusion, and the findings be published?

- Yes
- ✓ No
- Unsure

e) Empowering individuals affected by councillor misconduct to come forward

The government appreciates that it can often be difficult for those who experience misconduct on the part of elected members, such as bullying and harassment, to feel that it is safe and worthwhile to come forward and raise their concerns. If individuals believe there is a likelihood that their complaint will not be addressed or handled appropriately, the risk is that victims will not feel empowered to come forward, meaning misconduct continues without action. We recognise that standing up to instances of misconduct takes an emotional toll, particularly in unacceptable situations where the complaints processes are protracted and do not result in meaningful action. We are committed to ensuring that those affected by misconduct are supported in the right way and feel empowered to come forward. This section seeks feedback from local authorities with experience of overseeing council complaints procedures, or sector bodies and individuals with views on how this might be carried out most effectively. We are also keen to hear from those who work, or have worked, in local government, and who have either witnessed, or been the victim of, member misconduct.

Question 13

If responding as a local authority, what is the average number of complaints against elected members that you receive over a 12-month period?

The Monitoring Officer recorded 13 formal complaints within the period 1 April 2022 to 31 March 2023; of these 1 related to a District Councillor and 12 related to Town or Parish Councillors. The Monitoring Officer recorded 41 formal complaints within the period 1 April 2023 to 30 April 2024; of these 19 related to District Councillors and 22 related to Town or Parish Councillors.

The volume of parish and town council complaints means they are a significant drain on district council resource. Consideration could be given to alternative arrangements, or charging parish and town councils for the service. This consultation is particularly timely with local government re-organisation, as unitary authorities could be responsible for 100's of parish and town councils.

Question 13a

For the above, where possible, please provide a breakdown for complaints made by officers, other elected members, the public, or any other source:

Complaints made by officers 4 (2023-4)

Complaints made by other elected members 10 (2023-4)

Complaints made by the public 27 (2023-4)

Complaints made by any other source 0 (2023-4)

Question 14

If you currently work, or have worked, within a local authority, have you ever been the victim of (or witnessed) an instance of misconduct by an elected member and felt that you could not come forward? Please give reasons if you feel comfortable doing so.

- Yes
- No
- [Free text box]

Question 15

If you are an elected member, have you ever been subject to a code of conduct complaint? If so, did you feel you received appropriate support to engage with the investigation?

- Yes
- No
- [Free text box]

Question 16

If you did come forward as a victim or witness, what support did you receive, and from whom? Is there additional support you would have liked to receive?

[Free text box]

Question 17

In your view, what measures would help to ensure that people who are victims of, or witness, serious councillor misconduct feel comfortable coming forward and raising a complaint?

Anonymity (subject councillor only, Monitoring Officer and investigator and Standards Committee must know identity), however in the interests of natural justice this is not always possible.

6. Introducing the power of suspension with related safeguards

The government believes that local authorities should have the power to suspend councillors for serious code of conduct breaches for a maximum of 6 months, with the option to withhold allowances and insulate from public facilities bans where deemed appropriate. This section of the consultation

explores these proposed provisions in greater detail.

While the law disqualifies certain people from being, or standing for election as, a councillor (e.g. on the grounds of bankruptcy, or receipt of a custodial sentence of 3 months or more, or it subject to the notification requirements of the Sexual Offences Act 2003 - meaning on the sex offenders register) councillors cannot currently be suspended or disqualified for breaching their code of conduct.

Feedback from the local government sector in the years since the removal of the power to suspend councillors has indicated that the current lack of meaningful sanctions means local authorities have no effective way of dealing with more serious examples of member misconduct.

The most severe sanctions currently used, such as formally censuring members, removing them from committees or representative roles, and requiring them to undergo training, may prove ineffective in the cases of more serious and disruptive misconduct. This may particularly be the case when it comes to tackling repeat offenders.

The government recognises that it is only a small minority of members who behave badly, but the misconduct of this small minority can have a disproportionately negative impact on the smooth running of councils. We also appreciate the frustration members of the public and councillors can feel both in the inability to deal decisively with cases of misconduct, and the fact that offending members can continue to draw allowances.

