



# **Audit, Governance & Standards Committee**

Tue 20 Jan  
2026  
6.30 pm

Oakenshaw Community  
Centre, Castleditch  
Lane, B98 7YB

**If you have any queries on this Agenda please contact  
Mat Sliwinski**

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## ***GUIDANCE ON FACE-TO-FACE MEETINGS***

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**Please note that this is a public meeting. You are able to attend the meeting and access the meeting agenda from the Committee Pages of the Council's website.**

**If you have any questions regarding the agenda or attached papers, please do not hesitate to contact the officer named above.**

### **GUIDANCE FOR ELECTED MEMBERS AND THE PUBLIC ATTENDING MEETINGS IN PERSON**

Meeting attendees are encouraged not to attend a Committee if they have any of the following common symptoms of Covid-19 on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

### **PUBLIC SPEAKING**

The usual process for public speaking at Committee meetings will continue to be followed subject to some adjustments which allow written statements to be read out on behalf of residents and the virtual participation of residents at meetings of Audit, Governance & Standards Committee.

### **Notes:**

**Although this is a public meeting, there are circumstances when Council might have to move into closed session to consider exempt or confidential information. For agenda items that are exempt, the public are excluded.**

# **Audit, Governance & Standards**

**Tuesday, 20th January, 2026**  
**6.30 pm**  
**Oakenshaw Community Centre**

## **Agenda**

### **Membership:**

Cllrs:

Gemma Monaco (Chair)  
Chris Holz (Vice-Chair)  
William Boyd  
James Fardoe  
Andrew Fry

Wanda King  
Rita Rogers  
Gary Slim  
Paul Wren

## **1. Apologies and Named Substitutes**

## **2. Declarations of Interest**

To invite Councillors to declare any Disclosable Pecuniary Interests and/or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.

## **3. Minutes (Pages 7 - 20)**

The minutes of the meeting of Audit, Governance and Standards Committee held on 23 October 2025 will be considered at this meeting.

## **4. Public Speaking**

Members of the public have an opportunity to speak at meetings of the Audit, Governance and Standards Committee. In order to do so members of the public must register by 12 noon on the day of the meeting by contacting the committee officer. A maximum of 15 minutes will be allocated to public speaking.

## **5. Feckenham Parish Council Representative's Report - Standards Regime**

To receive a verbal report from the Feckenham Parish Council Representative on standards matters relating to the Parish Council.

## **6. Monitoring Officer's Report - Standards Regime (Pages 21 - 24)**

## **7. Ernst & Young - External Audit Progress Report and Sector Update**

*Verbal Update.*

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**8. Internal Audit Progress Report** (Pages 25 - 40)

**9. Capital Strategy 2026/27 including Treasury Management Strategy**

*Report to follow.*

**10. Review of Accounting Policies** (Pages 41 - 58)

**11. Financial Compliance Report** (Pages 59 - 70)

**12. Risk Champion Update**

**13. Committee Work Programme** (Pages 71 - 72)

**14. Exclusion of the Public and Press**

In the opinion of the Chief Executive, the meeting will not be, or is unlikely to be open to the Public at the time the following items of business are considered for the reasons stated. The Committee will be asked to pass the following resolution:

“that under S.100 I of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public be excluded from the meeting for the following item(s) of business on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in the following paragraphs of Part 1 of Schedule 12 (A) of the said Act, as amended:

- Paragraph 3 – Financial or Business Affairs”

**15. Cyber Security Report** (Pages 73 - 80)



# **Audit, Governance & Standards Committee**

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Thursday, 23rd October,  
2025

## **MINUTES**

### **Present:**

Councillor Gemma Monaco (Chair), Councillor Chris Holz (Vice-Chair) and Councillors James Fardoe, Andrew Fry, Rita Rogers, Gary Slim and Paul Wren  
Parish Council Representative: Cllr Alan Smith

### **Also Present:**

Councillor Ian Woodall – Portfolio Holder for Finance  
Councillor Jane Spilsbury – Deputy Leader and Portfolio Holder for Performance, Engagement and Governance  
Mughees Ahmad – Manager, Government and Public Sector Audit, Ernst and Young (on Microsoft Teams)

### **Officers:**

Debra Goodall and Nicola Cummings

### **Democratic Services Officers:**

M Sliwinski

## **18. APOLOGIES AND NAMED SUBSTITUTES**

There were no apologies for absence.

## **19. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **20. MINUTES**

The minutes of the meeting of Audit, Governance and Standards Committee held on 24<sup>th</sup> July 2025 were submitted for Members' consideration.

**RESOLVED that**

Chair

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**The minutes of the Audit, Governance and Standards Committee meeting held on 24<sup>th</sup> July 2025 be approved as a true and correct record and signed by the Chair.**

**21. PUBLIC SPEAKING**

There were no public speakers who had registered to speak at this meeting.

**22. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME**

The Chairman of Feckenham Parish Council provided an update on Feckenham Parish Council standards matters and in doing so explained that although there were no specific standards matters to report in relation to the Parish Council, he wished to update on matters of general concern, as this Committee was the main forum where Feckenham Parish Council matters could be raised with Borough Councillors.

The Chairman of Feckenham Parish Council expressed ongoing concern about the development of battery storage systems and other developments, including placement of 300-500 metal canisters, within the Green Belt surrounding Feckenham. The allocation of house-building target within Feckenham was also cited as a concern including the potential that 5,500 houses could be built in the Parish.

The Chairman of Feckenham Parish Council also commented on the uncertainty with regard to what local government reorganisation (LGR) would mean for Feckenham and the difficulty in responding to any consultation/questionnaires on the issue in an informed manner. It was highlighted that Parish Councils were uncertain how they would be affected by LGR and whether this would entail any change to the status or responsibilities for Feckenham Parish Council.

