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Date: 16<sup>th</sup> June 2025  
Our Ref: MM

Dear Sir/Madam,

A meeting of the **AUDIT & STANDARDS COMMITTEE** will be held in the Council Chamber, Town Hall, Nuneaton, on **Tuesday, 24<sup>th</sup> June 2025** at **6.00pm**

Yours faithfully,

TOM SHARDLOW

Chief Executive

To: All Members of the  
Audit & Standards  
Committee

Councillors J. Bonner (Chair), D. Brown  
(Vice-Chair), A. Bull, T. Cooper,  
L. Cvetkovic, B. Hancox, J. Hartshorn,  
T. Jenkins, W. Markham, C. Smith  
and M. Wright.

## **A G E N D A**

### **PART I - PUBLIC BUSINESS**

#### 1. **ANNOUNCEMENTS**

To advise the meeting participants of the procedure that will be followed by the Members of the committee.

A fire drill is not expected, so if the alarm sounds please evacuate the building quickly and calmly. Please use the stairs and do not use the lifts. Once out of the building, please gather outside Lloyds Bank on the opposite side of the road.

Exit by the door by which you entered the room or by the fire exits which are clearly indicated by the standard green fire exit signs.

If you need any assistance in evacuating the building, please make yourself known to a member of staff.

Please also make sure all your mobile phones are turned off or set to silent.

#### 2. **APOLOGIES** - To receive apologies for absence from the meeting.

#### 3. **MINUTES** – To confirm the minutes of the meeting of the Audit and Standards Committee held on 1<sup>st</sup> April 2025, attached (**Page 5**).

#### 4. **DECLARATIONS OF INTEREST**

To receive declarations of Disclosable Pecuniary and Other Interests, in accordance with the Members' Code of Conduct.

##### Declaring interests at meetings

If there is any item of business to be discussed at the meeting in which you have a disclosable pecuniary interest or non-pecuniary interest (Other Interests), you must declare the interest appropriately at the start of the meeting or as soon as you become aware that you have an interest.

Arrangements have been made so that interests that are declared regularly by members can be viewed in a schedule on the Council website ([Councillor Declarations of Interests](#)) Any interest noted in the schedule on the website will be deemed to have been declared and will be minuted as such by the Democratic Services Officer. As a general rule, there will, therefore, be no need for those Members to declare those interests as set out in the schedule.

There are, however, TWO EXCEPTIONS to the general rule:

1. When the interest amounts to a Disclosable Pecuniary Interest that is engaged in connection with any item on the agenda and the member feels that the interest is such that they must leave the room. Prior to leaving the room, the member must inform the meeting that they are doing so, to ensure that it is recorded in the minutes.

2. Where a dispensation has been granted to vote and/or speak on an item where there is a Disclosable Pecuniary Interest, but it is not referred to in the Schedule (where for example, the dispensation was granted by the Monitoring Officer immediately prior to the meeting). The existence and nature of the

dispensation needs to be recorded in the minutes and will, therefore, have to be disclosed at an appropriate time to the meeting.

Note: Following the adoption of the new Code of Conduct, Members are reminded that they should declare the existence and nature of their personal interests at the commencement of the relevant item (or as soon as the interest becomes apparent). If that interest is a Disclosable Pecuniary or a Deemed Disclosable Pecuniary Interest, the Member must withdraw from the room.

Where a Member has a Disclosable Pecuniary Interest but has received a dispensation from Audit & Standards Committee, that Member may vote and/or speak on the matter (as the case may be) and must disclose the existence of the dispensation and any restrictions placed on it at the time the interest is declared.

Where a Member has a Deemed Disclosable Interest as defined in the Code of Conduct, the Member may address the meeting as a member of the public as set out in the Code.

Note: Council Procedure Rules require Members with Disclosable Pecuniary Interests to withdraw from the meeting unless a dispensation allows them to remain to vote and/or speak on the business giving rise to the interest.

Where a Member has a Deemed Disclosable Interest, the Council's Code of Conduct permits public speaking on the item, after which the Member is required by Council Procedure Rules to withdraw from the meeting.

5. PUBLIC CONSULTATION - Members of the Public will be given the opportunity to speak on specific agenda items, if notice has been received.

Members of the public will be given three minutes to speak on a particular item and this is strictly timed. The chair will inform all public speakers that: their comments must be limited to addressing issues raised in the agenda item under consideration: and that any departure from the item will not be tolerated.

The chair may interrupt the speaker if they start discussing other matters which are not related to the item, or the speaker uses threatening or inappropriate language towards Councillors or officers and if after a warning issued by the chair, the speaker persists, they will be asked to stop speaking by the chair. The chair will advise the speaker that, having ignored the warning, the speaker's opportunity to speak to the current or other items on the agenda may not be allowed. In this eventuality, the chair has discretion to exclude the speaker from speaking further on the item under consideration or other items of the agenda.

6. AUDIT AND STANDARDS COMMITTEE CORE WORK PROGRAMME 2025/26 - a report of the Assistant Director – Democracy & Governance, attached **(Page 8)**.

7. EXTERNAL AUDIT PLAN 2024/25 – a report of the Strategic Director Corporate Resources, attached **(Page 18)**.

8. ANNUAL GOVERNANCE STATEMENT 2024-2025 - a report of the Assistant Director – Democracy & Governance, attached **(Page 49)**.

9. RECOMMENDATION FROM THE CONSTITUTION REVIEW WORKING PARTY - MEMBER CODE OF CONDUCT COMPLAINT PROCESS - a report of the Assistant Director – Democracy & Governance and Monitoring Officer, attached **(Page 77)**.
10. RECOMMENDATION FROM THE CONSTITUTION REVIEW WORKING PARTY – COUNCIL MEETING AGENDA ORDER - a report of the Assistant Director – Democracy & Governance and Monitoring Officer, attached **(Page 93)**.
11. TREASURY MANAGEMENT 2024/25 – YEAR END REVIEW - a report of the Finance Manager – Treasury, attached **(Page 96)**.
12. ANY OTHER ITEMS - which in the opinion of the Chair should be discussed as a matter of urgency because of special circumstances (which must be specified).



**NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**1<sup>st</sup> April 2025**

A meeting of the Audit & Standards Committee was held on Tuesday, 1<sup>st</sup> April 2025 in the Council Chamber, Town Hall, Nuneaton.

**Present**

Councillor J. Bonner – Chair

Councillors: D. Brown (Vice-Chair), T. Cooper, L. Cvetkovic, J. Hartshorn, B. Hancox, W. Markham, K. Price, B. Saru, C. Smith and M. Wright.

**PART I – PUBLIC BUSINESS**

ASC48 **Minutes**

**RESOLVED** that

- a) the minutes of the Audit and Standards Committee meeting held on 4<sup>th</sup> February 2025 be approved and signed by the Chair; and
- b) the minutes of the Extraordinary Audit and Standards Committee meeting held on 25<sup>th</sup> February 2025 be approved and signed by the Chair.

ASC49 **Declarations of Interest**

**RESOLVED** that the declarations of interest are as set out in the Schedule attached to these minutes.

ASC50 **Internal Audit Plan 2025-26 And Internal Audit Charter**

A Report of the Head of Audit Partnership gave the Committee the opportunity to consider and approve the proposed Internal Audit Plan for 2025/26 and to approve the Internal Audit Charter.

**RESOLVED** that

- a) the proposed Internal Audit Plan for 2025/26 be considered and approved for implementation; and
- b) the Internal Audit Charter be approved.

ASC51 **Complaints Against Members - Update**

A Report of the Monitoring Officer provided the Committee with an update on the overview report presented in respect of complaints against Members

**RESOLVED** that it be noted that zero (0) formal complaints against elected Members have been received since the last report came before the Committee (10th September 2024).

Chair \_\_\_\_\_

## Audit and Standards – Schedule of Declarations of Interests – 2024/2025

	<b>Name of Councillor</b>	<b>Disclosable Pecuniary Interest</b>	<b>Other Personal Interest</b>	<b>Dispensation</b>
	General dispensations granted to all members under s.33 of the Localism Act 2011			<p>Granted to all members of the Council in the areas of:</p> <ul style="list-style-type: none"> <li>- Housing matters</li> <li>- Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992</li> <li>- An allowance, payment given to members</li> <li>- An indemnity given to members</li> <li>- Any ceremonial honour given to members</li> <li>- Setting council tax or a precept under the Local Government Finance Act 1992</li> <li>- Planning and Licensing matters</li> <li>- Allotments</li> <li>- Local Enterprise Partnership</li> </ul>
	J. Bonner	Employed by Etone College (Matrix Academy Trust) - Teacher	<p>The Labour Party (sponsorship)</p> <p>Member of:</p> <ul style="list-style-type: none"> <li>- The Labour Party</li> <li>- National Education Union</li> </ul>	
	D. Brown	Employed by H.M Land Registry	<ul style="list-style-type: none"> <li>-Regional Coordinator, Ragdoll Rescue Charity.</li> <li>-Trustee of the Exhall Education Foundation Charity</li> </ul>	
	T. Cooper			
	L. Cvetkovic	Head of Geography (Teacher), Sidney Stringer Academy, Coventry	<p>Trustee of Bulkington Volunteers (Founder); Bulkington Sports and Social Club (Trustee)</p> <p>Member on the following Outside Bodies:</p> <ul style="list-style-type: none"> <li>- Building Control Partnership Steering Group</li> </ul>	
	B. Hancox		<p>The Labour Party (sponsorship)</p> <p>Member of:</p> <ul style="list-style-type: none"> <li>- The Labour Party</li> <li>- Unite the Union</li> <li>- British Gurkha Veterans Association (Adviser)</li> </ul> <p>Representative on the following Outside Bodies:</p> <ul style="list-style-type: none"> <li>- Nuneaton Festival of Arts</li> <li>- Bedworth Neighbourhood Watch Committee</li> <li>- Nicolas Chamberlaine's School Foundation</li> </ul>	

	<b>Name of Councillor</b>	<b>Disclosable Pecuniary Interest</b>	<b>Other Personal Interest</b>	<b>Dispensation</b>
	J. Hartshorn	Employed by Asda Nuneaton	Member of Nuneaton Conservatives	
	W. Markham		Member of the following bodies: - Unite Union - Free Speech Union - Exhall Multicultural Group	
	K. Price	Warwickshire County Council	The Labour Party Unite the Union BASW Social Work England Registration	
	B. Saru	- Director – Saru Embroidery Ltd - Co-founder and Owner – Fish Tale Ale Beer	- Labour Party (sponsorship) - Chair of the British Gurkha Veterans Association  Representative on the following Outside Bodies: - Armed Forces Covenant	
	C. Smith	Software Engineer – Prophet PLC	- Member of Labour Party and Unite - Safeguarding – Manor Park RFC  Representative on the following Outside Bodies: - Astley Charity	
	M. Wright			

**NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to: Audit and Standards Committee – 24<sup>th</sup> June 2025**

**From: Assistant Director – Democracy & Governance**

**Subject: Audit and Standards Committee Core Work Programme 2025/26**

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**1. Purpose of the report**

- 1.1. To consider and approve the Audit and Standards Committee Core Work Programme for 2025/26 after taking into consideration the purpose and functions of the Committee.

**2. Recommendations**

- 2.1. That the Audit and Standards Committee Core Work Programme for 2025-26 at Appendix A be approved.

**3. What is the Committee being asked to consider?**

- 3.1. The Audit and Standards Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 3.2. The purpose of the Audit & Standards Committee is to provide independent assurance of the accuracy of the risk management framework and the internal control environment. It provides an independent review of the Council's governance, risk management and control frameworks, and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 3.3. To ensure high standards of conduct and probity, the Committee will also have a key part to play in strengthening and maintaining the highest standards of ethical conduct which the public is entitled to expect from both Members and Officers of the Council.
- 3.4. Typically, in the first meeting of the Committee in a Municipal Year, the Committee usually sets out its annual work programme for the year, which looks to ensure that the financial cycle of reports and accounts are approved in good time and the committee consider governance matters as well as best practice recommendations.
- 3.5. In addition, the Committee are asked to consider whether the Core Work Programme is sufficiently robust and whether it accurately reflects the functions of

the Audit and Standards Committee as set out in the Terms of Reference, which are attached at Appendix B.

#### **4. Work Programme 2025-26**

- 4.1. Five (5) Committee meetings have been included in the municipal year for 2025/26. This excludes any Audit and Standards Sub-Assessment Committees which can be arranged as and when necessary.
- 4.2. The Core Work Programme includes both the annual letters and reports that either require the approval of or need to be reported to the Committee, and some other planned policy reviews for the year. Other reports will be presented to the Committee if appropriate during the year.

Audit and Standards Work Programme 2025 – 2026						
Item	24 <sup>th</sup> June	9 <sup>th</sup> Sept	25 <sup>th</sup> Nov	3 <sup>rd</sup> Feb	17 <sup>th</sup> Mar	Details
Annual Governance Statement 2024-25	✓					To approve the Annual Governance Statement for 2024/25
Statement of Accounts 2024-25				✓		To approve the Statement of Accounts for 2024-25
Treasury Management Reports:	✓	✓	✓	✓	✓	Includes: <ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Half Year report</li> <li>• Strategy</li> <li>• Quarterly Treasury Management</li> </ul>
Internal Audit Charter		✓				To review and approve any changes required to the Internal Audit Charter. This will be an update to reflect the new GIAS. Normally this would go with the Audit Plan report.
Annual Report of Internal Audit	✓					To consider the Chief Audit Executive's annual internal audit report and opinion, which includes conformance with the Public Sector Internal Audit Standards, outcomes from the quality assurance improvement programme, the opinion on the Council's governance, risk and control environment and the work completed by internal audit to support that opinion
Internal Audit Plan progress report	✓	✓	✓		✓	A report on progress against the audit plan
Internal Audit Plan					✓	To consider and approve the content of the Plan for 2026/27.

Audit Findings Report		✓		✓		External audit's opinion and findings on the 2024/25 accounts and the value for money conclusion subject to completion of audit.
Annual External Audit Letter				✓		An overall summary of the external auditor's work at the Council.
External Audit grant claims report				✓		External auditor's report on the work completed to certify grant claims.
External Audit Plan		✓				Sets out the external auditors approach to the identification of audit risks.
Review and approval of the Risk Management Policy and Strategy review			✓			To consider, review and approve the bi-annual review of the Risk Management Policy and Strategy review.
Review and approval of the Performance Management Framework review			✓			To consider, review and approve the bi-annual review of the Performance Management Framework.
To consider reports from the Constitution Review Working Party	✓	✓	✓	✓	✓	To consider any reports from the Constitution Review Working Party and if acceptable, recommend to Full Council for approval and adoption.
Overview of Member complaints – Audit and Standards Committee		✓			✓	Report to present to Committee identifying the number of complaints submitted and the status of any complaints against Elected Members. Every 6 months.
Review of registration of interests, hospitality and gifts by members and officers – Audit and Standards Committee			✓			Report to review the register of interests, hospitality and gifts by members and officers.
Consider the Council's corporate governance arrangements and policies to ensure that they demonstrate a strong ethical culture	✓	✓	✓	✓	✓	These include the Contract and Financial Procedure Rules, Counter Fraud Policy, Risk Management Policy and Performance Management Policy along with other governance related policies as required.
Dispensations	✓	✓	✓	✓	✓	Ongoing item
Member Induction Arrangements & Training Plan					✓	Annual Review
Any reports from external	✓	✓	✓	✓	✓	When received and relevant to the

agencies regarding the standards/conduct of the Council (such as the Ombudsman, Information Commissioner's Office or Investigatory Powers Commissioner's Office).						Committee.
Anti Fraud Strategy and Fraud Response Plan		✓				To review, consider and approve an update to the document to ensure it is updated.
Anti-Money Laundering Framework		✓				To review, consider and approve an update to the document to ensure it is updated.
Partnership Framework		✓				To review, consider and approve an update to the document to ensure it is updated.
Local Code of Corporate Governance		✓				To review, consider and approve an update to the document to ensure it is updated.



## **ARTICLE 9: THE AUDIT AND STANDARDS COMMITTEE**

The purpose of the Audit & Standards Committee is to provide independent assurance of the accuracy of the risk management framework and the internal control environment. It provides an independent review of the Council's governance, risk management and control frameworks, and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

In order to ensure high standards of conduct and probity, the Committee will also have a key part to play in strengthening and maintaining the highest standards of ethical conduct which the public is entitled to expect from both Members and Officers of the Council.

This Article sets out the composition, role and function of the Audit and Standards Committee.

### **A9.1 AUDIT AND STANDARDS COMMITTEE**

The Council meeting will establish an Audit & Standards Committee.

### **A9.2 COMPOSITION - POLITICAL BALANCE**

- a) The composition of the Audit & Standards Committee has to reflect the political balance of the Council;
- b) No member of the Cabinet or Chair of an Overview & Scrutiny Panel shall be a member of the Audit & Standards Committee;
- c) The Audit & Standards Committee will be composed of 11 Members;
- d) Council shall appoint the Chair and Vice-chair of the Committee. The Chair shall be nominated from the membership of the Controlling Group, unless at the meeting to appoint the Chair the Controlling Group determine otherwise, and the Vice-chair shall be nominated from the main Opposition Group, unless at the meeting to appoint the Vice-chair, the main Opposition Group determine otherwise. If at any meeting neither the Chair nor Vice-chair are present, the Members present will appoint a Chair for that meeting from any member of that committee.
- e) the quorum will be five;
- f) the Committee shall have the power to co-opt one Independent Member to assist the Committee in fulfilling its purpose and they shall be appointed for a period of up to four years and shall be appointed for no more than two terms.

### **A9.3 ROLE AND FUNCTION**

The Audit & Standards Committee will have the following roles and functions:

**Governance, Risk and Control**

- a) To review the Council's corporate governance arrangements against the Good Governance framework, and consider annual governance report and assurances;
- b) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and control;
- c) To consider the Council's arrangements to secure value for money, and review assurances and assessments on the effectiveness of these arrangements;
- d) To consider the Council's Strategic Risk Register and ensure that it adequately addresses the risks and priorities of the Council;
- e) To monitor the effective development and operation of risk management across the Council;
- f) To monitor progress in addressing risk related issues reported to the Committee;
- g) To consider reports on the effectiveness of internal controls, and monitor the implementation of agreed actions;
- h) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption;
- i) To monitor the Council's Anti-Fraud Strategy;
- j) To maintain an overview of the Council's Constitution.