Question 18

Do you think local authorities should be given the power to suspend elected members for serious code of conduct breaches?

- ✓ Yes – authorities should be given the power to suspend members
- No – authorities should not be given the power to suspend members
- Unsure

Question 19

Do you think that it is appropriate for a standards committee to have the power to suspend members, or should this be the role of an independent body?

- ✓ Yes - the decision to suspend for serious code of conduct breaches should be for the standards committee
- No - a decision to suspend should be referred to an independent body
- Unsure

- [Free text box]

Question 20

Where it is deemed that suspension is an appropriate response to a code of conduct breach, should local authorities be required to nominate an alternative point of contact for constituents during their absence?

- Yes – councils should be required to ensure that constituents have an alternative point of contact during a councillor's suspension
- ✓ No – it should be for individual councils to determine their own arrangements for managing constituents' representation during a period of councillor suspension
- Unsure

a) The length of suspension

The Committee on Standards in Public Life recommended in their 2019 Local Government Ethical Standards^[footnote 3] (CSPL) report that the maximum length of suspension, without allowances, should be 6 months and the government agrees with this approach. The intent of this proposal would be that non-attendance at council meetings during a period of suspension would be disregarded for the purposes of section 85 of the Local Government Act 1972, which states that a councillor ceases to be a member of the local authority if they fail to attend council meetings for 6 consecutive months.

The government believes that suspension for the full 6 months should be reserved for only the most serious breaches of the code of conduct, and considers that there should be no minimum length of suspension to facilitate the proportionate application of this strengthened sanction.

Question 21

If the government reintroduced the power of suspension do you think there should be a maximum length of suspension?

- ✓ Yes – the government should set a maximum length of suspension of 6 months
- Yes – however the government should set a different maximum length (in months) [Number box]
- No – I do not think the government should set a maximum length of suspension
- Unsure

Question 22

If yes, how frequently do you consider councils would be likely to make use of the maximum length of suspension?

- ✓ Infrequently – likely to be applied only to the most egregious code of conduct breaches
- Frequently – likely to be applied in most cases, with some exceptions for less serious breaches
- Almost always – likely to be the default length of suspension for code of conduct breaches
- Unsure

b) Withholding allowances and premises and facilities bans

Giving councils the discretion to withhold allowances from members who have been suspended for serious code of conduct breaches in cases where they feel it is appropriate to do so could act as a further deterrent against unethical behaviour. Holding councillors financially accountable during suspensions also reflects a commitment to ethical governance, the highest standards of public service, and value for money for local residents.

Granting local authorities the power in legislation to ban suspended councillors from local authority premises and from using council equipment and facilities could be beneficial in cases of behavioural or financial misconduct, ensuring that suspended councillors do not misuse resources or continue egregious behaviour. Additionally, it would demonstrate that allegations of serious misconduct are handled appropriately, preserving trust in public service and responsible stewardship of public assets.

These measures may not always be appropriate and should not be tied to the sanction of suspension by default. The government also recognises that there may be instances in which one or both of these sanctions is appropriate but suspension is not. It is therefore proposed that both the power to withhold allowances and premises and facilities bans represent standalone sanctions in their own right.

Question 23

Should local authorities have the power to withhold allowances from suspended councillors in cases where they deem it appropriate?

- ✓ Yes – councils should have the option to withhold allowances from suspended councillors
- No – suspended councillors should continue to receive allowances

- Unsure

Question 24

Do you think it should be put beyond doubt that local authorities have the power to ban suspended councillors from council premises and to withdraw the use of council facilities in cases where they deem it appropriate?

- ✓ Yes – premises and facilities bans are an important tool in tackling serious conduct issues
- No – suspended councillors should still be able to use council premises and facilities
- Unsure

Question 25

Do you agree that the power to withhold members' allowances and to implement premises and facilities bans should also be standalone sanctions in their own right?

- ✓ Yes
- No
- Unsure

c) Interim suspension

Some investigations into serious code of conduct breaches may be complex and take time to conclude, and there may be circumstances when the misconduct that has led to the allegation is subsequently referred to the police to investigate. In such cases, the government proposes that there should be an additional power to impose interim suspensions whilst and until a serious or complex case under investigation is resolved.