In response, it was noted that at this stage the district authorities and the county council in Worcestershire were considering the high-level aspects of unitarisation before submission of proposals to the Government by end of November 2025. More detail on the impact and requirements on the parish councils would be available after the Government had made its decision on proposals, expected around summer 2026.

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Officers undertook to arrange information on progress with LGR to be provided to the Chairman of Feckenham Parish Council through informal meeting with the Council's Chief Executive and/or through Worcestershire County Association of Local Councils (CALC).

**RESOLVED that**

**the Feckenham Parish Council's Representative update be noted.**

**23. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Deputy Monitoring Officer presented the Monitoring Officer's report and in doing so reported that since the last report there had been one complaint submitted by a member of the public against three Borough Councillors, which was currently at the initial assessment stage, and one complaint submitted by a member of the public against a Borough Councillor, which, following assessment, was found not to be a code of conduct matter.

In relation to the meeting of Constitutional Review Working Party (CRWP), it was noted that the meeting which had been scheduled for October 2025 had been postponed.

It was reported that member briefings and engagement sessions on local government reorganisation (LGR) continued to take place in the run up to the Extraordinary Council meeting on the issue of LGR which would be on 17 November 2025. It was reiterated that 28 November 2025 was a final date for when proposal(s) for LGR structure within Worcestershire must be submitted on behalf of all seven Worcestershire councils.

**RESOLVED that**

**the Monitoring Officer's report be noted.**

**24. ANNUAL REVIEW LETTER OF LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN**

The Committee received a report which set out statistics on the Local Government and Social Care Ombudsman's (LGSCO) cases relating to the Council in the period ending 31 March 2025.

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During the one-year period ending 31 March 2025, the Ombudsman received 14 complaints relating to the Council, of which all 14 were decided within that year. Of these cases, there was one case where the LGSCO upheld the complaint and found the Council to be at fault. This related to a decision made under the Council's housing allocations policy. It was noted that this was a complex case and whilst the Ombudsman did not criticise the Council's decision making, the Council was found to be at fault for not having offered the complainant the right to appeal when the original homelessness decision was reversed in that case. The remedy was for the Council to offer the complainant the option to appeal.

Of the remaining 13 complaints, in two cases the complaint was closed by the Ombudsman after initial inquiries, in seven cases early advice was given by LGSCO to customer, three cases were referred back to Council for local resolution and in one case the complaint was deemed incomplete by Ombudsman as there was insufficient information to proceed.

The Deputy Monitoring Officer explained that from this year there had been a change to the LGSCO's reporting of statistics back to councils. The annual statistics were now forwarded to councils and published on LGSCO website. An annual letter that was previously sent to all local authorities would now only be sent to those local authorities where LGSCO identified exceptional practice or where LGSCO had concerns about an organisation's complaint handling. The Council was one of the authorities that did not receive the annual letter this year, only statistics. Following a question from a Member, it was clarified that no reasons had been provided by LGSCO as to why this change to reporting had been made.

## **RESOLVED that**

**the Annual Statistics Report from the Local Government and Social Care Ombudsman be noted.**

## **25. EXTERNAL AUDITOR UPDATE REPORT 2023-24**

The External Auditor from Ernst and Young provided an update on the audit status of the Council's Statements of Accounts, including the audit of 2023/24 Accounts.

It was recapped that across the local government sector in England, there had been a significant backlog in completion and auditing of accounts in recent years. This had prompted the backstop



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legislation to clear the auditing backlog across the sector with the Ministry of Housing, Communities and Local Government (MHCLG) in collaboration the Financial Reporting Council (FRP) and other system partners having developed an approach to address the backlog in three phases.

The first phase involved clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024 and the second phase involved recovery starting from 2023/24 financial statements to ensure that audit assurance across the sector was rebuilt across multiple audit cycles. The External Auditor reported that the Council did not meet the deadline for phase 1 and phase 2 of the recovery plan to clear the audit backlog due respectively to delays in the preparation of the financial statements for 2020/21, 2021/22 and 2022/23, and the challenges with changes to the Council's auditor arrangements for financial years 2023/24 onwards.

The Committee was reminded that the Council had produced draft statement of accounts for 2023/24 in mid-January 2025 with the inspection period ending on 28 February 2025. Due to Ernst and Young's appointment as auditor to the Council by PSAA not being until 2024/25, following completion of acceptance and onboarding procedures, the audit for 2023/24 Accounts did not commence until June 2025.

The External Auditor highlighted that challenges had been experienced following the commencement of their audit of the Council's 2023/24 Accounts. This included the Council's resources being initially focused on meeting the 30 June 2025 deadline for publishing the 2024/25 draft statement of accounts. External Audit resource was reallocated to July and August; however, further challenges were met, including matters requiring further investigation being identified including VAT, capital budgeting, compliance with laws and regulations and Value for Money which had led to further information requests. It was noted that some information had been provided but the External Auditor had currently paused its 2023/24 Accounts audit until these further information requests could be addressed.

It was reported that it was now highly unlikely the External Auditor would have available resource to recommence the audit of the 2023/24 financial statements until the 2024/25 planned audit period. As such, there would be an impact on the delivery of the 2024/25 audit. The Assistant Director Finance and Customer Services

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reported that the Council had allocated additional resource for 2024/25 Accounts to ensure the backstop deadline for those accounts of 27 February 2026 would be met by the Council.

Questions were asked in respect of risks of significant weaknesses in Council's Value for Money arrangements. A Member asked on the status concerning high staff turnover and a high number Governance of the Council's positions being filled through interim / temporary arrangements. The Assistant Director Finance and Customer Services responded that during her time in post, since April 2024, the finance team had been rebuilt to create a core, permanent team in post. It was highlighted that although there had been a number of successes in this area, due to challenges in the recruitment market, there remained interim staff in the finance department.

With regard to the Value for Money governance risk in relation to the Council being unable to submit VAT returns since 1 April 2021, it was responded that no penalties had been imposed on the Council as a result of this and the Council had submitted a back-claim of VAT to HMRC in December 2024. It was reported that money was owing to the Council with regard to VAT and the Council was working with HMRC to resolve this issue. The Council was undertaking preparations for a VAT inspection.