**Internal Audit**

- a) To approve the Internal Audit Charter;
- b) To review proposals made in relation to the appointment of external providers of IT internal audit services;
- c) To approve the risk based on Internal Audit Plan, including Internal Audit's resource requirements;
- d) To approve significant interim changes to the risk based Internal Audit Plan and resource requirements;
- e) To consider the Audit & Governance Manager's Annual Report, which will include:-

- A Statement on the level of conformance with the Public Sector Internal Audit Standards;
  - The results of the Quality Assurance and Improvement Programme that supports the Statement – these will indicate the reliability of the conclusions of Internal Audit;
  - The Audit & Governance Manager's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, together with the summary of the work supporting the opinion. These will assist the Committee in reviewing the Annual Governance Statement
- g) To contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of internal audit that takes place at least once every five years;
- h) To support the development of effective communication with the Audit & Governance Manager and commission work as necessary;
- h) To receive the Annual Ombudsman Report and make recommendations to Full Council as necessary.

### External Audit

- a) To consider the external auditor's Annual Letter, relevant reports, and the report to those charged with governance;
- b) To consider specific reports as agreed with the external auditor;
- c) To comment on the scope and depth of external audit work and ensure it gives value for money;
- d) To commission work from external audit as necessary;
- e) To advise and recommend on the effectiveness of the relationships between external and internal audit, and other inspection agencies or relevant bodies.

### Financial Reporting

- a) To approve the Annual Statement of Accounts;
- b) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### Treasury Management

To review the Council's Treasury Management activities, and monitor the performance against the approved Treasury Management indicators.

### Members Code of Conduct

- a) Promoting and maintaining high standards of conduct by Members, Independent Members and any other representatives;
- b) Assisting Members and Independent Members to observe the Councillors' Code of Conduct;
- c) Advising the Council on the adoption or revision of the Councillors' Code of Conduct;
- d) Monitoring the operation of the Councillors' Code of Conduct;
- e) Advising, training or arranging to train Members', Independent Members and any other representatives on matters relating to the Councillors' Code of Conduct;
- f) Making assessments of misconduct allegations;
- g) Dealing with any reports from the Monitoring Officer on any matter;
- h) Establishing Sub-Committees; and
- i) Granting exemptions for politically restricted posts.

### Dispensations

Granting dispensations to Elected and Independent Members, having regard to all relevant circumstances, in the following circumstances:

- a) That so many Members of the decision-making body have Disclosable Pecuniary Interests in a matter that it would impede the transaction of the business;
- b) That, without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter;
- c) That the Council considers that the dispensation is in the interests of persons living in the Authority's area;
- d) Where, but for a dispensation, all Members of Cabinet would be prohibited from participating in any particular business to be transacted by Cabinet; or
- e) That the Council considers that it is otherwise appropriate to grant a dispensation.

In granting a dispensation, the Committee shall specify the period of the dispensation, which shall not exceed four years.

## **Sanctions**

The Committee shall have the following sanctions delegated to it by Council, and shall delegate those powers to its hearings Sub-Committees:

- a) Censuring or reprimanding the Member;
- b) Reporting its findings to Council for information;
- c) Recommending to the Member's Group Leader (or in the case of un-grouped Members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;
- d) Recommending to the Leader of the Council that the Member be removed from the Cabinet, or removed from particular Portfolio responsibilities;
- e) Instructing the Monitoring Officer to arrange training for the Member;
- f) Removing from all outside appointments to which he/she has been appointed or nominated by the Authority;
- g) Withdrawing facilities provided to the Member by the Council, such as a computer, website and/or email and internet access; or
- h) Excluding the Member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

## **Accountability Arrangements**

- a) To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions;
- b) To report to Full Council on a regular basis, on the Committee's performance in relation to the Terms of Reference and the effectiveness of the Committee in meeting its purpose.

**AGENDA ITEM NO. 7**

**NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to:      Audit & Standards Committee -      24<sup>th</sup> June 2025**

**From:            Strategic Director – Corporate Resources**

**Subject:         External Audit Plan 2024/25**

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1.     Purpose of Report

1.1    To consider the audit plan for the Statement of Accounts for 2024/25.

2.     Recommendations

2.1    To note the detail contained within the plan.

3.     Background

3.1    The external auditor presents an audit plan prior to the draft Statement of Accounts publication for review.

4.     Body of Report

4.1    Detail of the audit plan is contained within Appendix 1.

5.     Conclusion

5.1    That the audit plan is noted.

6.     Appendices

6.1    Appendix 1 External Audit Plan 2024/25

7.     Background Papers

7.1    None



# Nuneaton And Bedworth Borough Council

## External audit plan

Year ended 31 March 2025

**June 2025**

Audit and Standards Committee - Tuesday 24th June 2025



## Your key team members

### Rebecca Lister

Key Audit Partner  
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### Azola Dudula

Manager  
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### Caitlin Mackenzie

In-Charge auditor  
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# Introduction

## ***Adding value through the audit***

*All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.*

## **Purpose**

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Nuneaton And Bedworth Borough Council ('the Council') for the year ended 31 March 2025 for those charged with governance.

The core elements of our work include:

- An audit of the 2024/25 Statement of Accounts for the Council; and
- An assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (our Value for Money work).

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), the National Audit Office Code of Audit Practice and associated guidance. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

## **Auditor responsibilities**

As auditor we have been appointed to perform an audit, in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and ISAs UK. Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code').

We are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

*continued.....*

# Introduction

*We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.*

*This planning letter has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.*

## Auditor responsibilities (....continued)

We will issue our Audit Completion Report and an Auditor's Annual Report to the Audit and Standards Committee setting out the findings from our work.

Under the Act we have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making an application to the court for a declaration that an item of account is contrary to law;
- Issuing and advisory notice; or
- Making an application for judicial review.

The Act also 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 consider any objection made to the accounts.

On completion of our audit work, we will issue an Audit Completion Report (prior to the approval of the financial statements), detailing our significant findings and other matters arising from the audit on the financial statements, together with an Auditor's Annual Report including our commentary on the value for money arrangements.

If, during the course of the audit, we identify any significant adverse or unexpected findings that we conclude should be communicated, we will do so on a timely basis, either informally or in writing.

The audit does not relieve management or the Audit and Standards Committee of your responsibilities, including those in relation to the preparation of the financial statements.

## Council responsibilities

The Council has responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

# Audit scope and general approach

This section of our letter sets out the scope and nature of our audit and should be considered in conjunction with the [Terms of Appointment](#) and [Statement of Responsibilities](#) issued by Public Sector Audit Appointments Limited (PSAA).

## General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;

- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures which, in a normal year, are designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. We are unlikely to be able to obtain sufficient assurance in 2024/25 to reach this conclusion due to the previously disclaimed audits.

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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

# Audit scope and general approach

## Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. The basis for our assessment of materiality for the year is set out on page 14. Any identified errors greater than:

**£91,000**

will be recorded and discussed with you and, if not adjusted, confirmed as immaterial as part of your letter of representation to us.

## Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

## Specialised skill or knowledge required to complete the audit procedures

We will use audit specialists to assist us in our audit work in the following areas:

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset.

We will consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC) of the following systems:

- Agresso – General Ledger
- Active Directory

# Audit scope and general approach

## Significant changes in the financial reporting framework

There has been one significant change in the financial reporting framework this year, including the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 'CIPFA Code'). The new standard relating to IFRS 16 Leases has now been mandated for implementation from 1 April 2024 within the 2024/25 Code.

## Significant changes in the Council's functions or activities

There have been no significant changes to the functions and activities of the Council.

However, the Council does have a wholly own subsidiary called Nuneaton and Bedworth Community Enterprises Limited. We are awaiting managements full assessment of whether group accounts are required. At this point in time, management have assessed that group accounts are not required.

However, we will reassess this position once we receive the necessary information to conclude.

## Going concern

### Management responsibility

Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

## Going concern

### Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA Code and Practice Note 10 (PN10), which focusses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

# Audit scope and general approach

## Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control. During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

## Additional procedures for the NAO

The National Audit Office (the 'NAO') issues group audit instructions which set out additional audit requirements.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2024/25. As at the date of this report, the draft instructions have not yet been issued by the NAO and the NAO has not yet confirmed which entities will be sampled components.

We will seek to comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

# Building back assurance

## Summary of why we are likely to issue a disclaimer of opinion in 2024/25

Given the Council's disclaimed audit opinions for the financial years 2022/23 and 2023/24, we are unlikely to be able to obtain sufficient assurance over the following in 2024/25:

1. Opening and closing balances in the financial statements (Balance Sheet), and
2. Reserves balances (which have come from the movements within the Statement of Comprehensive Income over the past two years).

We will be unable to provide a “clean” audit opinion to the Council until we have completed sufficient build back work to become comfortable over these balances and movements. This is likely to take a number of years due to capacity within our audit team and the Council's finance team. This situation is common across the local government sector, particularly where more than one previous year has been disclaimed.

As a result of the approach we adopted in 2023/24, we have gained an understanding of the Council's systems, processes, controls and arrangements for the preparation of the financial statements and have gathered information to inform the process of rebuilding assurance in this and future years.

We have developed an end-to-end build-back recovery plan for disclaimed audits, as set out on the following pages.

Further background regarding disclaimed audits in the local government landscape is set out in Appendix I.



# Building back assurance

## Our build back approach

Our approach comprises three distinct phases with the ultimate objective of returning to unmodified opinions as quickly as possible.

Phase	Planned work	Timing	Included in scale fee?
1	Undertake the normal 'in-year' audit. This will provide sufficient assurance over some closing balances and most in-year movements.	Annually	Yes
2	Undertake 'build-back' testing back to the last clean opinion for specified balance sheet items where full assurance over the closing balance cannot be obtained without opening assurance.	To be agreed with Council	No (this will incur additional cost)
3	Undertake work on prior-year disclaimed income and expenditure entries and reserve movements back to the last clean opinion (subject to Sandbox discussions).	To be agreed with Council	No (this will incur additional cost)

One of the contributing factors to the existing backlog of opinions was insufficient capacity across audit suppliers and, in some cases, within council finance teams. These capacity constraints continue. It is therefore not possible to rebuild all assurance within a one-year period, as recognised in the announcements from MHCLG and guidance from NAO and FRC.

In terms of the work required under phases 2 and 3 – which could be considerable – we will discuss with management the appropriate timing for such work.

## 2024/25 planned work

For 2024/25 we anticipate there will be sufficient capacity to undertake:

- Phase 1 (2024/25 audit) and;
- Some elements of phase 2. We are anticipating these to be:
  - Testing of transactions within property, plant and equipment balances from 2021/22 onwards, covering:
    - Additions
    - Disposals
    - Depreciation
    - Reclassifications.

The remainder of the indicative build back plan (phase 2 and phase 3) will fall into future years.



# Building back assurance

## Phase 1: the 'in-year' audit and accretion of evidence to future years

In 2024/25 and future years, our 'in-year' audit is likely to provide sufficient assurance over some balances but not others. The table below sets out, in the first line, the areas where we are likely to obtain sufficient assurance from the in-year audit, and, in the second line, the areas where only some assurance can be obtained from the in-year audit because of the long-term, accumulated nature of those balances.

Auditor Conclusion	Likely applicable balances
Sufficient assurance gained over the closing balance (i.e. closing balance is not inherently tied to the opening position).	<ul style="list-style-type: none"><li>• Other land and buildings valuation (following next full valuation in 2024/25)</li><li>• Pension liabilities (following next triennial valuation in 2025/26)</li><li>• Investments</li><li>• Debtors</li><li>• Creditors</li><li>• Cash and cash equivalents</li><li>• Borrowing</li></ul>
Some assurance gained in-year but <b>lack of opening assurance</b> means the closing balance cannot be fully assured and remains disclaimed.	<ul style="list-style-type: none"><li>• Property plant and equipment</li><li>• Long term debtors</li><li>• Long term creditors</li><li>• Long term lease liabilities</li><li>• Provisions</li><li>• All reserves</li></ul>

The items in the first line will be rolled forward and accreted into future years' audits. No retrospective build back should be required for these items of account, but it will take a minimum of three years for the items in this first category to be fully assured as assurance is required to be gained on comparator opening, comparator closing and current year closing balances to move to an unmodified opinion. In the case of pension liabilities, this cannot start until 2025/26 when the next triennial valuation report is due to be published.

The items in the second line will need further work to obtain sufficient assurance, which form phases 2 and 3 of the build-back approach.

# Building back assurance

## Phase 2: build-back for specified balance sheet items where the closing position is inherently tied to the opening position

These closing balances can only be assured by undertaking work in the disclaimed years, back to the last clean opinion.

In 2024/25, we will recover assurances on property, plant and equipment - additions, disposals, depreciation and reclassifications.

We propose to recover assurances on long term debtors, creditors, lease liabilities and provisions in 2025/26 or a future year.

We do not, at this stage, have a proposal to rebuild any assurance for reserve balances over the disclaimed years due to the very high volume of income and expenditure transactions and other reserve movements which make up these balances. This is considered further in Phase 3.

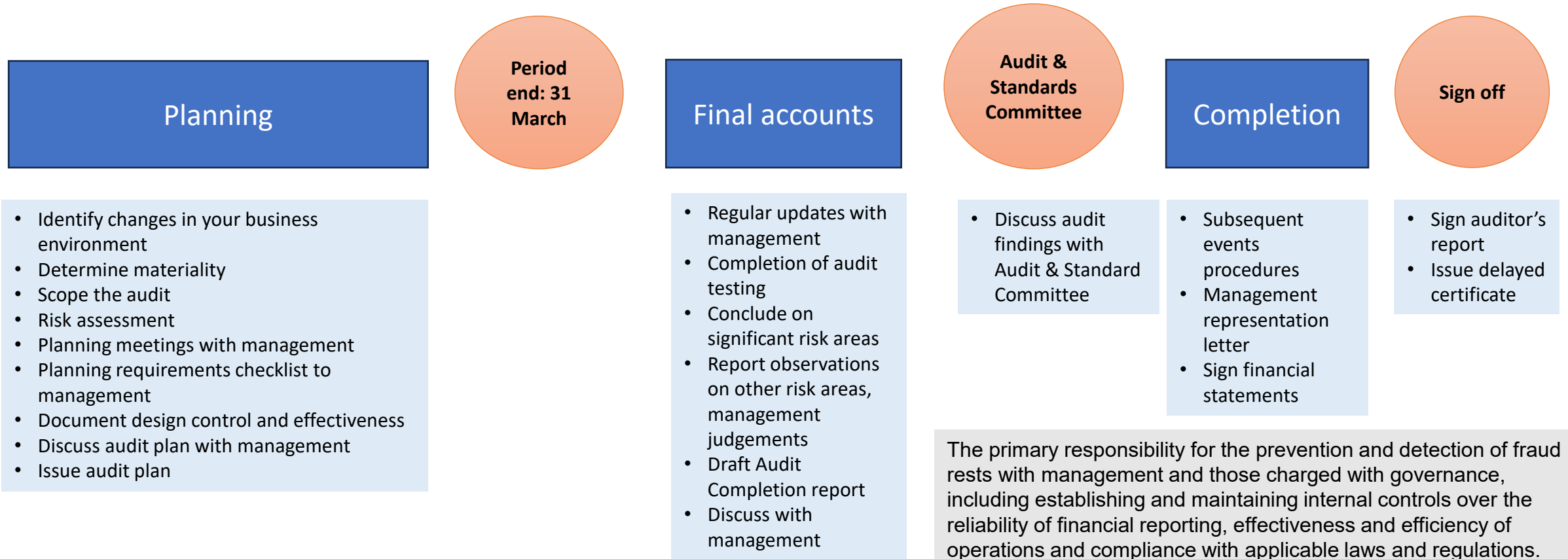
## Phase 3: build-back on prior year disclaimed reserve balances back to the last clean opinion

The approach to this is being discussed by all firms within the 'Sandbox'. Firms, including Azets, will only use this approach if it is endorsed by the FRC and/or MHCLG.

If it is endorsed, we will employ the 'Sandbox' approach back to the last clean opinion to gain full assurance over prior years' CIES and reserves movements and, thereby re-build assurance on the closing general fund, earmarked reserves and unusable reserves, as well as over the Council's Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP). This may involve selective substantive testing of income and expenditure transactions within disclaimed years.

If the 'Sandbox' approach is not endorsed, we may need to undertake detailed income and expenditure testing in each previously disclaimed year, which would require substantial audit and finance team input.