A member subject to an interim suspension would not be permitted to participate in any council business or meetings, with an option to include a premises and facilities ban.

We consider that members should continue to receive allowances whilst on interim suspension and until an investigation proves beyond doubt that a serious code of conduct breach has occurred or a criminal investigation concludes. The decision to impose an interim suspension would not represent a pre-judgement of the validity of an allegation.

We suggest that:

- Interim suspensions should initially be for up to a maximum of 3 months. After the expiry of an initial interim suspension period, the relevant council's standards committee should review the case to decide whether it is in the public interest to extend.
- As appropriate, the period of time spent on interim suspension may be deducted from the period of suspension a standards committee imposes.

Question 26

Do you think the power to suspend councillors on an interim basis pending the outcome of an investigation would be an appropriate measure?

- ✓ Yes, powers to suspend on an interim basis would be necessary
- No, interim suspension would not be necessary
- Any further comments [free text box]

Question 27

Do you agree that local authorities should have the power to impose premises and facilities bans on councillors who are suspended on an interim basis?

- ✓ Yes - the option to institute premises and facilities bans whilst serious misconduct cases are investigated is important
- No - members whose investigations are ongoing should retain access to council premises and facilities
- Unsure

Question 28

Do you think councils should be able to impose an interim suspension for any period of time they deem fit?

- ✓ Yes
- No
- Any further comments [free text box]

Question 29

Do you agree that an interim suspension should initially be for up to a maximum of 3 months, and then subject to review?

- ✓ Yes
- No

- Any further comment [free text box]

Question 30

If following a 3-month review of an interim suspension, a standards committee decided to extend, do you think there should be safeguards to ensure a period of interim extension is not allowed to run on unchecked?

- ✓ Yes – there should be safeguards
- No – councils will know the details of individual cases and should be trusted to act responsibly

Question 30a

If you answered yes to above question, what safeguards do you think might be needed to ensure that unlimited suspension is not misused?

A report to Full Council

d) Disqualification for multiple breaches and gross misconduct

When councillors repeatedly breach codes of conduct, it undermines the integrity of the council and erodes public confidence. To curb the risk of repeat offending and continued misconduct once councillors return from a suspension, the government considers that it may be beneficial to introduce disqualification for a period of 5 years for those members for whom the sanction of suspension is invoked on more than one occasion within a 5-year period.

This measure underlines the government's view that the sanction of suspension should only be used in the most serious code of conduct breaches, because in effect a decision to suspend more than once in a 5-year period would be a decision to disqualify an elected member. However, we consider this measure would enable councils to signal in the strongest terms that repeated instances of misconduct will not be tolerated and would act as a strong deterrent against the worst kind of behaviours becoming embedded.

Currently a person is disqualified if they have been convicted of any offence and have received a sentence of imprisonment (suspended or not) for a period of 3 months or more (without the option of a fine) in the 5-year period before the relevant election. Disqualification also covers sexual offences, even if they do not result in a custodial or suspended sentence.

Question 31

Do you think councillors should be disqualified if subject to suspension more than once?

- Yes – twice within a 5-year period should result in disqualification for 5 years
- Yes – but for a different length of time and/or within a different timeframe (in years) [Number boxes]
- ✓ No - the power to suspend members whenever they breach codes of conduct is sufficient
- Any other comments [free text box]

Question 32

Is there a case for immediate disqualification for gross misconduct, for example in instances of theft or physical violence impacting the safety of other members and/or officers, provided there has been an investigation of the incident and the member has had a chance to respond before a decision is made?

- ✓ Yes
- No
- Unsure
- [Free text box]

e) Appeals

The government proposes that:

- A right of appeal be introduced for any member subject to a decision to suspend them.
- Members should only be able to appeal any given decision to suspend them once.
- An appeal should be invoked within 5 working days of the notification of suspension; and
- Following receipt of a request for appeal, arrangements should be made to conduct the appeal hearing within 28 working days.