**RESOLVED that the update report be noted.**

## **26. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Progress Report was presented on behalf of the Head of Worcestershire Internal Audit Shared Service. It was reported that of the audit assignments planned for 2025-25, at the time of report writing, one audit assignment had been fully completed, two assignments were at the draft report stage, one assignment was at the fieldwork completion stage with report to be issued shortly, six assignments were in progress, three assignments were at the planning stage, and five assignments had not yet been started.

It was highlighted that this year's plan remained on track to achieve the targets set out in the Annual Plan. It was noted that the internal audit service was now fully resourced.

Progress against the key performance indicators for internal audit service was provided, including that at the current stage the target

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of 90 per cent delivery of audit days against the full year plan target was on track to be achieved. A Member queried why the delivery of audit days target was set at 90 per cent rather than 100 per cent. The Assistant Director Finance and Customer Services undertook to obtain a response to this question from the Internal Audit Shared Service and report back to Members.

It was reported that there were no emerging issues to report arising in relation to Council's internal controls. There were 23 outstanding internal audit recommendations which remained to be fully actioned by the Council, 1 of which was high-risk overdue recommendation in relation to the provision of assurance that cyber security awareness training had been completed by all Members.

Following the presentation, Members discussed the outstanding high-risk internal audit recommendation. It was requested that a reminder be sent to all Members who had yet to fully complete the cyber security awareness training, including a reminder on how to access the system.

The cyber security risk was deemed to be the main risk for the Council with 6000 cyber threats being reported as intercepted by Council's firewall systems on a weekly basis. The Committee requested that presentation be provided at the next meeting from the Council's Emergency Planning / Resilience team regarding the ramifications that a cyber-attack would have on the Council and the response and recovery processes that the Council had in place to respond in the event of a cyber security breach.

It was also requested that a report on cyber security be added as a standing item at every meeting of the Committee, to provide regular data to Members on the cyber security risks status.

An issue of cyber security refresher training for Members was also raised and it was reiterated that provision of refresher training would continue to be investigated and championed by the Executive.

A Member suggested that the Council should consider making its email system inaccessible on devices when located outside the United Kingdom. In the Member's experience from another organisation, blocking access to mailboxes when outside the country had led to significant reductions in phishing emails and other cyber threats.

**RESOLVED that**

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**the Internal Audit Progress Report be noted.**

## **27. ANNUAL GOVERNANCE STATEMENT**

The report on the Annual Governance Statement (AGS) 2024/25 was presented to the Committee. It was explained that the production of the AGS was part of the annual closure of accounts process. It was not a financial exercise but rather a corporate overview of the processes and procedures adopted by the Council to manage its affairs.

The preparation of AGS was necessary to meet the statutory requirements as set out in the Accounts and Audit (England) Regulations 2015. The Council's AGS and governance arrangements established by the Council were consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework.

The Council's key governance components were set out which included internal controls, such as corporate risk register, performance monitoring, constitutional arrangements, overview and scrutiny function, audit functions, including internal audit control, external audit arrangements and decision-making governance of Council, including the council-owned company, Rubicon Leisure.

Significant governance issues were also outlined within the AGS. The main governance challenge was in relation to the Council in November 2023 having received a Section 24 Statement from its External Auditor at the time for non-delivery of the 2020/21 to 2022/23 Accounts within the required timescales due to the challenges with the implementation of a new financial ledger. Other governance issues were also highlighted including the disclaimer audit opinions being received on the 2020/21 to 2022/23 Statements of Accounts, which was also the expected opinion for 2023/24 Accounts, and a C3 Regulatory Judgment following a comprehensive inspection by the Regulator of Social Housing, with failings identified in key service areas of social housing including repairs, fire safety, tenant engagement, and data management.

The Council undertook improvement actions in all the areas highlighted as governance issues. This included the Financial Recovery Plan in response to the Section 24 Statement and the associated key and improvement recommendations set out in that

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report, the Medium-Term Financial Plan to provide financial planning over the medium-term, enhanced risk and project and programme management processes, and, in relation to Council's social housing stock, a comprehensive Housing Improvement Plan.

The Annual Governance Statement (AGS) for 2024/25 was approved by the Committee. No further areas for consideration to those included within the AGS were raised by Members during discussion.

## **RESOLVED that**

- 1) The arrangements for compiling, reporting on and signing the Draft Annual Governance Statement be noted.**
- 2) The Draft Annual Governance Statement including any areas which should be considered had been reviewed and commented on; and**
- 3) Subject to any changes identified, as detailed above, that the statement be agreed and approved for signature by the Chief Executive and Leader of the Council for inclusion in the statement of accounts.**

## **28. FINANCIAL COMPLIANCE REPORT**

The Financial Compliance Report was presented which detailed the position regarding legislative reporting requirements and the position on submission of the Council's Statements of Accounts.

In reference to key legislative reporting requirements to central Government, it was noted that the Council continued to provide the majority of key legislative deliverables within timeframes. The key outstanding returns were the VAT returns and Whole of Government accounts.

It was recapped that although the Council's VAT returns were now up to date, and, from December 2024 onwards, monthly VAT returns were being submitted to HMRC. Work continued to provide assurance to HMRC regarding VAT return that had been submitted in December 2024, which covered the previous three years. In order to provide additional assurance, the Council had employed an experienced VAT accountant to work alongside the existing VAT

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consultants, PS Tax. The Council had also arranged mandatory VAT training for all finance department staff and budget managers.

It was reported that the Whole of Government Accounts returns had not been submitted by the Council for a number of years due to delays in producing the Statement of Accounts for years 2020/21 onwards, which followed the introduction of the TechOne system in February 2021. These were no longer required for previous years but remained outstanding for cycle 1 2024/25. It was unlikely that the Council would submit that return by the required deadline as its Accounts for 2023/24 and 2024/25 remained unaudited.