# Our financial statements audit explained



The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

# Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these. Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA (UK) 260 defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2025 was calculated as follows:

	Council £'000	Explanation
Overall materiality for the financial statements	1,830	Our initial assessment is based on approximately 1.8% of gross revenue expenditure as disclosed in the 2023/24 annual report and accounts. We consider this to be the principal consideration for the users of the financial statements when assessing financial performance of the Council. The financial statements are considered to be materially misstated where total errors exceed this value
Performance materiality	1,190	65% of overall materiality for the Council. Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement. Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.
Trivial threshold	91	5% of overall materiality for the Council. Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality. We have determined that no specific materiality levels need to be set for this audit.  
Audit and Standards Committee - Tuesday 24th June 2025

# Significant risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

## Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
<p><b>Management override of controls</b></p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p><b>Risk of material misstatement: Very High</b></p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"><li>• Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals;</li><li>• Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals;</li><li>• Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's journals policy;</li><li>• Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and</li><li>• Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.</li></ul>

# Significant risks of material misstatement

Identified risk	Planned audit procedures
<p><b>Prior year disclaimed opinions</b></p> <p>As a result of the backstop implemented on 28 February 2025, a disclaimer audit opinion was provided on the Council's 2023/24 financial statements. Disclaimed audit opinions have also been provided on the Council's accounts for the 2022/23 by predecessor.</p> <p>As a result of prior year disclaimed audit opinion:</p> <ul style="list-style-type: none"><li>• There is limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pension valuations, land and building, council dwelling and investment property valuations, amongst others); and</li><li>• Significant transactions, accounting treatment and management judgements may not have been subject to audits for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods.</li></ul> <p>The absence of prior year assurance raises a significant risk of material misstatement at the financial statement level that may require additional audit procedures.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"><li>• <b>Prior year opinion on the financial statements (financial statement level): High</b></li></ul>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"><li>• Considering the findings and outcomes of prior year audits and their impact on the 2024/25 audit;</li><li>• Considering the impact on our audit of qualified or disclaimed audit opinions, particularly regarding opening balances and 'unaudited' transactions and management judgements made in the previous years which continue into 2024/25;</li><li>• Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years; and</li></ul>

# Significant risks of material misstatement

## Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
<p><b>Fraud in revenue recognition (rebutted)</b></p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to:</p> <ul style="list-style-type: none"><li>• Limited opportunity to manipulate revenue recognition;</li><li>• Little incentive by management to manipulate revenue recognition; and</li><li>• Lack of rationalisation of fraud within the entity due to the controls and processes in place.</li></ul> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"><li>• <b>Revenue recognition: Low</b></li></ul>	<p>Whilst we have rebutted the risk of fraud in income recognition, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"><li>• Documenting our understanding of the Council systems for income to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements;</li><li>• Evaluating the Council accounting policies for recognition of income and expenditure and compliance with the CIPFA Code; and</li><li>• Substantively testing material income stream transactions recognised for the year.</li></ul>

# Significant risks of material misstatement

## Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
<p><b>Fraud in expenditure recognition (rebutted)</b></p> <p>We have considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Council , and we are satisfied that this is not a significant risk for the reasons set out below:</p> <ul style="list-style-type: none"><li>• Limited opportunity to manipulate expenditure recognition;</li><li>• Little incentive by management to manipulate expenditure recognition; and</li><li>• Lack of rationalisation of fraud within the entity due to the controls and processes in place.</li></ul> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"><li>• <b>Expenditure recognition: Low</b></li></ul>	<p>Whilst we have rebutted the risk of fraud in expenditure recognition, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"><li>• Documenting our understanding of the Council systems for expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements;</li><li>• Evaluating the Council accounting policies for recognition of expenditure and compliance with the CIPFA Code;</li><li>• Substantively testing material expenditure stream transactions recognised for the year; and</li><li>• Perform substantive testing on expenditure transactions at and around the year end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period.</li></ul>



# Significant risks of material misstatement

Identified risk	Planned audit procedures
<p><b>Valuation of council dwellings, other land and buildings and investment property (key accounting estimate)</b></p> <p>Revaluation of council dwellings, other land and buildings and investment property should be performed with sufficient regularity so that carrying amounts are not materially misstated.</p> <p>The council carries out a rolling programme of valuations that ensures that all land and buildings measured at current value is revalued at least every 5 years, Investment Property are revalued each year and council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2025.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>The valuation represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement(s) and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings, other land and buildings and investment property as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>• <b>Council dwellings, other land and buildings and investment property (valuation): High</b></li> </ul>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li> <li>• Evaluating the competence, capabilities and objectivity of management's valuation expert;</li> <li>• Considering the basis on which the valuations are carried out and challenging the key assumptions applied;</li> <li>• Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor's expert;</li> <li>• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;</li> <li>• Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and</li> <li>• Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.</li> </ul>

# Significant risks of material misstatement

Identified risk	Planned audit procedures
<p><b>Valuation of the defined pension fund net liability/asset (key accounting estimate)</b></p> <p>An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>• <b>Defined pension fund net liability/asset (valuation): High</b></li> </ul>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work;</li> <li>• Evaluating the competence, capabilities and objectivity of the actuary;</li> <li>• Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete;</li> <li>• Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert;</li> <li>• Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements;</li> <li>• Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council’s share of the investment valuations in the audited pension fund accounts’; and</li> <li>• Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.</li> </ul>

# Significant risks of material misstatement

Identified risk	Planned audit procedures
<p><b>Implementation of IFRS 16 (key accounting estimate)</b></p> <p>IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025.</p> <p>The implementation of this new accounting standard also represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement upon recognition of the right of use asset and associated lease liability. We have therefore identified the implementation of IFRS 16 as a significant risk.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>• <b>Implementation of IFRS 16 (valuation and completeness): High</b></li> </ul>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Perform a walkthrough of the council's systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16;</li> <li>• Review the council's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard;</li> <li>• Assess the valuation, accuracy and completeness of the right of use assets and associates lease liabilities, and the related disclosures within the financial statements.</li> <li>• Understand the process the Council has gone through to ensure the completeness of the IFRS 16 disclosure, including inspecting the audit trail which documents the process the Council has undertaken to identify leases and contracts falling into scope of IFRS 16; and</li> <li>• Evaluate whether RoU assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.</li> </ul>

# Value for money

Under the Code of Audit Practice, we must satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to here as “Value for Money”, or “VFM”).

NAO Auditor Guidance Note 03 ‘Auditors’ Work on Value for Money Arrangements’ (“AGN 03”) was updated and issued on 14 November 2024 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.



When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures that it makes informed decisions and properly manages its risks
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

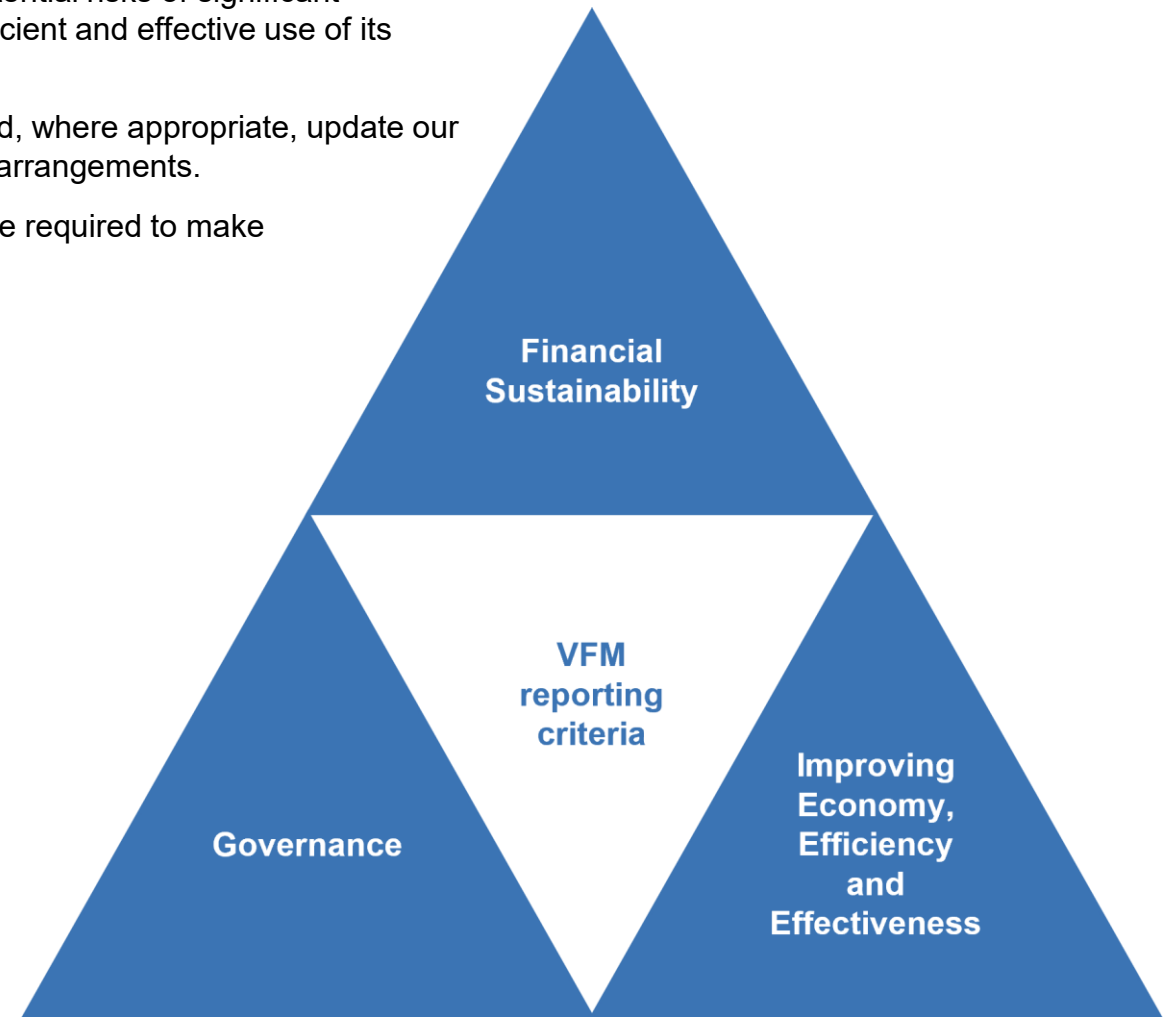
# Value for Money

As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council's arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

Where we identify significant weaknesses in arrangements as part of our work, we are required to make recommendations setting out:

- Our judgement on the nature of the weakness identified;
- The evidence on which our view is based;
- The impact on the local body; and
- The action the body needs to take to address the weakness.



# Value for Money

## Risks of significant weakness in VFM arrangements

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

When considering the Council's arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses, we have identified at the planning stage.

Criteria	Potential risk of significant weakness	Our risk based procedures and evaluation approach includes (but is not limited to)
Financial sustainability	None identified at the planning stage.	Follow up on the recommendations raised in the previous Auditor's Annual Report
Governance	The Council needs to ensure that its finance team is sufficiently resourced, with the appropriate skills, to ensure that the issues that have delayed the completion and timely publication of financial statements are resolved. These delays affected the completion of the 2022/23 financial statement audit and had a knock-on effect on 2023/24. The Council must prepare high-quality financial statements in a timely manner for 2024/25, supported by appropriate reports and working papers, to enable audits to proceed with minimal issues.	<ul style="list-style-type: none"><li>Follow up on the recommendations raised in the previous Auditor's Annual report;</li><li>Review and assess the arrangements in place for maintaining key finance staff and recruiting vacancies within core finance roles.</li></ul>
Improving economy, efficiency and effectiveness	None identified at the planning stage.	Follow up on the recommendations raised in the previous Auditor's Annual Report

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code of Audit Practice and may not be all that exist.

Audit and Standards Committee - Tuesday 24th June 2025

# Audit team and logistics

## Your audit team

Role	Name	Contact details
Key Audit Partner	Rebecca Lister	Rebecca.Lister@azets.co.uk
Engagement Manager	Azola Dudula	Azola.Dudula@azets.co.uk
In-charge auditor	Caitlin Mackenzie	Caitlin.Mackenzie@azets.co.uk

## Timetable

Event	Date
Planning and risk assessment	April 2025
Reporting of plan to Audit & Standard Committee	June 2025
Publication of draft accounts	30 June 2025
Year end audit	Oct – Nov 2025
Reporting of Audit (ISA260)	February 2026
Target date of approval of accounts	February 2026
Accounts publication deadline (as specified in the Accounts and Audit (Amendment) Regulations 2024)	27 February 2026
Auditor's Annual Report (AAR)	Mar 2026

Audit and Standards Committee - Tuesday 24th June 2025

## Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council's finance team work closely together to achieve this timetable.

# Independence, objectivity and other services provided

## Auditor independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have also complied with the NAOs Auditor Guidance Note 01, issued in September 2022, which contains supplementary guidance on ethical requirements for auditors of local public bodies. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be brought to your attention.

## Other services

No other services were provided by Azets to the Council.



# Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

Our estimated fee (excluding VAT) is as follows. This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on pages 4 and 31 are met.

Audit fee	2024/25 £
Scale fee: base fee for the audit of the Council financial statements (as set out in the fee scales issued by PSAA)	168,271
IFRS16: work needed to audit the new standard. PSAA have confirmed this work is not included in the above scale fee	TBC*
Disclaimer work ( <b>note 1</b> )	TBC
Build back work ( <b>note 2</b> )	TBC
Group considerations including new ISA 600 auditing standard	TBC*
<b>Total audit fee for Nuneaton And Bedworth Borough Council</b>	<b>TBC</b>

**Note 1:** this includes the additional annual work required to consider the disclaimed audits from prior years, development of revised approach for the Council in response to the missing assurance, the production, agreement and reporting of additional interim progress reports to management and the Audit Committee, the development and reporting of a revised 'Audit Completion Report' for reporting the additional considerations arising from the disclaimers, the drafting of a disclaimed audit report and the various risk, compliance and technical consultations arising as a result of this unique and unprecedented situation.

**Note 2:** this includes all work for phases 2 and 3 which require building back assurance to the last clean opinion  
Audit and Standards Committee - Tuesday 24th June 2025

It is our policy to seek fee variations for overruns or scope extensions, for example where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work. Any such fee variations are subject to agreement with Public Sector Audit Appointments Ltd (PSAA).

We will bill the scale fee in quarterly instalments in line with billing milestones as set out in our contract with PSAA. These are based on issue of the 2023/24 Auditors Annual Report, issue of the 2024/25 Audit Plan and completion of planned hours for delivery of the audit.

\* We will assess the requirement for a fee variation to cover work related to Group assessment and IFRS16 implementation based on the level of work required and the materiality of any related RoU asset and liability balances.

# Appendix I: Building back assurance

## Statutory backstop dates and disclaimed audits

Statutory Instrument (2024) No. 907 - “*The Accounts and Audit (Amendment) Regulations 2024*”, imposed annual statutory backstop dates up to and including 2027/28 for the publication by the Council of its final Statement of Accounts. The Code of Audit Practice specifies that auditors are required to issue their auditor’s report before these dates, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline.

### Statutory backstop dates

- 13 December 2024 Audits from 2015/16 to 2022/23
- 28 February 2025 2023/24 audit
- 27 February 2026 2024/25 audit
- 31 January 2027 2025/26 audit
- 30 November 2027 2026/27 audit
- 30 November 2028 2027/28 audit

The statutory backstops have resulted in the audits of the Council’s accounts being disclaimed for 2022/23 and 2023/24. The last clean opinion, where the closing balances were assured by the auditor, was 2021/22. The closing balances as at 31 March 2022 are therefore our required starting point for building back assurance.

## Building back assurance

Government’s expectation is that auditors and councils build back assurance to enable, as soon as possible, the return to unmodified (clean) opinions. The recovery period has been designed to allow auditors to rebuild assurance for balances from disclaimed years over multiple audit cycles, reducing the risk of the backlog recurring. Because auditors will need to make prioritisation decisions to issue audit opinions ahead of the backstop dates, they may not be able to obtain sufficient evidence to support all balances nor all in-year and comparative expenditure, income, cash flow and reserves movements.

As a firm we have invested considerable resources in developing our overall response to the disclaimed periods of assurance, the impact this has on our audit responsibilities and what an indicative build-back plan may involve. Due to the complexities involved, our work has required substantially more input from senior members of the audit team than would normally be the case. PSAA has made clear that this additional work is over and above the annual scale fee.

Our planning takes into account the guidance contained in the [Local Audit Reset and Recovery Implementation Guidance](#) (LARRIG), numbers 1 to 5. LARRIGs are prepared and published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (C&AG). LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England. The guidance in LARRIGs supports auditors in meeting their requirements under the Act and the [Code of Audit Practice](#) published by the NAO on behalf of the C&AG.

# Building back assurance

Our planning also takes into account the guidance contained in the FRC's document [Local Audit Backlog Rebuilding Assurance](#). Alongside the backlog measures, the Government has announced its intention to 'overhaul the local audit system.'

The FRC's guidance states: *"Recovery from the backlog is a shared endeavour between auditors and local bodies. Accounts preparers have a vital part to play, providing good quality draft financial statements supported by comprehensive working papers and supporting evidence to auditors. The success of these proposals relies on both auditors and accounts preparers working closely together to agree jointly-owned delivery plans for each year's audit. Chartered Institute of Public Finance and Accountancy (CIPFA) are responsible for the production of guidance to support accounts preparers. Audit Committees should ensure that they are planning and able to play their full part in the process."*

Elements of building back assurance are subject to detailed discussion within a cross-firm working group, also attended by the FRC, known as 'the Sandbox'. We will ensure our build-back approach is fully compliant with auditing standards and, where it relies on the eventual outcome of Sandbox discussions, we will only utilise this approach where it has been endorsed by MHCLG.

As part of our work in 2023/24, we began assessing what work, carried out in 2023/24, can be used to inform the process of rebuilding assurance in future years. Where work was able to be undertaken in 2023/24, we intend to accrete this work into this and future audit periods to inform the future building back of assurance.

We will follow this same approach in 2024/25 and in future years. The build-back approach will require us to apply a process of rebuilding assurance over all financial years for which disclaimers of opinion have been issued.

We have developed an indicative end-to-end build-back recovery plan for disclaimed audits, which is summarised on the next page.



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**NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to: Audit and Standards Committee – 24<sup>th</sup> June 2025**

**From: Assistant Director – Governance & Democracy**

**Subject: Annual Governance Statement 2024-2025**

---

**1. Purpose of the Report**

- 1.1. To present the findings of an assessment of Nuneaton and Bedworth Borough Council's corporate governance framework as presented in the Annual Governance Statement.

**2. Recommendations**

- 2.1. To consider the findings of corporate governance and internal control as set out in the draft Annual Governance Statement (AGS) at Appendix A to this report.
- 2.2. Subject to 2.1, the draft AGS be endorsed, noting the AGS will need to be re-submitted in September 2025 for full approval as a result of the delayed Internal Audit opinion and in the event the Committee require any amendments.

**3. What is the Committee being asked to consider?**

- 3.1. The key points to consider are:
  - Do the processes described within the AGS adequately reflect the effectiveness of the Council's governance framework?
  - Is the proposed action plan for 2025-26 complete and fit for purpose?

**4. Annual Governance Statement**

- 4.1. The production of an AGS is a statutory requirement for local authorities. Regulation 6 of the Accounts and Audit (England) Regulations 2015 states that every financial year a local authority must conduct a review of the system of internal control and prepare an AGS. The AGS must be approved in advance of the relevant authority approving the Statement of Accounts.

- 4.2. The AGS must meet the requirements of the revised 2016 Good Governance Framework. The Framework states that the AGS should be prepared in order for the local authority to report publicly on the extent to which it has complied with its own code of governance, including how it has monitored and evaluated the effectiveness of the governance arrangements in the year, and on any planned changes in the coming year. The process of preparing the AGS should itself add value to the effectiveness of the corporate governance and internal control framework.
- 4.3. The AGS should include:
- An acknowledgment of responsibility for ensuring that there is a sound system of governance, incorporating the system of internal control, and reference to the Council's code of governance;
  - Reference to and assessment of the effectiveness of the key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the Management team, the Audit & Standards Committee, Internal Audit and others as appropriate;
  - An opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
  - An action plan showing actions taken, or proposed, to deal with significant governance issues; reference to how issues raised in the previous year's annual governance statement have been resolved; and
  - A conclusion.
- 4.4. Evidence sources for collating the AGS were as follows:
- Consultation with Corporate Governance Group;
  - Consultation and approval from Corporate Executive Team;
  - Work undertaken by internal audit and other inspection regimes;
  - Review of progress against the previous year's AGS action plan.
- 4.5. As per section 5 (a) of the Annual Governance Statement, the Internal Audit Annual Opinion has been delayed due to unforeseen circumstances as explained in the AGS. As a result, the Committee are being asked to consider the draft AGS in accordance with 3.1 of this report, noting that section 5(a) will need to be updated in line with the finalised opinion, scheduled September 2025. Whilst providing the draft AGS for the committee to consider allows members to review the draft, it also allows the Strategic Director – Corporate Resources to provide a link to the draft AGS within the draft Statement of Accounts.
- 4.6. Please note, the Action Plan will be routinely reviewed by Corporate Governance Group throughout 2025/2026.