The government believes that were the sanction of suspension to be introduced (and potentially disqualification if a decision to suspend occurs a second time within a 5-year period) it would be essential for such a punitive measure to be underpinned by a fair appeals process.

A right of appeal would allow members to challenge decisions that they

believe are unjust or disproportionate and provides a safeguard to ensure that the sanction of suspension is applied fairly and consistently.

We consider that it would be appropriate to either create a national body, or to vest the appeals function in an existing appropriate national body, and views on the merits of that are sought at questions 38 and 39 below. Firstly, the following questions test opinion on the principle of providing a mechanism for appeal.

Question 33

Should members have the right to appeal a decision to suspend them?

- ✓ Yes - it is right that any member issued with a sanction of suspension can appeal the decision
- No – a council’s decision following consideration of an investigation should be final
- Unsure

Question 34

Should suspended members have to make their appeal within a set timeframe?

- Yes – within 5 days of the decision is appropriate to ensure an efficient process
- ✓ Yes – but within a different length of time (30 days) [Number box]
- No – there should be no time limit for appealing a decision

The government is also keen to explore if a right of appeal should be provided, either in relation to whether a complaint proceeds to full investigation and consideration by the standards committee, or where a claimant is dissatisfied with the determination of the standards committee.

Question 35

Do you consider that a complainant should have a right of appeal when a decision is taken not to investigate their complaint?

- Yes
- ✓ No
- Unsure

Question 36

Do you consider that a complainant should have a right of appeal when an allegation of misconduct is not upheld?

- Yes
- ✓ No
- Unsure

Question 37

If you answered yes to either of the previous two questions, please use the free text box below to share views on what you think is the most suitable route of appeal for either or both situations.

[Free text box]

f) Potential for a national appeals body

There is a need to consider whether appeals panels should be in-house within local authorities, or whether it is right that this responsibility sits with an independent national body. Whereas an in-house appeals process would potentially enable quicker resolutions by virtue of a smaller caseload, empowering a national body to oversee appeals from suspended members and complainants could reinforce transparency and impartiality and help to ensure consistency of decision-making throughout England, setting precedents for the types of cases that are heard.

Question 38

Do you think there is a need for an external national body to hear appeals?

- ✓ Yes – an external appeals body would help to uphold impartiality
- No – appeals cases should be heard by an internal panel
- Any further comments **To minimise referrals there could be a first appeal internally. Under devolution arrangements could a Combined Authority have a role to avoid the need to establish an independent body such as Standards for England.**

Question 39

If you think there is a need for an external national appeals body, do you think it should:

- ✓ Be limited to hearing elected member appeals
- Be limited to hearing claimant appeals

- Both of the above should be in scope
- Please explain your answer **It would be unmanageable to hear complainant appeals.**

7. Public Sector Equality Duty

Question 40

In your view, would the proposed reforms to the local government standards and conduct framework particularly benefit or disadvantage individuals with protected characteristics, for example those with disabilities or caring responsibilities?

Please tick an option below:

- it would benefit individuals with protected characteristics
- it would disadvantage individuals with protected characteristics
- neither

Please use the text box below to make any further comment on this question.

[Free text box]

Annex A: Personal data

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018. Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the data controller and contact

details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gov.uk.

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

We use a third-party platform, Citizen Space, to collect consultation responses. In the first instance, your personal data will be stored on their secure UK-based servers.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for 2 years from the closure of the consultation.

6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have a considerable say over what happens to it. You have the right:

- a) to see what data we have about you
- b) to ask us to stop using your data, but keep it on record
- c) to ask to have all or some of your data deleted or corrected
- d) to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/> (<https://ico.org.uk/>), or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making

9. Your personal data will be stored on a secure government IT system

Your data will be transferred to our secure government IT system as soon as possible after the consultation has closed, and it will be stored there for the standard 2 years of retention before it is deleted.