Members were reminded that the Council had closed their Accounts for years 2020/21 and 2022/23, receiving a 'disclaimer' audit opinion for these three sets of accounts. For 2023/24 Accounts, the draft accounts were presented for public inspection, which ended on 27 February 2025. The draft 2024/25 Accounts were ready for public consultation on 20 June 2025 in line with timescales set out in the existing Government legislation. The public inspection period end date for this set of accounts was 11 August 2025. The backstop date for having the 2024/25 Accounts audited was 27 February 2026.

The key recent deliverables being achieved by the Council were set out which included the drafting of the Financial Stability Plan following the successful completion of the Financial Improvement Plan, the health check on the TechOne system done in collaboration with the system provider following the successful remedy of the miscodings on the system, and the staff arrangements put in place in the finance department team including the recruitment of a chief accountant and interim staffing arrangements around the senior business partner posts.

The Portfolio Holder for Finance addressed the Committee and stated that the Council was now in a position to move towards medium-term financial planning as exemplified by the Finance Stability Plan replacing the Financial Recovery Plan. Risks nevertheless remained around the TechOne system, robustness of the finance team (in terms of staffing), and the external sign-off of the Council's Statements of Accounts.

**RESOLVED that**

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- 1) The Committee note the position in relation to the delivery of the 2024/25 Accounts and the auditing of the 2023/24 Accounts.
- 2) The Committee note that the 2024/25 Accounts public consultation period finished on 11 August 2025.
- 3) The Committee note the position in regard to other financial indicators set out in this report.
- 4) The current position with the Council's new External Auditor, Ernst and Young, be noted.
- 5) The position on the Financial Stability Plan following the successful delivery of the Financial Improvement Plan be noted.

## **29. CYBER SECURITY UPDATE (INCLUDING WHATSAPP AND AI POLICY)**

The report concerning the proposed Council's staff policies on Artificial Intelligence (AI) Acceptable Use and WhatsApp Use was presented to the Committee.

It was explained that the purpose of developing the AI Acceptable Use Policy was to ensure the ethical, transparent, and responsible use of AI technologies across the Council. The draft Policy as set out in Appendix 2 to the report covered key principles that the Council and its employees would need to adhere to when utilising AI technologies. These principles covered:

- Transparency and Accountability – All AI tools used must be registered in the Council's Information Asset Register. Any automated decision-making must comply with UK GDPR and include human oversight.
- Data Protection and Confidentiality – No personal or confidential information should be input into public AI tools. Data Protection Impact Assessments (DPIAs) were required for AI processing of personal data.
- Procurement and Third-Party Use – AI use must be declared in procurement processes. Contracts must prohibit unauthorised AI use. Only approved AI tools may be used within the Council.

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- Ethical Use and Bias Mitigation – AI must not be used to generate discriminatory or offensive content. Equality Impact Assessments (EIAs) were required with use of AI to ensure fairness.
- Training and Oversight – Council staff must receive training on responsible AI use. AI-generated content must be reviewed and clearly disclosed.

The WhatsApp Policy at Appendix 3 was developed to guide Council staff as to appropriate use of WhatsApp for Council-related communication. The main aspects of this policy were:

- Permitted Use – If utilised, WhatsApp may only be used by staff for non-sensitive, logistical communication (e.g. meeting times, meeting location changes).
- Prohibited Use – WhatsApp must not be used for customer communication or sharing of personal/confidential data (e.g. personal data, internal decisions).
- Security and Compliance – WhatsApp was deemed not secure for sensitive data by the Council. Any use of WhatsApp by staff on personal devices may be subject to Freedom of Information (FOI) requests.
- Photos and Media – Images of people required consent and staff must exercise caution when sharing photos to ensure photos did not contain sensitive information in the background.
- Emergency Use – WhatsApp may be used for emergency alerts (e.g. civil emergencies) under strict guidelines.

Following the Officer presentation, there was a detailed discussion of the following matters by Members:

- It was clarified that both the AI Acceptable Use and WhatsApp policies presented were new policies which, subject to approval by the Executive Committee, would become formal policy documents for the Council. It was noted that these policies had been created in line with best practice examples from other authorities.



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- Assistant Director Finance and Customer Services explained that the use of AI tools by the Council were currently limited to basic processes such as to assist with presentations and document summaries. It was reiterated that the Council exercised caution with the phasing in of AI and the AI Acceptable Use policy was designed to provide guidelines for use of this technology across the Council.
- The potential risk of AI in recruitment was highlighted including the increasing prevalence of applicants utilising AI tools to fill out job applications. In this regard, some Members commented on the importance of reviewing recruitment practices by the Council's human resources (HR) department to ensure the quality of candidates was being verified at an early stage of recruitment processes.
- A Member requested that the WhatsApp Policy be updated with a clearer definition and outline of what constituted sensitive and non-sensitive messages together with hypothetical examples of such messages.
- Members requested that the report for this item together with the appendices (AI Acceptable Use Policy and WhatsApp Policy) be circulated to all elected members.
- A Member asked that consideration be given to producing specific AI Acceptable Use and WhatsApp policies for Councillors or expanding the policy documents included in the report to be expanded to cover both the Council's Members and Officers.
- Members expressed the view that training on AI was essential requirement for Councillors. As such it was requested that the arrangements for provision of AI training for elected members be considered at the next meeting of Member Support Steering Group.
- It was commented that the notes of the Corporate Cyber Security Group at Appendix 1 did not provide any additional information and should be removed from the updated version of this report.

The Committee endorsed recommendations 2) and 3) as printed in the report that the Artificial Intelligence (AI) Acceptable Use Policy

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and WhatsApp Policy be adopted as formal policy documents of the Council.