# Annual Governance Statement

For the period 1 April 2024 to 31 March 2025







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# 1. Introduction

**1.1.** The Accounts and Audit Regulations 2015 require the Council to prepare an annual governance statement which is ratified by senior management and then approved by the Audit and Standards Committee, as those charged with governance.

**1.2.** Governance is about how an organisation is directed and controlled to achieve its objectives. It therefore comprises the systems, structures, and values that an organisation has in place to achieve those objectives.

**1.3.** Good governance:

- a)** requires that objectives be achieved not only efficiently and effectively but also ethically and in compliance with laws and recognised standards of conduct;
- b)** ensures that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk; and
- c)** comprises robust systems and sound structures together with effective leadership and high standards of behaviour.

**1.4.** Key Priorities:



Live	Work	Visit
<ul style="list-style-type: none"> <li>• Promote residents' health and wellbeing</li> <li>• Enable appropriate housing development</li> <li>• Sponsor a sustainable green approach</li> <li>• Prioritise community safety and empowerment</li> </ul>	<ul style="list-style-type: none"> <li>• Grow a strong and inclusive economy</li> <li>• Champion education skills</li> <li>• Embrace new and emerging technology</li> <li>• Support local businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Create vibrant and diverse town centres</li> <li>• Stimulate regeneration</li> <li>• Celebrate and promote our heritage</li> <li>• Improve the physical environment</li> </ul>





**1.5.** Delivering the key priorities requires good governance - for our residents, employees, businesses, service users and councillors. Our Corporate Plan provides the building blocks to our success. Supporting the Plan are number of strategies and policies showing how we will deliver our ambitions, and our 'Local Code of Governance' sets out the seven principles of good governance. The Local Code of Corporate Governance is consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government.

- Behaving with integrity and in accordance with our core values.
- Being open and ensuring effective engagement takes place.
- Working together to achieve our intended outcomes.
- Setting goals for economic, social, and environmental benefits and reaching them.
- Growing our capacity – including our leadership and the people who work with us.
- Managing risks and performance through robust internal control and strong financial management.

- Implementing good practice in transparency, reporting and audit – delivering effective waccountability.

**1.6.** With ongoing global emergencies and conflicts, persistent inflation, cost of living pressures and continued increased demand on our services, this has been an incredibly challenging year for Nuneaton and Bedworth Borough Council. Along with other councils up and down the country, we have been operating in an extremely difficult economic environment which has forced us to take some tough decisions with regards to ensuring our financial sustainability.

**1.7.** Despite these undoubted challenges, we have demonstrated our commitment improve the borough and the services provided by the Council. Please see Section 5 - Effectiveness of our governance in 2024/2025 – an Overview

**1.8.** Please note, the 2024/2025 Annual Governance Statement is now in a different format to previous Annual Governance Statements prepared by the Council. This is to ensure the level of detail is relevant and set out in a clear way to assist any reader, whether that be a resident, tenant, a 3rd party to review and understand.





## 2. Opinion - Annual Governance Statement 2024/2025

**We are pleased to confirm our opinion that the Council's governance arrangements in 2024/2025 were sound, reviewed and updated to provide a robust and effective platform for achieving the Council's priorities and challenges in 2024/2025.**



Councillor Chris Watkins

Leader



Tom Shardlow

Chief Executive Officer

# 3. Governance at Nuneaton and Bedworth Borough Council

Governance is defined<sup>1</sup> as the framework by which organisations are directed and controlled. It identifies who can make decisions, who has the authority to act on behalf of the organisation and who is accountable for how an organisation and its people behave and perform. It comprises of the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with, and leads the community. It enables the organisation to monitor the achievements 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 Nuneaton and Bedworth Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

We have a duty under the Local Government Act 1999 to improve the delivery of local government services and to make arrangements to secure continuous improvement in the way their functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

The governance framework set out below has been in place at Nuneaton and Bedworth Borough Council for the year ending 31st March 2025.

---

1 Source: Chartered Governance Institute – UK & Ireland



# 3.1. Essential elements of governance

- 1. Decision Making**
- 2. Scrutiny and Accountability**
- 3. Financial Management and external audit**
- 4. Managing risks through internal control and internal audit**
- 5. Senior Officers and Statutory Officers**
- 6. Member and Employee Code of Conduct**

## 1. Decision Making

The Local Government Act 2000 changes the basis of decision making in local authorities fundamentally. It requires the Council to record and keep up to date details of who has responsibility for which decisions, and to make this available to the public. The Council sets the budget and policy framework and the Executive, through the Cabinet, takes the key decisions within that framework unless reserved to a Committee or Officer.

Some decisions are for the Council to make or to delegate. The Council can delegate to Committees, Sub-Committees and officers, or to joint Committees, joint arrangements or other authorities. Those delegations must be recorded in the Council's Constitution which must be kept up to date.

Other decisions are for the Cabinet to make, and it is for the Cabinet to decide whether to delegate the power to make any of those decisions. Only the Cabinet may decide to delegate executive functions to Area Committees, joint arrangements or other local authorities. Where it does so, those delegations must also be recorded in the Cabinet's Scheme of Delegations in Part 3 of the Constitution. Though changes to the Constitution must be made by the Council, changes to the Scheme of Delegations are for the Leader and Cabinet to decide, and must be reported to the Full Council.

Where the power to take decisions is delegated by the Cabinet, the extent of the delegation must be recorded, as must any limitations on the delegated power. Details of the person, body or forum to which the decision is delegated must be recorded, as must the extent of delegation on to others from them.

The Council will issue and keep up to date a record of what part of the Council or individual has responsibility for particular types of decisions or decisions relating to particular areas or functions. This record is set out in Part 3 of the Constitution.

## 2. Scrutiny and Accountability

Scrutiny provides the legal power for elected members to look into issues of concern for residents or poor performance, holding decision-makers to account for the decisions they are making. Scrutiny is not decision making but acts as a check and balance to the executive, which takes the majority of key decisions on behalf of the Council. The Overview and Scrutiny Panels exist (see Governance Structure – Political Management Arrangements) to scrutinise, monitor and review performance as well as policy, Corporate Plan, Forward Plan, the Council's Strategic Risk Register and the development of the Council's annual budget and reviews.

From an internal perspective, the mechanisms in place as set out in Governance Structure – Internal Organisation Governance, provide means for internal organisation scrutiny and accountability.



### 3. Financial Management and external audit

Strong financial management is critical to ensuring the financial sustainability and future prosperity of the Council. The Constitution contains the Financial Procedure Rules which set the principles for managing the Council's financial affairs. A set of strategic documents form the second level of financial governance, with a third tier represented by detailed financial instructions to provide clear guidance on the operation of key financial processes. All documents are regularly reviewed and updated to ensure they remain current and fit for purpose, reflecting changes in the external environment and also in the Council itself.

#### **Strategic Documents include:**

- Treasury Management Strategy
- Budget for the General Fund and Housing Revenue Account
- Capital Budget
- Medium Term Financial Strategy
- Statement of Accounts

It is clear that not only is Local Government under significant pressure, the UK business and financial industry is as well. The impact of Covid, War in Ukraine, interest rates, national insurance rises and cuts to funding, international political uncertainty and poor management to name a few, are all challenges faced across the Local Government landscape. This has led to major failings in other councils widely known across the United Kingdom which presents an uncertain future.

The External Auditor is legally required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. They would report to the Council, and specifically the Audit and Standards Committee, if any significant matters came to their attention.

### 4. Managing risks and internal audit

Nuneaton and Bedworth Borough Council (NBBC) recognises that it has a responsibility to manage risks, both internal and external. It is therefore committed to maintaining robust risk management and business continuity arrangements that make a positive contribution towards the achievement of the Council's corporate aims and priorities and maximise the opportunities to achieve its vision.

#### **The Council's aims with respect to risk management are as follows:-**

- To embed risk management into the culture of the Council
- To adopt an effective and transparent corporate approach to risk management, which also applies to the Council's work with external partners and contractors
- To work with partners and stakeholders to identify and exploit opportunities that will contribute to corporate aims and priorities
- To integrate risk management into the operational and management practices of the Council
- To promote risk awareness throughout the Council and among our contractors and key partners
- To be responsive to changing social, environmental and legislative requirements, whilst effectively managing the related risks and opportunities.
- To undertake an annual review of the effectiveness of the risk management arrangements to support the Council's Annual Governance Statement.
- To promote risk awareness throughout the Council and among our contractors and key partners
- To be responsive to changing social, environmental and legislative requirements, whilst effectively managing the related risks and opportunities.
- To undertake an annual review of the effectiveness of the risk management arrangements to support the Council's Annual Governance Statement.

The Council has an adopted Risk Management Policy & Strategy which forms part of the Constitution. Central Midlands Audit Partnership (CMAP) undertakes the required annual self-assessment of the Council's Internal Audit function, against the Public Sector Internal Audit Standards. CMAP reports to the Audit and Governance Committee to approve the audit plan for each financial year, provide updates on progress against the agreed plan and to provide an assessment and opinion based upon audits undertaken. The move to CMAP was reported by the Audit and Standards Committee and approved by Cabinet to ensure resilience in the team but to also gain a wider network of public bodies to link with in terms of efficiency, best value and practice.

## 5. Senior Officers and Statutory Officers

The Council's management team – comprising the Chief Executive, Strategic Directors and Assistant Directors (including the three Statutory Officers) implement decisions made under the Political Management Arrangements, provides advice to Cabinet and the Council on the development of future policy and budgetary issues and lead service areas to provide services.

Please see section Governance Structure – Internal Organisation Governance below for further information.

There are regular meetings throughout the year of our three Statutory Officers otherwise known as the 'golden triangle' (the Chief Executive/ Head of Paid Service, Chief Finance Officer (otherwise known as the Section 151 Officer) and Monitoring Officer) to review and monitor governance issues. The Chief Internal Auditor also attends to provide updates from an internal audit perspective.

## 5. Member and Employee Code of Conduct

The Constitution includes two codes of conduct:

- a) Member Code of Conduct – designed to ensure behaviour is consistent with core principles to achieve best value for residents and maintain public confidence in the Council. The core principles include:
  - 1. Selflessness
  - 2. Integrity
  - 3. Objectivity
  - 4. Accountability
  - 5. Openness
  - 6. Honesty
  - 7. Leadership
- b) Code of Conduct for Employees – designed to sets out standards of conduct expected from all employees of the Council. Employees must conduct themselves in a way that ensures a high standard of service is provided and, the reputation of the Council is protected.





## 3.2. Governance Structure – Political Management Arrangements

**a. Full Council** – comprised of 38 Democratically Elected Members and is the principal body for determining the Council's budget and setting the Council's Policy Framework. Core duties include:

1. Approval of the budget and policy framework of the Council, as well as any application to the Secretary of State in respect of any Housing Land Transfer.
2. Approval of the Constitution.
3. Approval of the Corporate Plan.
4. Agreeing or amending the Terms of Reference for Committees, deciding on their composition and making appointments to them.

[Council | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

**b. Cabinet** – comprised of the Leader of the Council, Deputy Leader and four Cabinet Members. Core duties include:

1. Main decision-making body of the Council.
2. Cabinet functions are set out in the Executive arrangements adopted by the Council. The arrangements may provide for Executive functions to be discharged by:
  - a) the Cabinet as a whole;
  - b) an individual Member of the Cabinet;
  - c) an officer;
  - d) an Area Committee;
  - e) joint arrangements; or
  - f) another Local Authority.
1. Six portfolios exist (a) **Housing**, b) **Environment & Public Services**, c) **Resources & Customer Services**, d) **Planning & Enforcement**, e) **Business & Regeneration**, f) **Leisure, Communities & Health**.)

[Cabinet | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

**b. Overview and Scrutiny** – comprised of four panels each politically balanced who undertake the work scrutiny work, having regard to the Council's Corporate Objectives. Each panel scrutinise, monitors and reviews performance, policy, Corporate Plan, Forward Plan, the Council's Strategic Risk Register and the development of the Council's annual budget and reviews. The four panels are as follows:

- a) Business, Regeneration and Planning Overview and Scrutiny Panel
- b) Environment and Leisure Overview and Scrutiny Panel
- c) Health and Corporate Resources Overview and Scrutiny Panel
- d) Housing and Communities Overview and Scrutiny Panel.

[Business, Regeneration and Planning Overview and Scrutiny | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

[Environment and Leisure Overview and Scrutiny Panel | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

[Health and Corporate Resources Overview and Scrutiny Panel | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

[Housing and Communities Overview and Scrutiny Panel | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)



**c. Audit and Standards Committee** - comprised of a politically balanced committee membership. Core duties include:

1. Providing assurance to the Council on the adequacy and effectiveness of the governance, risk and control.
2. Approves annual Statement of Accounts and the Annual Governance Statement.
3. Oversees the Council's Councillor Code of Conduct and the overall standards of conduct and ethics of Members.
4. Attended by the Chief Finance Officer (otherwise known as the Section 151 Officer), Monitoring Officer and Chief Auditor.

[Audit and Standards Committee | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

**d. Planning Applications Committee** - comprised of a politically balanced committee membership. The Committee consider and make decisions on functions relating to Town and Country Planning and Development Control' which cannot be discharged by Council or Cabinet. This includes planning related applications received as the statutory planning authority, unless as per the Constitution, the authority is with the Assistant Director – Planning.

[Planning Applications Committee | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

**e. Licensing Committee** - comprised of a politically balanced committee membership. The Committee consider and make decisions on applications submitted under the Licensing Act 2003 and Gambling Act 2005. In addition, the Committee consider applications for Hackney Carriage and Private Hire licenses.

[Licensing Committee | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

**f. Shareholder Committee** - comprised of a politically balanced committee membership. The committee is classified as a sub-committee of Cabinet. Core duties include:

1. Managing the shareholding interests in the Council's trading companies and joint ventures.
2. Appoints and removes directors to the companies, issues best practice guidance and arranges training.
3. Monitors the performance of the companies.

[Shareholder Committee | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

**g. Appeals Committee** – comprised of elected members who consider the determination of an appeal against any decision made by or on behalf of the organisation with the exception of Planning, Licensing and other such regulatory matters where there is a statutory right of appeal to a body outside the Council.

[Appeals Committee | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

**h. Borough Plan Committee** - comprised of a politically balanced committee membership, chaired by the Portfolio Holder for Planning & Enforcement. Where applicable, the committee make recommendations to Cabinet as to the content and progress of the local plan.

[Borough Plan Committee | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)

**i. Civic Honours Sub-Committee** - comprised of a pre-defined list of Elected Members as per the Constitution and chaired by the Leader of the Council. Core duties include:

1. Inviting nominations for Civic Honour awards
2. Agreeing the criteria for awarding Civic Honours
3. Consider and make recommendations to Cabinet and Council for awards

[Civic Honours Sub-Committee | Cabinet and committees | Nuneaton and Bedworth Borough Council](#)



## 3.3. Governance Structure – Community Board(s)

- a) Simplification Pathfinder Board** - Nuneaton is one of a small group of local authorities invited by the Department of Levelling up Housing and Communities (DLUHC) to pilot a simplified approach to funding delivery, which includes funding from Future High Streets Fund, Towns Deal and Levelling up (round one only). Each of the local authorities involved in the simplification pathfinder pilot received funding from all three funding streams. It was agreed at Full Council that Nuneaton and Bedworth Borough Council will join DLUHCs Simplification Pathfinder Pilot at its meeting held on 6 September 2023, minute number CB39. The objective of the Fund(s) is to drive the economic regeneration of towns to deliver long term economic and productivity growth through:
- a)** Urban regeneration, planning and land use: ensuring towns are thriving places for people to live and work, including by increasing density in town centres; strengthening local economic assets including local cultural assets; site acquisition, remediation, preparation, regeneration; and making full use of planning tools to bring strategic direction and change.
  - b)** Skills and enterprise infrastructure: driving private sector investment and ensuring towns have the space to support skills and small business development.
  - c)** Connectivity: developing local transport schemes that complement regional and national networks, as well as supporting the delivery of improved digital connectivity.

[Simplification Pathfinder Board](#) | [Cabinet and committees](#) | [Nuneaton and Bedworth Borough Council](#)

## 3.4. Governance Structure – Internal Organisation Governance

During the 2024/2025 Financial Year, the Council updated its internal Governance Structure to align with its internal officer structure. A table has been provided below to outline the structure at the start of the Financial Year vs the end of the Financial Year.