-
1. [Localism Act 2011 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7)
(<https://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7>)
 2. Only around 36% of the population of England is covered by a parish or town council.
 3. [Local government ethical standards: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/local-government-ethical-standards-report)
(<https://www.gov.uk/government/publications/local-government-ethical-standards-report>)



Report to: Audit & Governance Committee: 19 February 2025

Director Lead: Sue Bearman – Assistant Director Legal & Democratic Services, Monitoring Officer

Lead Officer: Karen Langford, Democratic Services Officer, Ext. 5992

Report Summary	
Report Title	Meeting Day of the Audit and Governance Committee
Purpose of Report	To consider the best day for Committee meetings going forward.
Recommendation	That the Audit & Governance Committee consider changing the dates of the meeting schedule in 2025/6 as set out in this report, subject to agreement with the Leader of the Council.
Reason for Recommendation	To facilitate Councillor attendance at meetings.

1.0 Background

1.1 At its meeting of 17 December 2024 Full Council approved the Schedule of Meetings for the 2025/26 Municipal Year. However, this was agreed subject to the Committee agreeing their own meeting dates.

1.2 The Schedule agreed by the Council had moved the day for meetings of the Audit & Governance Committee from Wednesdays to Mondays. This had been proposed in the report as it had not been possible to secure a preference from the current membership of the Committee as to which was there preferred day of the week to meet. The Schedule approved was as follows: -

1.3

Scheduled Meeting Date
Monday 7 July 2025
Monday 22 September 2025
Monday 8 December 2025
Monday 2 March 2026
Monday 20 April 2026

2.0 Proposal/Options Considered

2.1 Members are invited to consider a future schedule of meetings for 2025/26 based on the table in paragraph 1.3, moving to a different day of the week, dependent on if this fits with the schedule approved by the Full Council, reverting to Wednesdays for

meetings. The Schedule of Meetings has therefore been provided at Appendix A for reference.

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.

Legal Implications (LEG2425/1718)

- 3.1 The Constitution states that committee meetings will take place in accordance with a programme decided by the Council. The Chair of the relevant Committee and the Leader of the Council may jointly agree to vary the time or date of any meeting, to convene an additional meeting, or to cancel any meeting. If they decide to vary or cancel a meeting, the decision must be agreed and notified to the Chief Executive no less than two weeks before the date that the meeting was due to take place, unless the variation or cancellation is due to exceptional and unforeseen circumstances.
- 3.2 If Committee resolves to amend the meeting schedule this will be subject to the approval of the Leader of the Council.

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.

17 December 2024 Full Council Report <https://democracy.newark-sherwooddc.gov.uk/documents/s21456/17.12.24%20-%20Proposed%20Schedule%20of%20Meetings%202025-26.pdf>

17 December 2024 Full Council Report appendix <https://democracy.newark-sherwooddc.gov.uk/documents/s21457/17.12.24%20-%20Proposed%20Schedule%20of%20Meetings%202025-26%20-%20Appendix.pdf>

2025	Monday	Tuesday	Wednesday	Thursday	Friday
May				1 COUNTY COUNCIL ELECTIONS	2
	5 BANK HOLIDAY	6	7	8 PLANNING	9
	12	13	14	15	16
	19	20 ANNUAL COUNCIL	21	22	23
	26 BANK HOLIDAY	27	28	29	30
June	2 POLICY & PERFORMANCE IMPROVEMENT	3	4	5 PLANNING	6
	9	10 CABINET	11	12	13
	16	17 MEMBER TRAINING	18	19 GENERAL PURPOSES & LICENSING	20
	23	24	25	26	27
July	30 POLICY & PERFORMANCE IMPROVEMENT	1	2	3 PLANNING	4
	7 <i>AUDIT & GOVERNANCE*</i>	8 CABINET (with PERFORMANCE) / EXECUTIVE SHAREHOLDER	9	10	11
	14	15 COUNCIL	16	17	18
	21	22	23	24	25
	28	29	30	31	

2025	Monday	Tuesday	Wednesday	Thursday	Friday
August					1
	4	5	6	7 PLANNING	8
	11	12	13	14	15
	18	19	20	21	22
	25 BANK HOLIDAY	26	27	28	29
September	1 POLICY & PERFORMANCE IMPROVEMENT	2	3	4 PLANNING	5
	8	9 CABINET (with PERFORMANCE) / EXECUTIVE SHAREHOLDER	10	11	12
	15	16	17	18 GENERAL PURPOSES & LICENSING	19
	22 <i>AUDIT & GOVERNANCE*</i>	23	24	25	26
	29	30			
October			1	2 PLANNING	3
	6 POLICY & PERFORMANCE IMPROVEMENT	7	8	9	10
	13	14 CABINET	15	16	17
	20	21 COUNCIL	22	23	24