**RECOMMENDED that**

- 1) The Executive adopts the Artificial Intelligence (AI) Acceptable Use Policy (Appendix 2) as a formal policy document.**
- 2) The Executive adopts the WhatsApp Policy (Appendix 3) as a formal policy document.**

**30. RISK CHAMPION UPDATE**

The Council's Risk Champion addressed the Committee and explained that there would be no update at this meeting, but a comprehensive update would be provided to the next meeting in January 2026.

**31. COMMITTEE WORK PROGRAMME**

It was requested that the following items be added to the Audit, Governance and Standards Committee Work Programme:

- Presentation on cyber security including the ramifications of a cyber-attack against the Council and recovery processes in place in the event of a cyber-attack – item to be presented at the 20<sup>th</sup> January 2026 meeting.
- Cyber security report, summarising Council's risk status and data in this area - standing item at meetings of Audit, Governance and Standards Committee.

**RESOLVED that**

**The Audit, Governance and Standards Committee Work Programme be updated as per the pre-amble above.**

The Meeting commenced at 6.30 pm  
and closed at 7.55 pm

**REDDITCH BOROUGH COUNCIL****Audit, Governance  
& Standards Committee****20<sup>th</sup> January 2026****MONITORING OFFICER'S REPORT**

Relevant Portfolio Holder	Councillor Jane Spilsbury
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton
Report Author Claire Felton	Job Title: Assistant Director Legal, Democratic and Procurement Services Contact email: <a href="mailto:c.felton@bromsgroveandredditch.gov.uk">c.felton@bromsgroveandredditch.gov.uk</a>
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	An Effective and Sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

**The Audit, Governance and Standards Committee is asked to RESOLVE that:-**

- 1) subject to Members' comments, the report be noted.**

**2. BACKGROUND**

- 2.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Governance and Standards Committee since the last update provided at the meeting of the Committee in October 2025.
- 2.2 It has been proposed that a report of this nature be presented to the Committee on a quarterly basis to ensure that Members are kept updated with any relevant standards matters.
- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by Parish Councils, will be reported on orally by Officers at the meeting.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications arising out of this report.

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**4. LEGAL IMPLICATIONS**

- 4.1 Chapter 7 of Part 1 of the Localism Act 2011 ('the Act') places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a District or Parish Councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made.

**5. STRATEGIC PURPOSES - IMPLICATIONS****Relevant Strategic Purpose**

- 5.1 It is important to ensure that the Council manages standards regime matters in an appropriate manner. The issues detailed in this report help to ensure that there is an effective and sustainable Council.

**Climate Change Implications**

- 5.2 There are no specific climate change implications.

**6. OTHER IMPLICATIONS****Equalities and Diversity Implications**

- 6.1 There are no direct implications arising out of this report. Details of the Council's arrangements for managing standards complaints under the Localism Act 2011 are available on the Council's website and from the Monitoring Officer on request.

**Operational Implications****Member Complaints**

- 6.2 Since the last report to the Committee, the Monitoring Officer has received one complaint from a member of the public, which did not pass the initial assessment. Several complaints were received from

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County Councillors and a member of the public, which we expect to resolve informally.

The complaint, which was reported at the last meeting, against three members is still at the initial stage awaiting further information from the complainant.

Member Support Steering Group

- 6.3 The Member Support Steering Group (MSSG) is responsible for reviewing Member training, induction and ICT support. The next meeting is due to take place on 12<sup>th</sup> February 2026.

Constitutional Review Working Party

- 6.4 The Constitutional Review Working Party (CRWP) is responsible for reviewing the Council's constitution and makes recommendations to full Council regarding any proposed changes to the content of the constitution. These meetings take place when upcoming review is required.

The latest meeting of CRWP took place on 6<sup>th</sup> January 2026, where amendments to the Council's Constitution in respect of the Scheme of Delegations regarding Taxi Licensing function was discussed. Following the Licensing Committee meeting of 8<sup>th</sup> December 2025, the CRWP also discussed a recommendation with respect to permanently delegating authority to officers to determine hackney carriage and private hire vehicle renewal applications that fell outside of the Council's age criteria policy. The recommendations will be reported to Council.

Member Training

- 6.5 Member briefings and engagement sessions on local government reorganisation (LGR) continued to take place in the run up to the Extraordinary Council meeting on 17 November 2025. At that meeting, the Council adopted the north and south Local Government Re-Organisation Proposal for Worcestershire, as the Council's final submission to the Ministry of Housing Communities and Local Government ("MHCLG") on the issue of LGR. This was subsequently submitted to Government before the 28 November 2025.

**Audit, Governance  
& Standards Committee****20<sup>th</sup> January 2026**

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**7. RISK MANAGEMENT**

7.1 The main risks associated with the details included in this report are:

- Risk of challenge to Council decisions; and
- Risk of complaints about elected Members.

**8. APPENDICES and BACKGROUND PAPERS**

No appendices.

Background Papers: Chapter 7 of the Localism Act 2011.

**INTERNAL AUDIT PROGRESS REPORT 2025/26**

Relevant Portfolio Holder	Cllr Ian Woodall
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall, S151 Officer
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: <a href="mailto:chris.green@worcester.gov.uk">chris.green@worcester.gov.uk</a> Contact Tel: 07542 667712
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATION**

- 1.1 **The Audit, Governance and Standards Committee notes the report.**

**2. BACKGROUND**

- 2.1 The purpose of this report is to provide an update of Internal Audit's progress towards meeting its objectives in the audit plan for 2025/26 as approved by the Audit and Governance Committee on 24<sup>th</sup> July 2025.
- 2.2 The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:
- The Council's assets and interests are safeguarded;
  - Reliable records are maintained;
  - Council policies, procedures and directives are adhered to; and
  - Services are delivered in an efficient, effective and economic manner

- 2.3 The Internal Audit plan for 2025/26 was approved by the Audit, Governance and Standards Committee on 24th July 2025. Progress against delivery of that plan is set out at Appendix 1.
- 2.4 The Global Internal Audit Standards require that any significant changes to the internal audit plan must be approved by the Audit, Governance & Standards Committee. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation. There are no proposed amendments to the internal audit plan at this time.