Up to end of October 2024	From November 2024
<p>Management Meetings:</p> <p><b>Management Team (MT)</b> MT have corporate and strategic responsibilities for achieving the Council's visions and strategies. Membership: Chief Executive Officer, Strategic Directors (one being the Chief Finance Officer/Section 151 Officer), Monitoring Officer Administration: Corporate PA Weekly meeting except one week when EMT convened.</p> <p><b>Extended Management Team (EMT)</b> MT have corporate and strategic responsibilities for achieving the Council's visions and strategies. Membership: Chief Executive Officer, Strategic Directors (one being the Chief Finance Officer/Section 151 Officer), Assistant Directors, Monitoring Officer Administration: Corporate PA Monthly meeting.</p> <p>Other meetings that took place between Strategic Directors, Assistant Directors and Service Managers took place but no formal structure.</p> <p><b>Informal Cabinet</b> A meeting to facilitate discussions between MT and members of the Cabinet to discuss forthcoming matters and to provide updates on strategic and operational matters.</p> <p>Membership: Cabinet Members, Chief Executive Officer, Strategic Directors (one being the Chief Finance Officer/Section 151 Officer), Monitoring Officer Administration: Democratic Services Monthly meeting. Not a public meeting as it is not a formal Cabinet meeting and no executive decisions made. The meeting is to facilitate discussion and communication.</p>	<p>Management Meetings:</p> <p><b>Corporate Executive Team (CET)</b> CET have corporate and strategic responsibilities for achieving the Council's visions and strategies. CET form the highest level non-political board for decision-making. Membership: Chief Executive Officer, Strategic Directors (one being the Chief Finance Officer/Section 151 Officer), Monitoring Officer Administration: Corporate PA Meet once per month.</p> <p><b>Senior Leadership Team (SLT)</b> SLT will focus on delivery of strategic objectives as set by CET. SLT is designed to provide co-ordination across multiple directorates to ensure delivery of the Corporate Plan where work needs to cut across directorates. SLT will be the key decision-making body for operational changes within the Council, particularly where changes will affect teams across multiple directorates. The majority of business cases will be approved at SLT level. Membership: Chief Executive Officer (chair), Strategic Directors (one being the Chief Finance Officer/Section 151 Officer), Assistant Directors, Monitoring Officer Administration: Corporate PA Meet once per month.</p> <p><b>Directorate Management Team (DMT)</b> DMT will focus on delivery of strategic and operational priorities within a directorate. DMT will be responsible for scrutinising performance within a directorate and communicating across teams within the directorate. DMT will serve as the first level of scrutiny for all plans ahead of submission to SLT, as well as making decisions around operational changes that will have no/little impact outside the directorate. Membership: Strategic Director and Assistant Directors (Direct Reports) Meet once per month.</p>



	<p><b>Senior Management Team (SMT)</b> SMT will focus on delivery of service level plans within a single sub-directorate. SMT should provide an environment to share information both up and down the chain, helping to further develop the Council's "sharing" culture. Membership: Assistant Directors, Service Managers (Direct Reports) Meet once per month.</p> <p><b>Statutory Officer Meeting</b> *Commenced February 2025. Statutory Officer meetings</p> <p><b>Informal Cabinet</b> A meeting to facilitate discussions between CET and members of the Cabinet to discuss forthcoming matters and to provide updates on strategic and operational matters. Membership: Cabinet Members, Chief Executive Officer, Strategic Directors (one being the Chief Finance Officer/Section 151 Officer), Monitoring Officer Administration: Democratic Services Monthly meeting. Not a public meeting as it is not a formal Cabinet meeting and no executive decisions made. The meeting is to facilitate discussion and communication.</p>
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<p><u>Key Boards/Officer Working Groups (excludes partnerships):</u></p> <p><b>Programme Management</b> Consisted of: - Corporate Programmes Strategic Board (CPSB) which was the decision making forum to sign off Business Cases. - Four primary programme boards each with a specific remit led by the Senior Responsible Officer to review, monitor and manage business cases pre and post approval. (Business Modernisation &amp; ITC, Corporate Asset Management, Housing Revenue Account, Regeneration).</p> <p><b>Corporate Governance Group</b></p> <ul style="list-style-type: none"> <li>• To review the Local Corporate Governance Code and the Corporate Governance Framework</li> <li>• To examine the appropriateness of policies and procedures</li> <li>• To identify any gaps in corporate governance arrangements</li> <li>• To oversee the production of the Annual Governance Statement</li> <li>• Oversee the development of risk management procedures</li> <li>• Promote a positive risk management culture</li> </ul> <p>Membership: Assistant Director Democracy and Governance (chair), Assistant Directors, Internal Audit Manager, Data Protection Officer, Head of People and Culture</p>	<p><u>Key Boards/Officer Working Groups (excludes partnerships):</u></p> <p><b>Corporate Programme Review Board (CPRB)</b> CPRB will provide scrutiny of projects/programmes once approved by SLT. SLT is now the decision making board for business cases and any key and substantial changes. The idea of the board is to monitor performance and ensure that projects stay on track against their stated aims and plans, changes to a project or any significant concerns will be referred back to SLT. Membership: Assistant Director Finance (chair), Assistant Director Central Operations, Assistant Director Democracy &amp; Governance, Transformation (PMO administration) Administration: Transformation</p> <p><b>Corporate Governance Group – No Change</b></p> <ul style="list-style-type: none"> <li>• To review the Local Corporate Governance Code and the Corporate Governance Framework</li> <li>• To examine the appropriateness of policies and procedures</li> <li>• To identify any gaps in corporate governance arrangements</li> <li>• To oversee the production of the Annual Governance Statement</li> <li>• Oversee the development of risk management procedures</li> <li>• Promote a positive risk management culture</li> </ul> <p>Membership: Assistant Director Democracy and Governance (chair), Assistant Directors, Internal Audit Manager, Data Protection Officer, Head of People and Culture</p>
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<b>HASCOG (Health and Safety Coordinators Group)</b> To be accountable to Management Team for all matters pertaining to the effective management of Health & Safety within NBBC.	<b>HASCOG (Health and Safety Coordinators Group) – No Change</b> To be accountable to Management Team for all matters pertaining to the effective management of Health & Safety within NBBC.
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### **Statutory Officers & Senior Officers:**

<b>Statutory Officers</b>	<b>Senior Officers</b>
<b>Head of Paid Service</b> <ul style="list-style-type: none"> <li>It is the role of the Chief Executive, also known as the Head of Paid Service, to ensure that all the authority's functions are properly co-ordinated as well as organising staff and appointing appropriate management.</li> </ul> <b>Notes:</b> <ul style="list-style-type: none"> <li>Appointment of a new Chief Executive Officer approved by Full Council February 2024 and taking full responsibility from June 2024.</li> <li>Appointment of a new Deputy Chief Executive Officer approved by Full Council July 2024.</li> </ul>	<b>Strategic Directors</b> <ul style="list-style-type: none"> <li>To have full strategic and managerial responsibility for a designated Directorate.</li> <li>To work with Elected Members, the Chief Executive, other Strategic Directors, Assistant Directors and key strategic partners to develop clear and achievable strategic aims for the Council and help ensure the strategic aims are delivered to the highest possible standards to customers, both internal and external</li> <li>To ensure the Directorate's activities are carried out at all times in a lawful manner and in adherence with the Council's policies and standing orders.</li> </ul>
<b>Section 151 Officer</b> <ul style="list-style-type: none"> <li>Ensuring Lawfulness and Financial Prudence of Decision Making</li> <li>Administration of Financial Affairs</li> <li>Contributing to Corporate Management</li> <li>Giving Financial Information</li> </ul> <b>Notes:</b> <ul style="list-style-type: none"> <li>no change of Section 151 Officer during the Financial Year.</li> <li>The Council has a Deputy S151 Officer (Assistant Director – Finance). No Changes during the Financial Year.</li> </ul>	<b>Assistant Directors</b> <ul style="list-style-type: none"> <li>The principal point of contact for Elected Members for the Service Unit unless business as usual in which case Member Enquiries process is used.</li> <li>Work closely with the Strategic Director and relevant Cabinet Members to develop and appropriately review strategies and policies within the remit of the Service Unit.</li> <li>Support the Strategic Director in developing innovative, resilient and sustainable Directorate and service wide strategic objectives, business and project plans (including those which may have wider Council application, including Corporate plans and strategy), ensuring their effective and seamless delivery.</li> </ul>
<b>Monitoring Officer</b> <ul style="list-style-type: none"> <li>Maintaining the Constitution</li> <li>Ensuring Lawfulness and Fairness of Decision-Making</li> <li>Supporting the Audit and Standards Committee</li> <li>Receiving Complaints about Councillor Conduct</li> <li>Conducting Investigations</li> <li>Advising whether Executive Decisions are within the Budget and Policy Framework</li> </ul> <b>Notes:</b> <ul style="list-style-type: none"> <li>change of Monitoring Officer made in January 2025, approved by Full Council.</li> <li>The Council has a Deputy Monitoring Officer (Election and Democratic Services Manager). No Changes during the Financial Year.</li> </ul>	<b>Service Managers</b> <ul style="list-style-type: none"> <li>Responsible for developing, maintaining, and implementing the Council's governance, risk, and control framework</li> <li>Contribute to the effective corporate management and governance of the Council</li> <li>Responsible for budgets within their control and managing employees within their service units.</li> </ul>

## Audit:

Internal Audit – led by the Central Midlands Audit Partnership following Cabinet approval in March 2024.

- Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.
- Delivers an annual programme of risk-based audit activity, including counter fraud, investigation and assurance activity.
- Makes recommendations for improvements in the management of risk.
- Reports to the Audit and Standards Committee and provides an overall statement of assurance.

## External Audit

Following the Public Sector Audit Appointments national procurement exercise which the Council opted into, Azets Audit Services are the Council's appointed external auditor. Previously, Grant Thornton LLP were the appointed Council external auditor.

- Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement)
- Provides an opinion on the accounts and use of resources, including the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion)
- Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption & theft.





# 4. Preparing the Annual Governance Statement

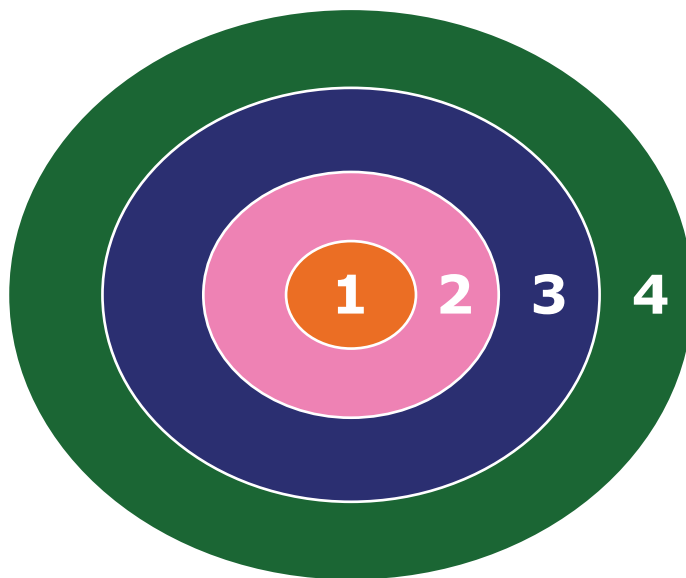
Nuneaton and Bedworth Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors and the Annual Opinion Report.
- Strategic Directors and Assistant Directors within the Authority who have responsibility for the development and maintenance of the internal control environment; and
- comments made by the external auditors and other review agencies and inspectorates.

Assurance statements have been received from the Chief Executive and Strategic Directors setting out their confirmation that the control systems in place are adequate and that they are being complied with.

The review for the 2024/25 Annual Governance Statement has been carried out by Corporate Governance Group and the draft statement endorsed by Corporate Executive Team 3rd June 2025 for consideration by the Audit and Standards Committee in June 2025. It is then ratified, reviewed and scheduled for approval by the Audit and Standards Committee in September 2025.



1. Annual Governance Statement
2. Corporate Governance Group
3. Corporate Executive Team
4. Audit and Standards Committee

Where do we need assurance?

- a) Compliance
- b) Standards of conduct and behaviour
- c) Risk Management
- d) Financial Management
- e) Performance Management
- f) Service Delivery
- g) Effectiveness of internal controls

Where do we get assurance from?

- a) Constitution
- b) Political Management Arrangements (Committees and Scrutiny)
- c) Risk Management Policy & Strategy
- d) Performance Management Framework
- e) Complaints, counter fraud and whistleblowing
- f) Independent and external sources (e.g. CIPFA, Social Housing Regulator, Ministry of Housing, Communities & Local Government, external auditor).

# 5. Effectiveness of our governance in 2024/2025 – an Overview

## **a) Internal Audit – Annual Opinion**

Due to the unexpected and unfortunate passing of the Audit Manager during the reporting period, the provision of the Annual Internal Audit Opinion for 2024/25 has been unavoidably delayed. The Audit Manager held a significant amount of contextual and operational knowledge personally, which could not be fully documented or transferred prior to their passing. This has presented challenges in finalising and verifying the independent evidence required to arrive at a level of assurance for the annual opinion. Steps are being taken to verify evidence around the key areas of governance and risk so that we can provide a soundly based level of assurance. The Internal Audit Opinion will be provided to the September meeting of the Audit and Standards Committee.

## **b) Statement of Accounts**

During 2024/25, Central Government imposed legislative backstops in Autumn 2024 to address the outstanding unaudited accounts for financial year up to and including 2022/23 and 2023/24.

The deadline to complete external audits in relation to the statement of accounts for the financial years 2021/22 and 2022/23 was 13th December 2024. During November 2024 the 2021/22 audit findings report was presented with an unqualified opinion in relation to the 2021/22 statement of accounts. On December 3rd 2024, the audit findings report and statement of accounts for 2022/23 were presented to audit and standards committee with a disclaimed opinion due to the lack of audit work being able to be completed before the imposed backstop date.

Shortly after, the backstop date of 28th February 2025 imposed for completing the external audits in relation to the 2023/24 financial statements came around. A disclaimed audit opinion was approved again based on the limited amount of audit work being completed before this date. In the short term future the goal is to build back assurance working closely with our new external auditors Azets to get the opinions back to being unqualified.

## **c) Local Borough Council and preparation of Warwickshire County Council Elections**

2024/25 was a significant year for local democracy across Nuneaton and Bedworth.

In May 2024, the Council experienced all out local elections across all wards as well as the Police and Crime Commissioner election. This was also significant because this was the first local election following the recently updated boundaries following the Local Government Boundary Commission review for the borough of Nuneaton and Bedworth. The local elections took place as planned, resulting in Labour taking control of the Council in May 2024. This resulted in a new administration, Cabinet, Mayor and Deputy Mayor, changing from a Conservative led Council. Labour held a majority until December 2024, when one Labour member deferred to the Conservative party resulting in the Council being in a position of no overall control. That said, the Council is still led by a Labour Administration, Leader and Cabinet as they hold more seats than any other party.

Shortly after the local elections in May 2024, the General Election was called taking place in July 2024. The Council undertook its duty to hold the General Election process across the borough of Nuneaton.

The remainder of the financial year then involved the closing of accounts, undertaking annual processes (such as the annual canvass) and preparing for the Warwickshire County Council elections scheduled May 2025.

## **d) Scrutiny (annual scrutiny report)**



Each Overview and Scrutiny Panel (OSP) presented their annual report for the 2024/2025 Municipal Year to Full Council on 9th April 2025. At Full Council, each report was proposed, seconded and voted on. It was resolved that each report from each OSP be noted.

**e) Social Housing Regulator new legislation, Social Housing (Regulation) Act 2023**

The Social Housing (Regulation) Act 2023 strengthened the powers of the Regulator of Social Housing (RSH), and on 1st April 2024, a revised set of Consumer Standards were introduced. For Local Authority landlords, the relevant consumer standards are:

- Rent Standard
- Safety & Quality Standard
- Transparency, Influence & Accountability Standard
- Neighbourhood and Community Standard

These Standards set out the regulatory requirements for social landlords to ensure they meet the required outcomes for tenants. A further Governance and Viability Standard is applicable to non-Local Authority social housing landlords, however, Local Authority social housing landlords are expected to conform to the relevant Governance aspects of this Standard. These aspects are:

- a) Adhere to all relevant law
- b) Comply with their governing documents and all regulatory requirements
- c) Are accountable to the tenants, the regulator and relevant stakeholders
- d) Have an effective risk management and internal controls assurance framework
- e) Protect social housing assets

**Tenant Satisfaction Measures**

In order to comply with requirements, the Landlord Service has:

- Reported the Tenant Satisfaction Measures to both Cabinet and Housing and Communities OSP.
- Reported a revised suite of KPI's to Housing and Communities OSP.
- Published an Annual Report to tenants and leaseholders detailing the outcomes of the Tenant Satisfaction Measures.
- Established a monthly Strategic Safety and Compliance Board to review compliance against the Quality & Safety Standard.
- Procured an external auditor who undertook an audit of our gas operations, leading to a change in management and assurance processes.
- Procured Campbell Tickell who undertook an audit of the Council's compliance against the Consumer Standards. This has resulted in the development of a Compliance Plan which is in delivery.

**Policy and Strategy Development**

The following policy and strategy documents have been developed as a result of the new regulatory requirements:

- Implemented Administering Medication Policy
- Implemented Compensation Remedy Policy
- Implemented Decant Policy
- Implemented Dementia & Complex Needs Policy
- Implemented Garden Assistance Policy
- Implemented Aids & Adaptations Policy
- Implemented Vulnerable Persons Policy
- Implemented Domestic Abuse Policy
- Implemented Permit to Work Policy
- Implemented Pet Policy
- Implemented Succession Policy
- Implemented Void Management Policy

**f) Housing Ombudsman**

The Social Housing (Regulation) Act 2023 empowered the Housing Ombudsman to issue a statutory code of practice relating to the procedures of qualifying social landlords, which came into force on

1st April 2024. It also placed a duty upon the Housing Ombudsman to monitor compliance with the Code.

The Council is required to produce a social housing Complaints Annual Performance and Service Improvement Report, which includes a self-assessment against the requirements of the Code. The Report must be presented to the Housing and Communities OSP and to the Cabinet, with both required to make comment on it. The Report was presented to the Housing and Communities OSP on 6th June 2024 and to the Cabinet on 19th June 2024.

#### **g) Borough Plan Review**

The Borough Plan Review along with its evidence base was submitted to the Planning Inspectorate on 12th February 2024. Two Planning Inspectors were appointed to lead an independent examination to determine whether the Borough Plan Review is sound and legally compliant, and whether it can be recommended for adoption.

The Planning Inspectors issued their 'Matters, Issues and Questions' on 22nd May 2024 which comprised of 181 questions. The Council were required to respond to these questions in advance of three blocks of hearing sessions. The hearing sessions took place between July and October 2024. Following these sessions, the Council received formal notification that the Plan could be found to be sound subject to Main Modifications being made as recommended by the Inspectors. The Council has been working with the Planning Inspectors to agree the Main Modifications and is due to consult on these between for 6 weeks starting in May 2025. It is expected the Borough Plan will be adopted by the Council during Autumn 2025.

*Council Aim and theme: Aim 1 – Live Priority 2: Enable appropriate housing development*

#### **h) Introduced a co-mingled material recycling collection service, in line with the Material Recycling Facility (MRF) code of conduct and Resource and Waste Strategy.**

The required changes to the collection service were implemented in October 2023, with a gradual transition to the use of the Sherbourne Recycling Facility for the processing of the material collected.

*Council Aim and theme: Aim 1 – Live Priority – Sponsor a sustainable green approach*

#### **i) Adopt a Tenant Engagement Strategy**

The Regulatory Social Housing Transparency, Influence and Accountability Standard requires social housing landlords to take tenants' views into account in their decision-making about how landlords services are delivered and communicate how tenant's views have been considered.

In response to this, the Council has drafted a new Tenant and Leaseholder Engagement Strategy to ensure our tenants and leaseholders are able to shape, scrutinise, inform and improve the services we provide. A priority within the new strategy is to become accountable to our tenants and leaseholders, and then to move towards a model of shared accountability.

To assist with this aim, the Tenant Participation Advisory Service (TPAS) has undertaken an audit of our approach to tenant engagement in preparation for application for accreditation. An action plan to achieve accreditation has been formulated and is in delivery.

*Council Aim and theme: Aim 1 – Live Priority 4 – Prioritise Community Safety & Empowerment*

#### **j) National standard - ASB Service**

The Council's Communities Team and the social housing ASB Team have successfully achieved the RESOLVE Standard, awarded by Resolve, a non-profit organisation that works closely with HM Government to develop best practice and national policy around ASB.

The RESOLVE Standard encompasses 6 overarching principles, these being:

- Victims and Communities
- Change
- Leadership, Culture and Resources
- Partnership

- Performance
- Professional Development

The RESOLVE Standard confirms that the Council offers a high quality ASB service and recognises the importance of making communities safer. It further confirms that the Council is committed to ensuring that victims and communities are at the centre of our approach, whilst also remaining focused upon the longer-term challenge and change of those causing ASB.