2025/26	Monday	Tuesday	Wednesday	Thursday	Friday
	27	28	29	30	31
November	3	4	5	6 PLANNING	7
	10	11 CABINET	12	13	14
	17	18 MEMBER TRAINING	19	20	21
	24	25	26	27	28
December	1 POLICY & PERFORMANCE IMPROVEMENT	2	3	4 PLANNING	5
	8 <i>AUDIT & GOVERNANCE*</i>	9 CABINET (with PERFORMANCE) / EXECUTIVE SHAREHOLDER	10	11 GENERAL PURPOSES & LICENSING	12
	15	16 COUNCIL	17	18	19
	22	23	24	25 BANK HOLIDAY	26 BANK HOLIDAY
	29	30	31		
January				1 BANK HOLIDAY	2
	5	6	7	8	9
	12	13	14	15 PLANNING	16
	19	20 CABINET	21	22	23
	26	27	28	29	30

2026	Monday	Tuesday	Wednesday	Thursday	Friday
February	2	3	4	5	6
	9	10 COUNCIL	11	12 PLANNING	13
	16	17	18	19	20
	23 POLICY & PERFORMANCE IMPROVEMENT	24 CABINET	25	26	27
March	2 <i>AUDIT & GOVERNANCE*</i>	3	4	5 COUNCIL (TAX SETTING)	6
	9	10	11	12 PLANNING	13
	16 POLICY & PERFORMANCE IMPROVEMENT	17	18	19 GENERAL PURPOSES & LICENSING	20
	23	24 CABINET (with PERFORMANCE) / EXECUTIVE SHAREHOLDER	25	26	27
	30	31			
April			1	2	3 BANK HOLIDAY
	6 BANK HOLIDAY	7	8	9 PLANNING	10
	13 POLICY & PERFORMANCE IMPROVEMENT	14	15	16	17
	20 <i>AUDIT & GOVERNANCE*</i>	21 CABINET	22	23	24
	27	28	29	30	

2026	Monday	Tuesday	Wednesday	Thursday	Friday
May					1
	4 BANK HOLIDAY	5	6	7 PLANNING	8
	11	12	13	14	15
	18	19 ANNUAL COUNCIL	20	21	22
	25 BANK HOLIDAY	26	27	28	29

All meetings will start at 6.00pm, with the exception of the Planning Committee which will start at 4.00pm.

*Audit & Governance Committee dates to be agreed **



Report to: Audit & Governance Committee Meeting
19 February 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 19TH FEBRUARY 2025

WORK PLAN

Meeting date at which action to be undertaken	Subject and Brief Description	Who will present the report	Intended Outcome
19 March 2025			
	Q3 Budget Performance Report 2024/25	Nick Wilson	To ensure the sustainability of the Council's General Fund, HRA and Capital Programme through the in-year monitoring of the budgets.
	Assessment of the effectiveness of the Internal Audit Function and the Audit and Governance Committee	Nick Wilson	Three Members to report back on their findings (Cllrs Penny, Cozens & Farmer)
	Local Government Association Peer Review including any governance arrangements implications	Sue Bearman	
	Constitution Review Update	Sue Bearman	
	Conduct and Public Service Update	Sue Bearman	
	Progress of Gas Safety Compliance	Caroline Wagstaff	A report to follow meeting on 25 September 2024
	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.
16 April 2025			
	Annual Review of the Council's Constitution	Sue Bearman	Review the Council's Constitution
	Strategic Risk Management (previous report taken to December 2024 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.
July 2025			
	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.
September 2025			
	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.
December 2025			
	Audit and Governance Committee Annual Report	Nick Wilson	
	Housing Ombudsman Annual Review Update	Jill Baker	
	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.
March 2026			
	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.
April 2026			
	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.