### **3. Financial Implications**

- 3.1 There are no direct financial implications arising out of this report.

### **4. Legal Implications**

- 4.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2024 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

To aid compliance with the regulation, the Internal Audit Standards detail that “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”.

## **5. STRATEGIC PURPOSES - IMPLICATIONS**

### **Relevant Strategic Purpose**

- 5.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations.

### **Climate Change Implications**

- 5.2 There are no climate change implications arising from this report.



6. **OTHER IMPLICATIONS**

**Equalities and Diversity Implications**

6.1 There are no implications arising out of this report.

**Operational Implications**

6.2 There are no new operational implications arising from this report.

7. **RISK MANAGEMENT**

The main risks associated with the details included in this report are to:

- Insufficiently complete the planned programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
- Continuous provision of an internal audit service is not maintained.

8. **APPENDICES and BACKGROUND PAPERS**

Appendix 1 ~ Internal Audit Progress Report

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# INTERNAL AUDIT PROGRESS REPORT APPENDIX 1

Date: January 2026



## 1. Background

- 1.1 The Council is responsible for maintaining or procuring an adequate and effective internal audit function under the Accounts and Audit (England) Regulations 2024.
- 1.2 The Global Internal Audit Standards (the Standards) require the Audit, Governance and Standards Committee to scrutinise the performance of Internal Audit and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the team.

## 2. Performance

### 2.1 *Will the Internal Audit Plan be delivered?*

The position at the time of writing this report is as follows:

- 4 assignments are fully completed.
- 1 assignment is at the draft report stage.
- 7 assignments are in progress.
- 1 assignment is on hold due to a management request, until February.
- 2 assignments are at the planning stage.

- 2.2 The service is fully resourced. The annual plan was developed later for 2025/26, to allow for the development of an internal audit universe and for a comprehensive review of risk and coverage to be undertaken with the Deputy Chief Executive. As such, internal audit work has been backloaded for the current financial year. Adequate resources are in place to deliver the remainder of the Plan and the Annual Internal Audit Opinion for 2025/26. Progress on individual assignments, including commentary on the results of those which are complete, is set out at pages 7 to 11.



□

### 2.3 **Performance Indicators**

The service is implementing a suite of indicators which aim to demonstrate and enhance performance. The following performance indicators have been established, and the results will be included in the annual report for 2025/26:

Description	Narrative	Target
Delivery	% of audit days delivered by Year End	90%*
Productivity	% of available time spent on productive audit work	85% Actual YTD: 86%
Effectiveness	% of agreed recommendations implemented by the target date	75%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as "Very Good" or "Good"	80%

*\*the target is set at 90% because full delivery of audit days can only occur in an ideal scenario where the service is operating at maximum efficiency and effectiveness, where there are no in year vacancies, where sickness absence levels are low, and where there is high availability and engagement with client officers.*

### 2.4 **Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?**

At this stage there are no emerging issues arising from the work of Internal Audit which significantly impact upon the Internal Audit opinion of the Council's Control, Governance and Risk Management framework for 2025/26.

### 2.5 **Are clients progressing audit recommendations with appropriate urgency?**

At the time of writing there are 29 outstanding internal audit recommendations. There is 1 overdue High priority action related to the provision of assurance that cyber security awareness training has been completed by all Members. There is also 1 overdue Medium priority action which relates to periodic entitlement reviews for households in receipt of Council Tax Single Person Discount.



### 3. Internal audit opinions and prioritisation of recommendations

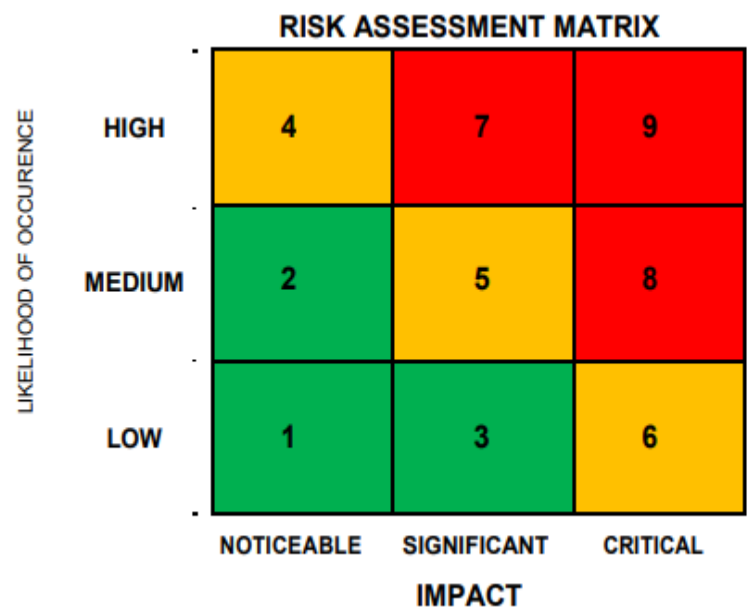
- 3.1 The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

**Table 1 – Assurance Categories**

Opinion	Definition
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

The prioritisation of recommendations made by Internal Audit is based upon an assessment of the level of risk exposure. The Auditor's Opinion considers the likelihood of corporate/ service objectives not being achieved, and the impact of any failure to achieve objectives. In order that recommendations can be prioritised according to the potential severity of the risk, a traffic light system is used as follows:

**Table 2 - Definition of Priority of Recommendations**

Risk Level	Definition	Matrix
<b>H (7-9)</b>	<p>Immediate control improvement required.</p> <p>Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.</p>	<p><b>RISK ASSESSMENT MATRIX</b></p>  <p>LIKELIHOOD OF OCCURRENCE</p> <p>HIGH</p> <p>MEDIUM</p> <p>LOW</p> <p>NOTICEABLE      SIGNIFICANT      CRITICAL</p> <p>IMPACT</p>
<b>M (4-6)</b>	<p>To be monitored closely and cost-effective controls sought.</p> <p>Other control weaknesses where there are some controls in place but there are issues with parts of the control that need to be addressed by Management within the area of review.</p>	
<b>L (1-3)</b>	<p>To be reviewed regularly and seek low-cost control improvements.</p> <p>Issues of best practise where some improvement can be made.</p>	



#### 4. Internal Audit delivery

- 4.1 At the time of report writing 186 productive days had been delivered against the full year plan of 308 days. It is anticipated that the objective of hitting 90% of the full year plan by 31<sup>st</sup> March 2026 will be achieved.