*Council Aim and theme: Aim 1 – Live Priority 4 – Prioritise Community Safety & Empowerment*

**k)** Continue the development of Bedworth Physical Activity Hub and procure a new Leisure Operator Management contract

The Bedworth Physical Activity Hub was identified as a priority project, due to its age and limited future life span for the existing facility. On 10th November 2021, Cabinet approved that RIBA Stages 4A and 4B be undertaken for the Bedworth Physical Activity Hub site, to progress to procurement stage. At cabinet on 6th September 2023 cabinet approved to take forward a revised building design that could be accommodated within the budget for the project and delegated authority was given to officers to agree RIBA Stages 5 onwards and contract terms for the delivery (with external consultants and the main contractor) of the new BPAH as per the descoped option,. The project commenced on site in early 2024 and delivery of the programme has been closely managed via the Council's appointed external Project Management team.

Alongside the delivery of the new facility, a Leisure Operator Procurement process began in October 2021 with soft market testing, a series of Member Workshops followed by the commencement of a three-stage procurement process, to appoint a Leisure operator to manage Borough Leisure facilities for up to a 15-year term, meeting the Councils key Leisure strategic outcomes, supporting residents with opportunities for improvements in their health and wellbeing. In line with the delivery timetable of the new Bedworth Physical Activity Hub the successful operator will be required to proceed with the fit out of the facility immediately following the award and appointment of the contract.

*Council Aim and theme: Aim 1 – Live Priority 1 – Promote residents' health & wellbeing*

**l)** Procurement Act 2023

For the last three years the Government has been developing a new procurement regime, reflected in the Procurement Act 2023. The legislative process was concluded earlier in 2024 and the new requirements effective February 2025. The new regime increases the transparency requirements and creates a simpler and more flexible commercial system.

The Council has been making active preparations over 2023/2024 and 2024/2025. Processes have been updated, training undertaken by key officers. The Council adopted updated Contract Procedure Rules in February 2025 in time for the go live date late February 2025. The Council is pleased to confirm it is operating under the new regime.

*Council Aim and theme: Aim 2 – Work Priority 4 – Support Local Businesses*

**m)** Ministry of Housing, Communities & Local Government – Local Funding and Investment Division – Pathfinder - Second line of defence deep dive exercise (regeneration)

The purpose of a second line of defence (deep dive) is to provide assurance on behalf of the of Housing Communities & Local Government (MHCLG) through a series of checks, that Local Authorities have effective controls and governance systems in place to manage risks, safeguard public funds and maintain transparent governance.

The outcome of the report concluded that the assurance level is satisfactory, demonstrating the Councils commitment to maintain expected standards.

*Council Aim and theme: Aim 2 – Work Priority 1 – Grow a strong & inclusive economy*



## 6. Action Plans

**Annex 1** – includes update on previous action plans up to and including the 2024/2025 Annual Governance Statement

**Annex 2** – Includes the Annual Governance Statement action plan for 2025/2026.

## 7. Conclusion

The Council has produced an accurate Annual Governance Statement for the 2024/2025 Financial Year Period, outlining the governance mechanisms that were in place during the reporting period. We confirm our commitment to implementation of actions to address issues and/or gaps in governance identified throughout the 2025/2026 financial year. Furthermore, the Council will monitor and seek assurances in response of the Action Plan and will continue to ensure suitable and sufficient governance mechanisms exist.



# Annex 1

An update on the action plan for 2022/23 is shown in the table below:

**Table 1**

Action	Responsible Officer/ Group	Planned Completion Date	Status
Implement a Corporate Document Retention Policy	Data Protection Officer	Rolled over to 2023/24	Outstanding. Draft policy stage

An update on the action plan for 2023/24 is shown in the table below:

**Table 2**

Action	Responsible Officer/ Group	Planned Completion Date	Status
Implement a Corporate Document Retention Policy	Data Protection Officer	Rolled over to 2023/24	Outstanding. Draft policy stage.
Cyber essentials assessment undertaken and certified.  PSN compliance obtained	*Strategic Director – Corporate Resources	Assessment completed and remedial work identified. Revised assessment to be undertaken - 2023/24  Cyber Essentials accreditation is not possible due to some legacy systems. These are in scope for change/renewal in 2024/25. Revised target 2024/2025 or 2025/2026.	Revised target 2027/2028  Progress has been made but due to the interdependences with other systems and software contracts, it has not been possible to obtain this accreditation at this point.  Still in progress.
Ensure staff recruitment and retention is linked to the People Strategy and underlying policies	*Strategic Director – Corporate Resources	Linked to employment committee work. Tabled for 2022/23	Delayed. People Strategy from 2026.
Asset review, especially use of the Town Hall	*Strategic Director – Corporate Resources	Ongoing but the Council is in Negotiations to lease part of the Town Hall to a public sector partner.	In progress. Rolled over to 2024/2025.
Consider the effective and consistent use of appropriate data to inform decision making	Management Team	Ongoing	Done. New measures approved. System setup in progress. See other target further down.
Complete the development of some of the key strategies e.g. Economic Development Strategy, Town Centre Strategy	*Strategic Director – Place and Economy	December 2022 Draft documents being consulted upon. Adoption in 2023/24	In progress. Rolled over to 2024/2025.



Local Code of Corporate Governance, Anti-Fraud and Bribery Strategy and Fraud Response Plan.	*Assistant Director – Democracy and Governance, Assistant Director – Finance and Strategic Director – Corporate Resources	March 2023.	<p>Rolled over to 2024/2025</p> <p>Sickness in team caused delay, followed by transfer to CMAP.</p> <p>This is now in progress to be finalised first half of 2025/2026 Financial Year noting these require Political approval (committee/cabinet)</p>
Identify and implement a replacement for the previously titled TEN Performance Management System	*Assistant Director – Democracy and Governance	<p>Scope and Procurement – 2023/2024</p> <p>Implementation 2024/2025</p>	<p>In progress and near completion.</p> <p>Aiming end of June 2025 for full completion of entire project, including IT system setup.</p>
To update the Operational Risk Registers and bring in line with a revised format. Similarly, this will enable the Strategic Risk Register to be refined and to focus wholly on corporate strategic risks.	Corporate Governance Group	March 2025	Completed.
Fundamental review of the Performance Management data, metrics and format.	Assistant Director – Democracy and Governance, all Strategic Directors and Assistant Directors	March 2025	Completed. But please note, remaining point regarding above (ref TEN system). IT System and PowerBi in progress. Aiming for end of June 2025.
Revise the Corporate Plan as existing Corporate Plan expires March 2025	All Strategic Directors and Assistant Directors	March 2025	Completed.
Constitution to be updated to ensure that it captures changes made in the previous 12 month period.	Monitoring Officer	September 2024	Completed – March 2025.

\*Change of job title from previous Action Plan due to staff changes.

# Annex 2

The review of the governance framework during 2024/25 has identified the following issues to be addressed in 2025/26, notwithstanding any outstanding items from the previous action plan as per table 2 above .

Action	Responsible Officer/Group	Planned Completion Date
Implement a Corporate Document Retention Policy	Data Protection Officer	September 2025
Identify and implement a replacement for the previously titled TEN Performance Management System	Assistant Director – Democracy and Governance	June 2025
Complete the development of some of the key strategies e.g. Economic Development Strategy, Town Centre Strategy	Strategic Director – Place & Economy Assistant Director – Economy & Regeneration	March 2026
Local Code of Corporate Governance, Anti-Fraud and Bribery Strategy and Fraud Response Plan.	Strategic Director – Corporate Resources Assistant Director – Finance Assistant Director – Democracy and Governance	September 2025
Asset review, especially use of the Town Hall	Strategic Director – Place & Economy Assistant Director – Economy & Regeneration	March 2026
Review, consider and implement mitigations identified in the Commissioners report associated to Birmingham City Council as a lesson learnt for Nuneaton and Bedworth Borough Council	SLT	March 2026
A need for the Shareholder Committee to receive reports from all wholly owned and jointly owned subsidiaries to have more oversight and scrutiny of Council owned and jointly owner subsidiaries (NABCEL, Sherbourne Recycling Ltd), Grayson Place (NBBC) Limited	Shareholder Committee CET	March 2026
Statement of Accounts for 2024/2025 to be prepared and signed off	Strategic Director – Corporate Resources Assistant Director – Finance	September 2025
Implement Action Plan following assessment findings following the Regulator of Social Housing	Strategic Director – Housing & Community Safety Assistant Director – Social Housing and Community Safety Assistant Director – Strategic Housing	Ongoing

Following decision that County elections to proceed in May 2025, prepare and deliver County Elections.  Prepare for Borough Elections in May 2026.	Chief Executive Officer (Returning Officer) Elections and Democratic Services Manager	May 2025 May 2026
Review and update of both the Performance Management Framework as well as the Risk Management Strategy & Framework.	Assistant Director – Democracy and Governance	October 2025
Implement revised Service Business Plans following adoption of new Corporate Plan 2025 – 2029	SLT	June 2025
Update templates and report writing guidance for committee reports, cabinet reports and delegated officers decisions to ensure reports are sufficiently detailed and accurate for decision making	Assistant Director – Democracy and Governance	June 2025
Produce and approve the Modern Slavery Statement for 2023/2024 and 2024/2025	Assistant Director – Democracy and Governance SLT	September 2025
RIPA Training for officers, authorising officers, Senior Responsible Officer (and Deputy) and co-ordinators where required.	Assistant Director – Democracy and Governance & CET	October 2025
Adoption of the Borough Plan	Strategic Director – Place and Economy Assistant Director - Planning	October 2025
Approval of a new Local Development Scheme later in 2025	Strategic Director – Place and Economy Assistant Director - Planning	December 2025
Adoption of updated Supplementary Planning Documents	Strategic Director – Place and Economy Assistant Director - Planning	March 2026
Adoption of Heritage SPD and Local List (to be taken with SPDs)	Strategic Director – Place and Economy Assistant Director - Planning	March 2026
Implementation of the Employee Rights Bill (Employment Act 2025), and updating relevant policies.	Assistant Director – Central Operations and People Services Manager	April 2026
Implementation of the new Corporate Complaints Policy and associated Compensation Policy following Local Government Social Care Ombudsman and Regulator of Social Housing changes.	SLT Data Protection Officer	September 2025



**NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to:** Audit and Standards Committee – 24<sup>th</sup> June 2025

**From:** Assistant Director – Democracy & Governance and Monitoring Officer

**Subject:** Recommendation from the Constitution Review Working Party –  
Member Code of Conduct Complaint Process

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**1. Purpose of the report**

- 1.1 To consider and approve the recommendations from the Constitution Review Working Party and recommend changes to the Constitution.

**2. Recommendations**

- 2.1 That the changes to the Member Code of Conduct Complaint Process be approved; and
- 2.2 IT BE RECOMMENDED TO COUNCIL that the Constitution be amended accordingly.

**3. Background**

- 3.1. On the 16th of April 2025 the Constitution Review Working Party met and considered changes to the Member Code of Conduct Complaint Process.
- 3.2. A tracked change document has been annexed to the report at Appendix A outlining the proposed changes to the Member Code of Conduct Complaint Process contained in the Constitution.
- 3.3. A clean version of the document has been annexed to the report at Appendix B.

**4. Changes**

- 4.1. The key changes proposed by the Constitution Review Working Party and Monitoring Officer have been summarised below. That said, members should review Appendix A and B accordingly.

**4.2. Monitoring Officer proposed changes:**

The following changes had been proposed to provide further clarification, guidance and/or clearer referencing when applying the process.

- a. Numbering paragraphs to make it easier for anyone wishing to refer to a section of the process.

- b. The Deputy Monitoring Officer to act on behalf of the Monitoring Officer due to annual leave, sickness and/or if instructed by the Monitoring Officer to ensure complaints are dealt with at filter stage efficiently.
- c. Clearer procedural changes such as, updating the Complainant at Filter Stage.
- d. A provision to allow the Monitoring Officer (or their Deputy) to remind elected members of the need to comply with the Code of Conduct even if a complaint is rejected or deemed invalid to support and maintain standards.
- e. Reworded list of Options under paragraph seven (7) but aligned with the same Options previously.
- f. Inclusion of a new paragraph related to Guidance for the Monitoring Officer, Chair of the Audit and Standards Committee and any Chair of an Assessment and/or Hearing Sub-Committee.

#### 4.3. Constitution Review Working Party proposed changes:

The following changes had been proposed following discussion and debate at the Constitution Review Working Party.

- a. Timescales to ensure the process is efficient and effective.
- b. Wording softened in paragraphs two (2) and three (3) regarding the engagement of the Code noting at that stage its not being deemed whether a member is at fault, but instead establishing whether the complaint meets the criteria to be considered noting it's at filter stage.
- c. Allowing the Subject Member to provide their comments and view earlier on in the process (ref paragraph four (4)).
- d. Including a new provision in paragraph four (4) that the Monitoring Officer or their Deputy, issues a copy of the complaint process and extract from the Constitution to the Subject Member when their comments are being sought.
- e. Allowing an extension to the 10-working day timescale for the Subject Member to respond, for approval by the Monitoring Officer in extenuating circumstances only.
- f. Re-ordering of paragraph eight (8) and in a numbered format to make it clear and accurate.
- g. Inclusion of a Glossary.
- h. Inclusion of a flowchart to show the flow of a complaint once submitted to be used as a visual aid alongside the wording of the process.

## Appendix A – Tracked Changes

### 5A MEMBER CODE OF CONDUCT COMPLAINT PROCESS

#### 5A.1 Nuneaton & Bedworth Borough Council Member Complaint Process

##### Filter Stage

1. As a matter of principle, the preferred option for resolving complaints shall be through informal resolution whenever possible. Upon receipt of a complaint, the Monitoring Officer ~~or Deputy Monitoring Officer~~ shall review the complaint and acknowledge its receipt. In doing so, they will set out the process to the Complainant. For the avoidance of doubt, at this stage, the complaint has not been accepted or rejected as a valid complaint.
2. The Monitoring Officer or Deputy Monitoring Officer will then consult with the Chair of the Audit & Standards Committee to confirm that if the subject matter of the complaint meets the criteria and is therefore a valid complaint for consideration engages the Code of Conduct. This should take place within 5 working days of a complaint being received, noting officer annual leave.  
  
If the Chair and the Monitoring Officer agree that the complaint does not meet the criteria for a complaint to be considered, Code of Conduct is not engaged, the Complainant complainant will be notified and the complaint closed. In deciding whether the complaint meets the criteria to be considered as a valid complaint, the Chair and Monitoring Officer (or Deputy Monitoring Officer) will consider the criteria set out in paragraph 9.
4. However Where a decision is made to reject a complaint, that the complaints process outlined below is not engaged it does not preclude the Monitoring Officer's general statutory duty to uphold standards of behaviour, governance and decision-making at the Council. The Monitoring Officer and/or the Deputy Monitoring Officer may, at any time may remind an elected member(s) of their obligations under the Code of Conduct.
- 3.
4. If the Chair and Monitoring Officer (or Deputy Monitoring Officer) agree that the complaint is a valid complaint for consideration, is engaged, the Subject Member will be contacted to provide their comment(s). The Subject Member will have 10-working days to respond to provide their view. The Subject Member will also receive a copy of the complaint process for reference. The Subject Member may request an extension to the 10-working day timescale which shall be approved by the Monitoring Officer (or Deputy Monitoring Officer) in extenuating circumstances only. In the meantime, and the Complainant complainant will be contacted to establish whether informal resolution is achievable/acceptable. Where appropriate the Monitoring Officer or the Deputy Monitoring Officer may also consult an independent

~~person at any time. If the chair and the Monitoring Officer agree that the Code of Conduct is not engaged, the complainant will be notified and the complaint closed.~~

~~5. Where the Code is engaged, the Ccomplaint will be submitted to the Audit and Standards Assessment Sub-committee for consideration together with the Subject Member comment(s). A copy of the report will be sent to the Ssubject MMember at that time. The report will be submitted as an exempt item, but thea Ssubject Mmember may attend the meeting and make representations as to whether the complaint should be heard in public, subject to the Sub-committee's consideration of the Public Interest test. Where appropriate the Monitoring Officer may also consult an independent person.~~

~~6. Where the allegation concern or complaint matters which may amount to a criminal offence the Monitoring Officer should also consult with the Police on whether the matter should be referred to them.~~

## Options

~~7. Options available at the filter stage are:~~

- ~~A. No further action in accordance with paragraph 9 and/or where the complaint does not justify investigation and there is no informal resolution, therefore the complaint is rejected and closed.~~
- ~~B. Allegations of criminal matters if appropriate referred to Police.~~
- ~~C. Complaint resolved by informal action acceptable to both the Subject Member and Complainant.~~
- ~~D. Referral for investigation if criteria are met.~~

<del>A. Complaint resolved by informal action acceptable to both member and complainant.</del>	<del>B. No further action where complaints fall outside the Code or do not justify investigation and there is no informal resolution</del>	<del>Allegations of criminal matters if appropriate referred to Police</del>	<del>Referral for investigation if criteria are met</del>
--	--	--	---

~~2.~~

~~8. We will only refer a complaint for investigation if the following criteria are met:~~

- ~~i. the conduct complained occurred within 6 months of the date the complaint was received; and~~
  - ~~ii. it is serious enough, if proven, to justify the costs of an investigation;~~
- ~~or~~

~~ii.iii.~~ it is part of a continuing pattern of less serious misconduct that is unreasonably disrupting the business of the Council and there is no other avenue left to deal with it. ~~and the conduct complained of occurred within 6 months of the date the complaint was received~~

### **Complaint Criteria**

9. We will not normally refer complaints for investigation and can deem the complaint outside of the Code, -where they fall within one or more of the following categories

- we believe it to be malicious, relatively minor, or tit-for-tat.
- the same, or substantially similar, complaint has already been the subject of an investigation or inquiry and there is nothing further to be gained.
- the complaint concerns acts carried out in the member's private life, when they are not carrying out the work of the authority or have not misused their position as a member.
- it appears that the complaint is really about dissatisfaction with a council decision.
- there is not enough information currently available to justify a decision to refer the matter for investigation.

### **Referral for investigation**

The complaint ~~is may be~~ investigated by an Investigator appointed by the Monitoring Officer, at the Monitoring Officers discretion. Estimated timescales for investigation to be agreed between Investigator and Monitoring Officer in consultation with the ~~e~~Chair of Audit & Standards Committee on a ~~case by case~~case-by-case basis.

Before finalising the investigation report, the Monitoring Officer ~~will~~may seek the views of an independent person.

### **Report Stage**

The Monitoring Officer will arrange for the investigation report recommendations to be reported to Audit & Standards Sub-Assessment Committee and decide what should happen to the report next. A copy of the report will be sent to the ~~S~~subject Member at that time. The options are:

- no further action; or
- ~~no~~ referral for a hearing.

### **Hearing Stage**

The Hearing Sub-committee will consider the investigation report, take account of the views of any independent person consulted in relation to the matter, hear representations from the member concerned and the Monitoring Officer or

Deputy Monitoring Officer. Other people may be heard at the discretion of the Chair.

If the Sub-committee finds there is no failure to comply with the Code of Conduct the matter will end there. At that point, the ~~Subject~~ Member will be given the option of requesting a public notification of the outcome.

If the Sub-committee finds that there is a failure to comply with the Code of Conduct ~~of~~ it will consider what action if any should be taken, this may or may not include the imposition of sanctions on the member concerned.

### **Imposition of Sanctions**

The Audit & Standards Committee has delegated to the Hearings Sub-committee such of its powers to take action in respect of individual Members as may be necessary to promote and maintain high standards of conduct. Accordingly the Hearings Sub-committee may:

- a. Censure or reprimand the Member
- b. Publish its findings in respect of the Member's conduct;
- c. Report its findings for information;
- d. Recommend to the Member's Group Leader (or in the case of ungrouped Members, recommend to or to Committees) that he/she be removed from any or all Committees or Sub-Committees;
- e. Recommend to the Leader that the member be removed from the Cabinet, or removed from particular portfolio responsibilities;
- f. Instruct the Monitoring Officer to arrange training for the Member;
- g. Remove from all outside appointments to which he/she has been appointed or nominated by the Council;
- h. Withdraw facilities provided to the Member by the Council, such as a computer, website and/or email and internet access, or
- i. Exclude the Member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Panel's, Council, Committee and Sub-Committee meetings.

The Hearings Panel has no power to suspend or disqualify the Member, or to withdraw Members' or special responsibility allowances.

As soon as reasonably practicable thereafter, the Monitoring Officer shall prepare a formal Decision Notice in consultation with the Chair of the Hearings Sub-committee, and send a copy to the ~~Complainant~~ complainant, to the Subject Member, and make that Decision Notice available for public inspection, and report the decision to the next convenient meeting of the Council.

### **Assessment & Hearing Sub-committees**

#### **Composition**

Any three elected members of the Audit & Standards Committee to sit as and when required. The Sub-committees shall be politically balanced and where possible will include representation from at least one of the opposition political groups, represented on the Council. The selection of members to form a sub-committee to deal with a particular matter or matters shall be made by the Chief Executive or his/her nominated deputy.

### **Terms of Reference**

To consider complaints about members in relation to the Code of Conduct and determine whether or not there has been a failure to comply with the Code of Conduct.

### **Guidance**

The Monitoring Officer, Chair and Assessment & Hearing Sub-Committee shall at all times be able to consider best practice outlined in the Local Government Association guidance available online relating to Member Model Code of Conduct Complaints Handling - Guidance on Member Model Code of Conduct Complaints Handling | Local Government Association. But, for the avoidance of doubt, Nuneaton & Bedworth Borough Council Member Complaint Process shall take precedence.

### **Glossary**

'Code of Conduct' refers to the Members Code of Conduct contained in Part 5AA of the Council Constitution.

'Complainant' means the party who has submitted the complaint.

'Decision Notice' means a formal, written communication that informs a recipient about a decision made.

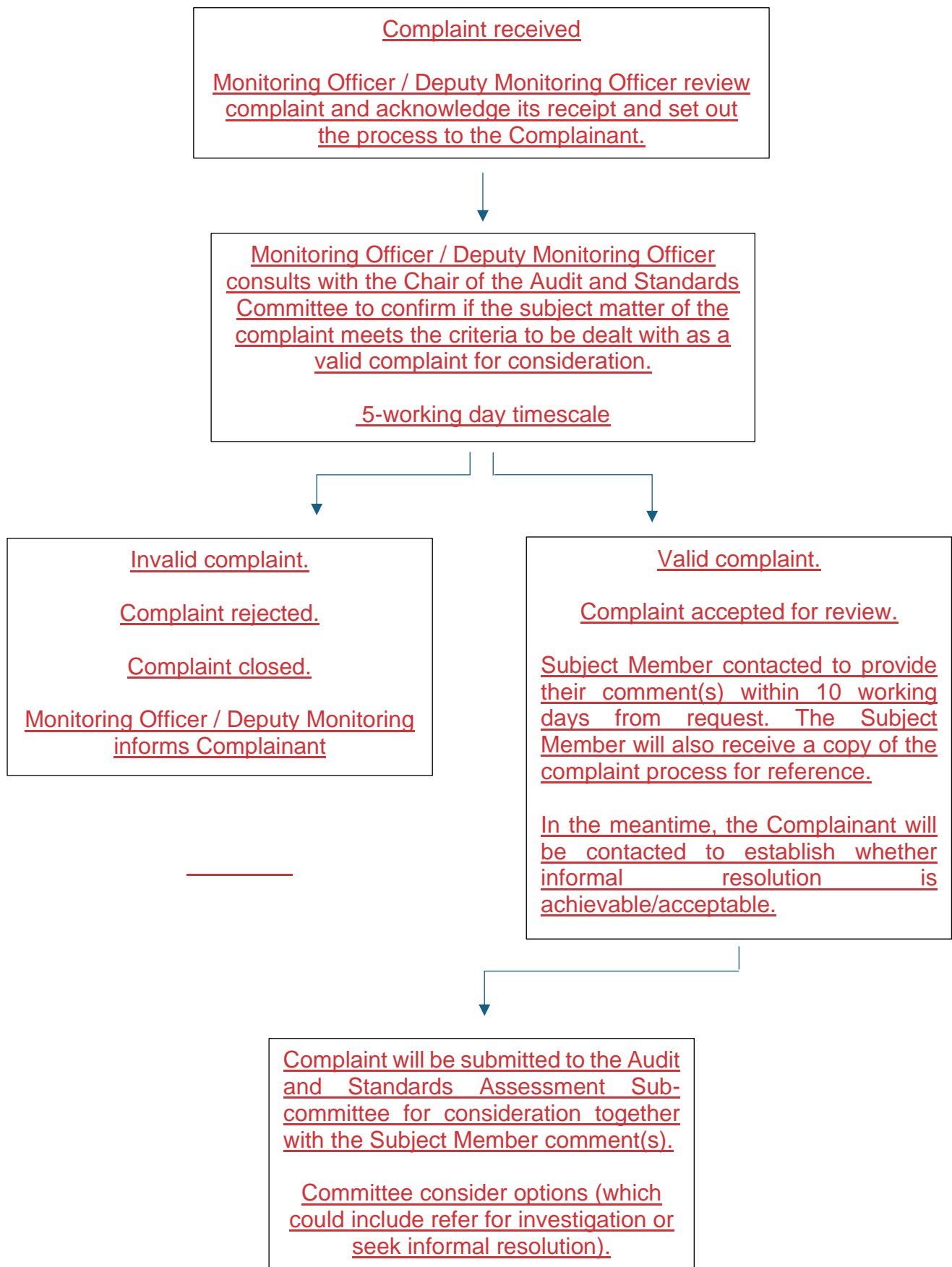
'Deputy Monitoring Officer' means the appointed and designated officer appointed by the Monitoring Officer to act in their capacity in their absence and/or if instructed by the Monitoring Officer.

'Monitoring Officer' means the appointed and designated Monitoring Officer at the Council pursuant to Section 5 of the Local Government and Housing Act 1989.

'Public Interest test' refers to a process to determine whether or not to withhold information from the public. It involves weighing the public interest in disclosing information against the public interest in maintaining the exemption or withholding the information.

'Subject Member' means the elected member who the complaint is made against.

### Flowchart (for reference)







Invalid Informal Resolution

Invalid Investigation agreed.  
complaint.

Process then follows as per procedure

Note – flowchart does not include instances where a complaint may need to be referred to the Police.

## Appendix B – Clean Version

### 5A MEMBER CODE OF CONDUCT COMPLAINT PROCESS

#### 5A.1 Nuneaton & Bedworth Borough Council Member Complaint Process

##### Filter Stage

1. As a matter of principle, the preferred option for resolving complaints shall be through informal resolution whenever possible. Upon receipt of a complaint, the Monitoring Officer or Deputy Monitoring Officer shall review the complaint and acknowledge its receipt. In doing so, they will set out the process to the Complainant. For the avoidance of doubt, at this stage, the complaint has not been accepted or rejected as a valid complaint.
2. The Monitoring Officer or Deputy Monitoring Officer will then consult with the Chair of the Audit & Standards Committee to confirm if the complaint meets the criteria and is therefore a valid complaint for consideration. This should take place within 5 working days of a complaint being received, noting officer annual leave.
3. If the Chair and the Monitoring Officer agree that the complaint does not meet the criteria for a complaint to be considered, the Complainant will be notified and the complaint closed. In deciding whether the complaint meets the criteria to be considered as a valid complaint, the Chair and Monitoring Officer (or Deputy Monitoring Officer) will consider the criteria set out in paragraph 9. Where a decision is made to reject a complaint, it does not preclude the Monitoring Officer's general statutory duty to uphold standards of behaviour, governance and decision-making at the Council. The Monitoring Officer and/or the Deputy Monitoring Officer may at any time remind an elected member(s) of their obligations under the Code of Conduct.
4. If the Chair and Monitoring Officer (or Deputy Monitoring Officer) agree that the complaint is a valid complaint for consideration, the Subject Member will be contacted to provide their comment(s). The Subject Member will have 10-working days to respond to provide their view. The Subject Member will also receive a copy of the complaint process for reference. The Subject Member may request an extension to the 10-working day timescale which shall be approved by the Monitoring Officer (or Deputy Monitoring Officer) in extenuating circumstances only. In the meantime, the Complainant will be contacted to establish whether informal resolution is achievable/acceptable. Where appropriate the Monitoring Officer or the Deputy Monitoring Officer may also consult an independent person at any time.
5. The complaint will be submitted to the Audit and Standards Assessment Sub-committee for consideration together with the Subject Member comment(s). A copy of the report will be sent to the Subject Member at that time. The report will be submitted as an exempt item, but the Subject

Member may attend the meeting and make representations as to whether the complaint should be heard in public, subject to the Sub-committee's consideration of the Public Interest test.

6. Where the allegation or complaint may amount to a criminal offence the Monitoring Officer should also consult with the Police on whether the matter should be referred to them.

### **Options**

7. Options available at the filter stage are:
  - A. No further action in accordance with paragraph 9 and/or where the complaint does not justify investigation and there is no informal resolution, therefore the complaint is rejected and closed.
  - B. Allegations of criminal matters if appropriate referred to Police.
  - C. Complaint resolved by informal action acceptable to both the Subject Member and Complainant.
  - D. Referral for investigation if criteria are met.
8. We will only refer a complaint for investigation if the following criteria are met:
  - i. the conduct complained occurred within 6 months of the date the complaint was received; and
  - ii. it is serious enough, if proven, to justify the costs of an investigation; or
  - iii. it is part of a continuing pattern of less serious misconduct that is unreasonably, disrupting the business of the Council and there is no other avenue left to deal with it.

### **Complaint Criteria**

9. We will not normally refer complaints for investigation and can deem the complaint outside of the Code, where they fall within one or more of the following categories
  - we believe it to be malicious, relatively minor, or tit-for-tat.
  - the same, or substantially similar, complaint has already been the subject of an investigation or inquiry and there is nothing further to be gained.
  - the complaint concerns acts carried out in the member's private life, when they are not carrying out the work of the authority or have not misused their position as a member.
  - it appears that the complaint is really about dissatisfaction with a council decision.
  - there is not enough information currently available to justify a decision to refer the matter for investigation.

### **Referral for investigation**

The complaint may be investigated by an Investigator appointed by the Monitoring Officer, at the Monitoring Officers discretion. Estimated timescales for investigation to be agreed between Investigator and Monitoring Officer in consultation with the Chair of Audit & Standards Committee on a case-by-case basis.

Before finalising the investigation report, the Monitoring Officer may seek the views of an independent person.

### **Report Stage**

The Monitoring Officer will arrange for the investigation report recommendations to be reported to Audit & Standards Sub-Assessment Committee and decide what should happen to the report next. A copy of the report will be sent to the Subject Member at that time. The options are:

- no further action; or
- referral for a hearing.

### **Hearing Stage**

The Hearing Sub-committee will consider the investigation report, take account of the views of any independent person consulted in relation to the matter, hear representations from the member concerned and the Monitoring Officer or Deputy Monitoring Officer. Other people may be heard at the discretion of the Chair.

If the Sub-committee finds there is no failure to comply with the Code of Conduct the matter will end there. At that point, the Subject Member will be given the option of requesting a public notification of the outcome.

If the Sub-committee finds that there is a failure to comply with the Code of Conduct it will consider what action if any should be taken, this may or may not include the imposition of sanctions on the member concerned.

### **Imposition of Sanctions**

The Audit & Standards Committee has delegated to the Hearings Sub-committee such of its powers to take action in respect of individual Members as may be necessary to promote and maintain high standards of conduct. Accordingly the Hearings Sub-committee may:

- a. Censure or reprimand the Member
- b. Publish its findings in respect of the Member's conduct;
- c. Report its findings for information;
- d. Recommend to the Member's Group Leader (or in the case of ungrouped Members, recommend to or to Committees) that he/she be removed from any or all Committees or Sub-Committees;
- e. Recommend to the Leader that the member be removed from the Cabinet, or removed from particular portfolio responsibilities;
- f. Instruct the Monitoring Officer to arrange training for the Member;

- g. Remove from all outside appointments to which he/she has been appointed or nominated by the Council;
- h. Withdraw facilities provided to the Member by the Council, such as a computer, website and/or email and internet access, or
- i. Exclude the Member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Panel's, Council, Committee and Sub-Committee meetings.

The Hearings Panel has no power to suspend or disqualify the Member, or to withdraw Members' or special responsibility allowances.

As soon as reasonably practicable thereafter, the Monitoring Officer shall prepare a formal Decision Notice in consultation with the Chair of the Hearings Sub-committee, and send a copy to the Complainant, to the Subject Member, and make that Decision Notice available for public inspection, and report the decision to the next convenient meeting of the Council.

### **Assessment & Hearing Sub-committees**

#### **Composition**

Any three elected members of the Audit & Standards Committee to sit as and when required. The Sub-committees shall be politically balanced and where possible will include representation from at least one of the opposition political groups, represented on the Council. The selection of members to form a sub-committee to deal with a particular matter or matters shall be made by the Chief Executive or his/her nominated deputy.

#### **Terms of Reference**

To consider complaints about members in relation to the Code of Conduct and determine whether or not there has been a failure to comply with the Code of Conduct.

### **Guidance**

The Monitoring Officer, Chair and Assessment & Hearing Sub-Committee shall at all times be able to consider best practice outlined in the Local Government Association guidance available online relating to Member Model Code of Conduct Complaints Handling - [Guidance on Member Model Code of Conduct Complaints Handling | Local Government Association](#). But, for the avoidance of doubt, Nuneaton & Bedworth Borough Council Member Complaint Process shall take precedence.



## **Glossary**

‘Code of Conduct’ refers to the Members Code of Conduct contained in Part 5AA of the Council Constitution.

‘Complainant’ means the party who has submitted the complaint.

‘Decision Notice’ means a formal, written communication that informs a recipient about a decision made.

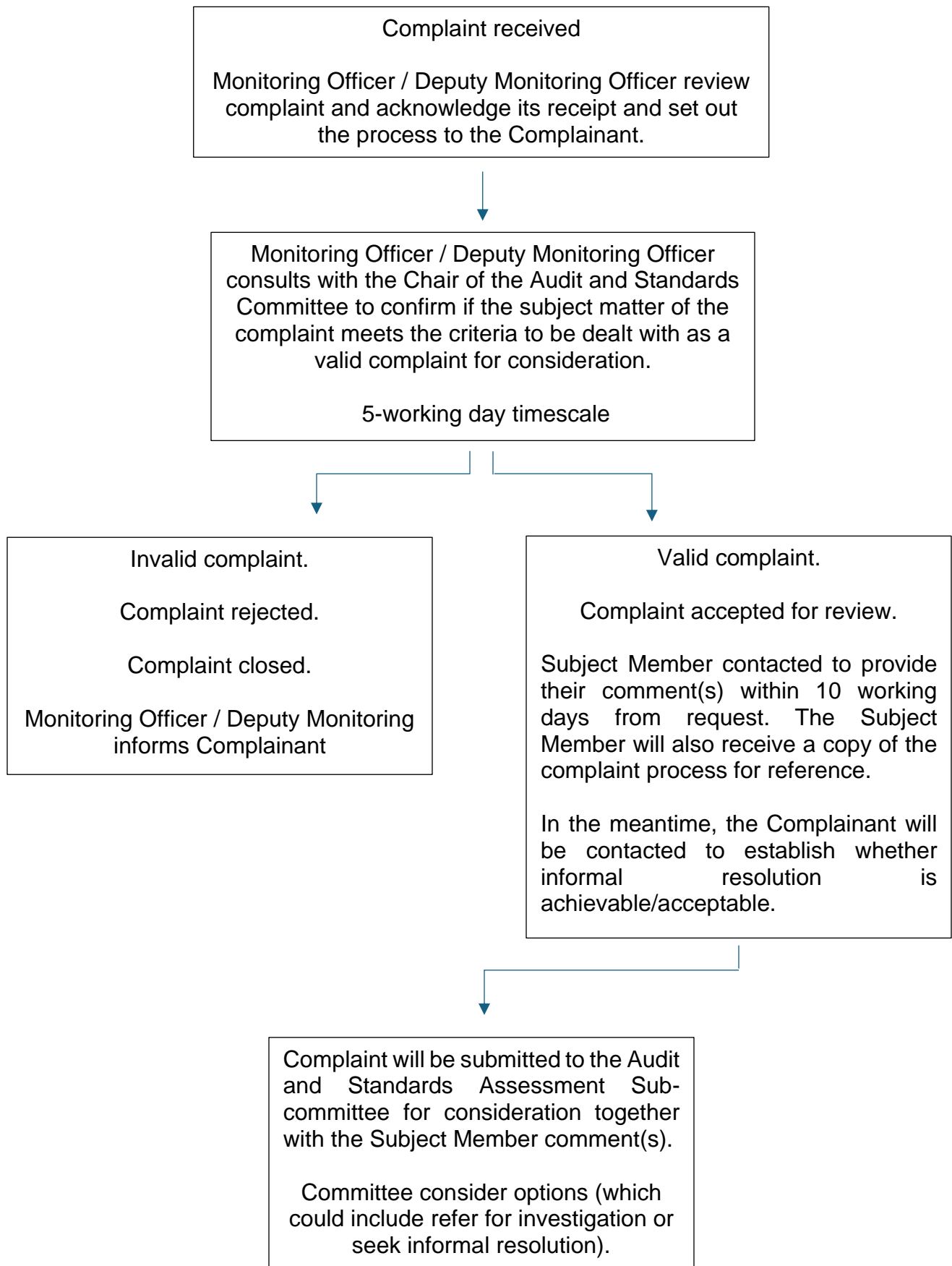
‘Deputy Monitoring Officer’ means the appointed and designated officer appointed by the Monitoring Officer to act in their capacity in their absence and/or if instructed by the Monitoring Officer.