**Table 3 - Summary of Days Delivered for 2025/26**

Summary of Audit Areas	Plan Budget	Days Delivered as at 31/12/2025
Core Financial Systems	83	36
Corporate Work	67	53
Other systems audits	126	71
<b>Sub total</b>	<b>276</b>	<b>160</b>
Support Budgets including reading, audit management meetings, corporate meetings, annual plans, reports and Audit Committee Support.	32	26
<b>Sub total</b>	<b>32</b>	<b>26</b>
<b>Total Audit Days</b>	<b>308</b>	<b>186</b>

The following table shows the status of each assignment in the annual plan, the budget in days, and the anticipated reporting date. The table is designed to assist members in building up a picture of the assurance being provided during the course of the year.



**Table 4 – Summary of Internal Audit progress and findings, year to date**

<u>Audit Area</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
General Ledger	Final Report issued	N/A	<b>Limited</b>	<p>There were some areas found to be well managed; in particular:</p> <ul style="list-style-type: none"> <li>• Central procedures are reviewed and updated annually.</li> <li>• Sample testing showed budgets were uploaded correctly to the general ledger.</li> <li>• Sample testing showed closing year end balances were correctly carried forward to the new year.</li> <li>• The Finance and Performance quarterly monitoring circulated to the Audit Committees found the budget analysis to be quite detailed and provided reasons for under/overspends.</li> </ul> <p>Significant progress has been made since the last internal audit review. However, at the time of the audit control and suspense account reconciliations had not yet been completed for 2024/25, and completion of bank reconciliations is behind schedule for both authorities. The audit also highlighted for half of the tested journal transactions there was no supporting evidence available. These issues were caused by an understandable focus on bringing the statutory accounts up to date, and dealing with legacy issues following implementation of a new finance system. Internal Audit will revisit this area in 2026/27.</p>

<u>Audit Area</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Payroll	Final Report issued	N/A	<b>Substantial</b>	<p>The scope covered the following areas:</p> <ul style="list-style-type: none"> <li>• Policies and procedures.</li> <li>• Employee training related to pay.</li> <li>• Payroll system parameters.</li> <li>• Arrangements to reconcile and review the payroll records and the establishment listing.</li> <li>• Authorisation and processing of starters, leavers and payroll amendments.</li> <li>• Calculation and authorisation of overtime payments.</li> <li>• Payments to third parties.</li> <li>• Payroll run review and approval.</li> </ul> <p>The audit found that controls were well designed, and testing confirmed their operation as expected. The only issue identified related to final authorisation of the payroll run, and management agreed to immediately implement a final sign off by the Deputy s151 Officer.</p>
Contract Management	Work in Progress	February 2026	TBC	
Procurement	Planning	March 2026	TBC	
Use of Grant Monies including Bus Operators Grant Claim	Work in Progress	March 2026	Not Applicable	<p>Certification work is completed as and when required. In June 2025 the Bus Operators Grant Claim was certified for the period ended 31<sup>st</sup> March 2025. In December 2025 the Bus Operators Grant Claim was certified for the period ended 30<sup>th</sup> September 2025.</p>

<u>Audit Area</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Creditors/ Accounts Payable	Planning	March 2026	TBC	
Insurance	Work in Progress	February 2026	TBC	Fieldwork is close to completion.
Corporate Health & Safety	Final Report issued	N/A	<b>Limited</b>	<p>The objective of this audit was to assess the effectiveness of the corporate health and safety governance, risk management, and compliance controls, with a particular focus on the areas of highest risk which were identified as the authorities' depot sites. The review focused on statutory obligations under health and safety legislation, internal policy adherence, and operational risk mitigation.</p> <p>The audit was requested by Senior Management. It was expected that some significant issues would be identified, but that development of an action plan would help with addressing the areas of greatest risk.</p> <p>The review found the following areas were working well:</p> <ul style="list-style-type: none"> <li>• The Senior Health and Safety Advisor is actively contributing towards a positive health and safety culture within both organisations.</li> <li>• Where the organisation faced barriers to providing first aider training, officers demonstrated initiative by securing first aider training provided by Rubicon Leisure.</li> <li>• Based on questionnaire responses, managers generally feel that they understand their responsibilities regarding health and safety and feel safe raising concerns about unsafe behaviour and/ or conditions.</li> </ul>

<u>Audit Area</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
				<ul style="list-style-type: none"> <li>The Joint Health and Safety Committee functions as an appropriate and effective governance control.</li> </ul> <p>However, as expected the audit identified a number of significant issues, all of which have been accepted by management with an action plan agreed.</p> <ul style="list-style-type: none"> <li>There was no standardised or corporately driven method for monitoring first aider coverage. Some service areas had no means of ensuring first aiders were trained, present, and providing sufficient coverage.</li> <li>59% of new starters since September 2023 had not received Health &amp; Safety induction training. Furthermore, there was no standardised means of ensuring role specific health &amp; safety training was provided.</li> <li>A significant number of service areas did not provide health &amp; safety risk assessments as requested by the auditor. We were therefore unable to provide assurance that the assessments had been completed and were of sufficient quality.</li> <li>There was no explicit requirement for associated service areas to be notified of incidents which, while not in their area of responsibility, may be relevant to their operations. This reduces the scope to apply lessons learnt and ensure similar incidents don't recur.</li> </ul>
Anti-Fraud, Bribery & Corruption	Work in Progress	February 2026	TBC	