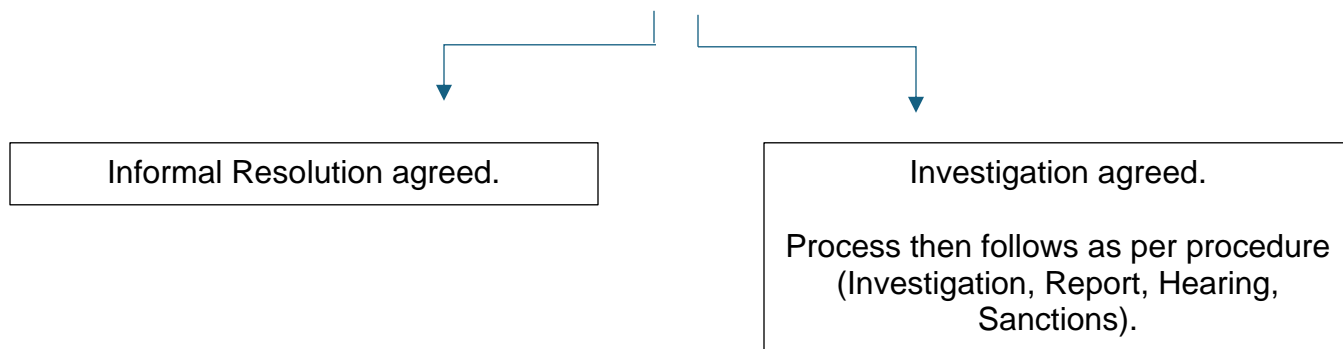
‘Monitoring Officer’ means the appointed and designated Monitoring Officer at the Council pursuant to Section 5 of the Local Government and Housing Act 1989.

‘Public Interest test’ refers to a process to determine whether or not to withhold information from the public. It involves weighing the public interest in disclosing information against the public interest in maintaining the exemption or withholding the information.

‘Subject Member’ means the elected member who the complaint is made against.

### Flowchart (for reference)





Note – flowchart does not include instances where a complaint may need to be referred to the Police.

**NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to:**     **Audit and Standards Committee – 24<sup>th</sup> June 2025**

**From:**         **Assistant Director – Democracy & Governance and Monitoring Officer**

**Subject:**       **Recommendation from the Constitution Review Working Party – Council Meeting Agenda Order**

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**1. Purpose of the report**

- 1.1 To consider and approve the recommendations from the Constitution Review Working Party and recommend changes to the Constitution.

**2. Recommendations**

- 2.1 That the changes to the Full Council Meeting Agenda order be approved; and
- 2.2 IT BE RECOMMENDED TO COUNCIL that the Constitution be amended accordingly.

**3. Background**

- 3.1. On the 16th of April 2025 the Constitution Review Working Party met and considered changes to the Full Council Meeting Agenda order.
- 3.2. A tracked change document has been annexed to the report at Appendix A outlining the proposed changes to the Full Council Meeting Agenda order.
- 3.3. A clean version of the document has been annexed to the report at Appendix B.

**4. Changes**

- 4.1. The key change proposed by the Constitution Review Working Party involves moving member questions to a later stage of the Council Agenda compared to the current agenda order to allow Council business to be the primary focus of the meeting. That said, members should review Appendix A and B accordingly.

## Appendix A – Tracked Changes

### 4A.2 ORDINARY MEETINGS

Ordinary meetings of the Council will take place in accordance with a programme decided at the Council's Annual Meeting. Ordinary meetings will:

- (i) elect a person to preside if the Mayor and Deputy Mayor are not present;
- (ii) approve the accuracy of the minutes of the last meeting;
- (iii) receive any declarations of interest from Councillors;
- (iv) receive any announcements from the Mayor, Leader, and Members of the Cabinet or the Head of Paid Service;
- (v) provide answers to questions, and permit the making of statements from the public submitted in accordance with paragraph 4A.9;
- ~~(vi)(i) provide answers to questions from Councillors submitted in accordance with paragraph 4A.10~~
- ~~(vii)(vi)~~ consider any decisions taken urgently and not subject to call in (see Access to Information Procedural Rule 17.3);
- ~~(viii)(vii)~~ deal with any business from the last Council meeting;
- ~~(ix)(viii)~~ receive reports from the Cabinet and if appropriate the Council's Committees (as determined by the Chair of the relevant Committee) and receive questions and answers on any of those reports;
- ~~(x)(ix)~~ receive reports about, and receive questions and answers on, the business of joint arrangements and external organisations;
- ~~(x) provide answers to questions from Councillors submitted in accordance with paragraph 4A.10;~~
- (xi) consider motions; and
- (xii) consider any other business specified in the summons to the meeting, including consideration of proposals from the Cabinet in relation to the Council's Budget and Policy Framework and reports of the Overview & Scrutiny Panels for debate (see Overview & Scrutiny Panel Procedural Rule 8(b)).



## **Appendix B – Clean Version**

### **4A.2 ORDINARY MEETINGS**

Ordinary meetings of the Council will take place in accordance with a programme decided at the Council's Annual Meeting. Ordinary meetings will:

- (i) elect a person to preside if the Mayor and Deputy Mayor are not present;
- (ii) approve the accuracy of the minutes of the last meeting;
- (iii) receive any declarations of interest from Councillors;
- (iv) receive any announcements from the Mayor, Leader, and Members of the Cabinet or the Head of Paid Service;
- (v) provide answers to questions, and permit the making of statements from the public submitted in accordance with paragraph 4A.9;
- (vi) consider any decisions taken urgently and not subject to call in (see Access to Information Procedural Rule 17.3);
- (vii) deal with any business from the last Council meeting;
- (viii) receive reports from the Cabinet and if appropriate the Council's Committees (as determined by the Chair of the relevant Committee) and receive questions and answers on any of those reports;
- (ix) receive reports about, and receive questions and answers on, the business of joint arrangements and external organisations;
- (x) provide answers to questions from Councillors submitted in accordance with paragraph 4A.10;
- (xi) consider motions; and
- (xii) consider any other business specified in the summons to the meeting, including consideration of proposals from the Cabinet in relation to the Council's Budget and Policy Framework and reports of the Overview & Scrutiny Panels for debate (see Overview & Scrutiny Panel Procedural Rule 8(b)).

**NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to: Cabinet**

**From: Finance Manager - Treasury**

**Subject: Treasury Management 2024/25 – Year End Review**

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**1. Purpose of Report**

1.1. The Council is required through the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) to report to full Council an annual review.

1.2. This report sets out the Council's treasury position as at 31st March 2025 and therefore any decisions made after this date are not reflected in this report.

**2. Recommendations**

2.1. That the annual report is noted and recommended to Council for approval.

**3. Background**

3.1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

3.2. During 2024/25 the minimum reporting requirements were that the Full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 21/02/2024)
- a mid-year, treasury update report (Council 16/09/2024)
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

3.3. In addition, the Council has received quarterly treasury management update reports on the following dates 02/09/2024 and 04/02/2025 which were received by the Audit and Standards Committee.

3.4. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

3.5. The Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit and Standards Committee before they were reported to the Full Council. Member training on treasury management issues was undertaken during the year on 21/01/2025 in order to support members' scrutiny role.

#### 4. Executive Summary

4.1. During 2024/25, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	31/03/2024 Actual £'m	31/03/2025 Actual £'m
Capital Expenditure		
• Non-HRA	23.85	36.15
• HRA	17.34	16.58
• <b>Total</b>	<b>41.19</b>	<b>52.73</b>
Capital Financing Requirement		
• Non-HRA	23.97	31.23
• HRA	85.71	88.13
• <b>Total</b>	<b>109.68</b>	<b>119.36</b>
Gross Borrowing	109.68	119.36
External Debt	72.71	63.36
Investments	28.56	20.17
Net Borrowing	44.15	43.24

4.2. Other prudential and treasury indicators are to be found in the main body of this report. The Strategic Director - Corporate Resources also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit, (the authorised limit), was not breached.

## 5. Annual Treasury Management Review 2024/25

### 5.1. Introduction and Background

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

### 5.2. The Council's Capital Expenditure and Financing

5.2.1. The Council undertakes capital expenditure on long-term assets.

These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need. This is referred to below as Unfinanced Capital Expenditure. This can be covered by either external borrowing (by taking a loan with PWLB or another market source) or internal borrowing (by reducing the Council's reserves to cover the borrowing).

5.2.2. The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	31/3/2024 Actual £m	2024/25 Budget £m	31/03/2025 Actual £m
Capital Expenditure	23.85	54.01	36.15
Financed in Year	15.95	18.49	29.07
Unfinanced Capital Expenditure	7.90	35.52	7.08

HRA	31/3/2024 Actual £m	2024/25 Budget £m	31/03/2025 Actual £m
Capital Expenditure	17.34	22.08	16.58
Financed in Year	13.05	22.08	14.15
Unfinanced Capital Expenditure	4.29	0.00	2.42

### **5.3. The Council's Overall Borrowing Need**

5.3.1. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2024/25 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

5.3.2. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

5.3.3. Reducing the CFR – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

5.3.4. The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

5.3.5. The Council's 2024/25 MRP Policy, (as required by MHCLG Guidance), was approved as part of the Treasury Management Strategy Report for 2024/25 on 21/02/2024.

5.3.6. The Council's CFR for the year is shown below and represents a key prudential indicator.

CFR General Fund	31/03/2024 Actual £'m	31/03/2025 Actual £'m
Opening Balance	16.72	23.97
Add Unfinanced Capital Expenditure (as above)	7.90	7.08
Add Lease Adjustment	0.00	0.69
Less MRP	(0.65)	(0.46)
Less Finance Lease Repayments	(0.00)	(0.05)
Closing Balance	23.97	31.23

CFR HRA	31/03/2024 Actual £'m	31/03/2025 Actual £'m
Opening Balance	81.42	85.71
Add Unfinanced Capital Expenditure (as above)	4.29	2.42
Closing Balance	85.71	88.13

5.3.7. Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit. NBBC cannot borrow above the authorised limit, and should not borrow long-term above the CFR.

**5.4. Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2023/24) plus the estimates of any additional capital financing requirement for the current (2024/25) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31/03/2024 Actual £'m	2024/2025 Budget £'m	31/03/2025 Actual £'m
Gross Borrowing Position	72.71	96.65	63.36
CFR	109.68	144.75	119.36
Under funding of CFR	(36.97)	(48.10)	(56.00)

**5.5. The authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this



level. The table below demonstrates that during 2024/25 the Council has maintained gross borrowing within its authorised limit.

**5.6. The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**5.7. Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2024/2025 £'m
Authorised Limit	194.00
Maximum Gross Borrowing Position within the year	72.71
Operational Boundary	180.50
Average Gross Borrowing Position	68.71

## **6. Treasury Position as of 31<sup>st</sup> March 2025**

6.1. The Council's treasury management debt and investment position is organised by the Treasury Team in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices (TMPs).

6.2. During the 2024/25 the Treasury Team has invested money in a variety of funds including Local Authority loans, Money Market Funds (MMFs), Treasury Bills and Certificates of Deposits (CDs). No investment has defaulted and no current investment is expected to default. At the end of 2024/25 the Council's treasury position was as follows:-

Debt Portfolio	31/3/24 Principal £'m	Rate/ Return	Average life yrs	31/3/25 Principal £'m	Rate/ Return	Average life yrs
Fixed Rate						
• PWLB	70.71	3.50%	15	60.71	3.62%	15
• Market	2.00	4.10%	70	2.00	4.10%	70
Leases	0.00			0.65		
<b>Total Debt</b>	<b>72.71</b>	<b>3.52%</b>	<b>17</b>	<b>63.36</b>	<b>3.64%</b>	<b>17</b>
CFR	109.68			119.36		
Over/(Under) Borrowing	(36.97)			(56.00)		
<b>Total Investments</b>	<b>28.56</b>			<b>20.12</b>		
<b>Net Debt</b>	<b>44.15</b>			<b>43.24</b>		

6.3. The Maturity profile of the Debt Portfolio is as follows:

	31/03/2024 Actual £'m	31/03/2025 Actual £'m
Under 1 year	10.000	12.000
Over 1 and within 2 years	12.000	10.000
Over 2 and within 5 years	26.705	16.705
Over 5 years and within 10 years	16.000	16.000
Over 10 years and within 20 years	4.000	4.000
Over 20 year and within 30 years	0.000	0.000
Over 30 years and within 40 years	2.000	2.000
Over 40 years and within 50 years	0.000	0.000
Over 50 years	2.000	2.000

6.4. The Investment Portfolio at 31<sup>st</sup> March 2025 was as follows:

Counterparty	Amount Invested	Deposit Period	Maturity Date	Interest Rate
<b>Fixed Term Deposit:</b>				
Surrey County Council	£5.0m	31 days	Apr 2025	6.00%
<b>Total Fixed Term Deposits</b>	<b>£5.0m</b>			<b>6.00%</b>
<b>Property Funds</b>				
CCLA Local Authority Property Fund	£2.0m	N/A	N/A	4.11%
<b>Total Property Funds</b>	<b>£2.0m</b>			<b>4.11%</b>
<b>Money Market Funds:</b>				
Goldman Sachs Sterling	£0.0m	N/A	N/A	N/A
Federated Prime Rate	£6.0m	N/A	N/A	4.48%
<b>Total Money Market Funds</b>	<b>£6.0m</b>			<b>4.48%</b>
<b>Instant Access/Call Accounts</b>				
Lloyds Bank (Current Account)	£7.2m	Overnight	N/A	4.40%
<b>Total Instant Access</b>	<b>£7.2m</b>			<b>4.40%</b>
<b>Total Investments</b>	<b>£20.2m</b>			<b>4.80%</b>

## **7. Other Issues**

### **7.1. Post-year Technical Breach of limits**

On the 1<sup>st</sup> April 2025, the Council breached its technical limit by holding £10,015,862.75 in its current account at the end of the day. The limit for the Council's current account is £10,000,000. This breach occurred as unexpected funds were received during the day after the Treasury dealing was completed. The Treasury team had left a £90,000 buffer to allow for extra funds to be received, but this was unexpectedly insufficient. As there was no location for the funds to be moved to (no counterparties were available to move the funds once the breach was noticed), the Council was forced to breach its limit overnight. On the 2<sup>nd</sup> April 2025, this breach was rectified, and no further breaches have occurred since. There is no financial impact to the council due to this breach.

### **7.2. IFRS 9 fair value of investments**

7.2.1. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government [MHCLG] on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2029, with the exception of any new pooled investments from 1st April 2024.

7.2.2. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

7.2.3. NBBC has one Pooled arrangement (CCLA Property Fund) which was organised before the 1<sup>st</sup> April 2024. NBBC is taking the opinion that increasing our CCLA Property Fund would cause IFRS9 to take affect and have no current plans to increase this investment until a full analysis of the effects to the Council has been completed

### **7.3. IFRS16 Leases**

7.3.1. The implementation of IFRS16 occurred at the start of 2024/25. This standard is about leases, and the implementation has moved leases onto the Council's balance sheet from just being a revenue cost. The change is an accounting one, and there is no extra burden to the cashflow of the Council due to this change (just the way the costs are recognised within the final accounts).

7.3.2. There was an adjustment made within the year to meet the new standards and there is no impact on revenue or capital reserves for the General Fund or Housing Revenue Account.

7.3.3. Due to the change in regulations this has created a new asset under Property Plant and Equipment and a liability split between long term and short term creditors on the balance sheet of £645k for both. Costs in relation to the leases are now identified within revenue under Minimum Revenue Provision (MRP) and External Interest instead of expenses within the service areas.

#### **7.4. Treasury Management Strategy Review**

The current Treasury Management Strategy meets the Council's requirements and no changes are required.

### **8. Economic Update**

8.1. UK inflation has fluctuated throughout 2024/25. Having started the financial year at 2.3% y/y (April), the CPI measure of inflation briefly dipped to 1.7% y/y in September before picking up pace again in the latter months. The latest data shows CPI rising by 2.8% y/y (February), but the Council's treasury advisers forecast that there is a strong likelihood that inflation will increase to at least 3.5% by the Autumn of 2025.

8.2. With the continuing unrest in the Ukraine accompanied by the potentially negative implications for global growth as a consequence of the implementation of US tariff policies in April 2025, Bank Rate reductions have been limited. Bank Rate currently stands at 4.5%, despite the Office for Budget Responsibility reducing its 2025 GDP forecast for the UK economy to only 1% (previously 2% in October).

8.3. Moreover, borrowing has becoming increasingly expensive in 2024/25. Gilt yields rose significantly in the wake of the Chancellor's Autumn Statement, and the loosening of fiscal policy, and have remained elevated ever since, as dampened growth expectations and the minimal budget contingency (<£10bn) have stoked market fears that increased levels of borrowing will need to be funded during 2025.

8.4. The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies by the US administration.

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

8.5. There were no surprises after the Bank of England's March meeting, leaving Bank Rate unchanged at 4.5% by a vote of 8-1, but suggesting further reductions would be gradual. It is predicted that as inflation rises later in the year, the Bank of England will cut rates more slowly, and the Council's treasury advisers' view, based on the market and the potential impact of the US tariff policies, is that the Bank of England will eventually reduce rates to 3.50%.

8.6. The Bank of England is forecasting that inflation will rise from 2.8% in February to 3.75% in Q3 but there may be signs that BoE may be becoming more nervous about domestic wages and prices., including

8.7. From a fiscal perspective, the increase in businesses' national insurance and national minimum wage costs from April 2025 is likely to prove a headwind, although in the near-term the Government's efforts to provide 300,000 new homes in each year of the current Parliament is likely to ensure building industry employees are well remunerated, as will the clamp-down on immigration and the generally high levels of sickness amongst the British workforce. Currently wages continue to increase at a rate close to 6% y/y. The MPC would prefer a more sustainable level of 3.5%.

8.8. As for equity markets, the FTSE 100 has recently fallen back to 7,700 having hit an all-time intra-day high 8,908 as recently as 3rd March. The £ has also fluctuated, hitting a peak of \$1.34 before dropping to \$1.22 in January and then reaching \$1.27 in early April 2025.

## **9. Conclusion**

9.1. That Audit & Standards Committee is recommended to note the Treasury Management Year-End report.

## **10. Appendices (if none, state none)**

10.1. None

## **11. Background Papers (if none, state none)**

11.1. None