<b><u>Audit Area</u></b>	<b><u>Status</u></b>	<b><u>Anticipated Reporting Date</u></b>	<b><u>Assurance Rating</u></b>	<b><u>Summary of Findings/ Comments</u></b>
Data Protection/ GDPR	On Hold at management request	April 2026	TBC	Service management requested that fieldwork be delayed until February 2026, due to a lack of officer availability.
Local Government Transparency Code	Draft Report issued	January 2026	TBC	Awaiting final clearance with management.
Environmental Impact Assessments	Work in Progress	February 2026	TBC	Fieldwork is close to completion.
Safeguarding	Work in Progress	February 2026	TBC	Fieldwork is close to completion.
Assurance Statements of Internal Control	Completed	Not applicable	Not applicable	This work supports the Council in preparing its Annual Governance Statement.
Follow up of Recommendations	Work in Progress	March 2026	TBC	At the time of writing there are 29 outstanding internal audit recommendations, of which 1 High risk recommendation is overdue and 1 Medium risk recommendation is overdue.



## **5. Limitations inherent in the work of internal audit**

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

### ***Opinion***

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

### ***Internal Control***

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees, management override of controls, and unforeseeable circumstances.

### ***Future Periods***

The assessment of each audit area is relevant to the time that the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

### ***Responsibilities of Management and Internal Auditors***

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected, additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

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**Accounting Policies 2025/26**

Relevant Portfolio Holder	Councillor Woodall – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Authors	Assistant Director of Finance and Customer Services Debra.Goodall@bromsgroveandredditch.gov.uk
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. SUMMARY**

The purpose of this report is to allow Members of the Audit, Governance & Standards Committee to consider and approve the accounting policies applied in the production of the 2025/26 financial statements.

**2. RECOMMENDATIONS**

**Cabinet are asked to:**

- **Approve the 2025/26 accounting policies as set out in the appendix.**

**3. BACKGROUND**

- 3.1 It is considered good practice for Members to be given the opportunity to discuss and comment upon the Accounting Policies used each year in the production of the financial statements. The Accounting Policies will be applied to the treatment of transactions that make up the Statement of Accounts 2025/26 to ensure that the accounts provide a “true and fair view” of the position of the Council at 31 March 2026.

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- 3.2 The Statement of Accounts 2025/26 will be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) based on International Financial Reporting Standards. There are no changes introduced by the 2025/26 Code that require amendment to the Council's Accounting Policies, and they remain in substance the same as those used for the production of the 2024/25 financial statements.
- 3.3 In respect of the financial statements for 2026/27 onwards, a report will be presented to the Audit Committee prior to the preparation of those statements, seeking Members' approval of the Accounting Policies to be applied.

**4. IMPLICATIONS****Legal Implications**

- 4.1 None arising directly from this report.

**Service / Operational Implications**

- 4.2 None arising directly from this report.

**Customer / Equalities and Diversity Implications**

- 4.3 None arising directly from this report.

**5. APPENDICES**

Proposed Accounting Policies 2025/26

**6. BACKGROUND PAPERS**

None.

**AUTHOR OF REPORT**

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**Audit, Governance & Standards**

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**APPENDIX A - ACCOUNTING POLICIES**

**General Principles**

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The statements are prepared on a general principle of a going concern and that the functions and services provided by the Council will continue to operate for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by the International Financial Reporting Standards (IFRS).

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

**Summary of Significant Accounting Policies**

**i) Revenue and Expenditure Recognition**

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

- Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer and is measured at the amount of the transaction price allocated to that performance obligation. Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.
- Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cashflows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

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Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- The Council has set a deminimus level for accruals of creditors and debtors that are calculated manually to avoid addition time and cost in estimating and recording accruals.

This level is reviewed annually and is currently set at £5,000. If a payment or receipt is split across different cost centres, the limit is for the whole payment or receipt.

Exceptions to this deminimus rule where accruals are made in full are:

- Qualifying expenditure upon which income from government grant or other third parties is dependent and associated grant income, where the grant funding would be lost if the accrual is not made.
- Invoices for the same supply or service that are chargeable to the same service area are aggregated where their total is over £500.
- Accruals posted based on orders that have been goods receipted on the Tech One system.
- For capital projects work in progress schedules will be obtained and accruals will be processed on this basis

**ii) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are high liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

**iii) Prior period adjustments and changes in Accounting Policies and Estimates and Errors**

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

**iv) Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of the holding fixed assets during the year:

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

The Authority is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference for the two.

**v) Council Tax and Non-Domestic Rates (England)**

Billing Authorities act as agent, collecting Council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting Council tax and NDR for themselves. Billing Authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council tax and NDR. Under the legislative framework for the Collection Fund, billing Authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council tax and NDR collected could be less or more than predicted.

**Accounting for Council Tax and NDR**

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

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

**REDDITCH BOROUGH COUNCIL****Audit, Governance & Standards****20 January 2026****vi) Employee Benefits****Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holidays entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

**Termination Benefits**

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

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

**Post Employment Benefits**

Employees of the Authority are members of the Local Government Pension Scheme, administered by Worcestershire County Council known as the Worcestershire Pension Fund (WPF). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

**The Local Government Pension Scheme**

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

The liabilities of the WPF attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future

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payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate of 2.5% (based on the indicative rate of return on a basket of high-quality corporate bonds, government gilts and other factors).

The assets of WPF attributable to the Authority are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

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

- Service cost comprising:
  - Current service cost – the increase in liabilities because of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increase in liabilities because of a scheme amendment or curtailment whose effects relates to years of service earned in earlier years and debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
  - Net interest on the net defined benefit liability, i.e. net interest expenses for the Authority – the change during the period on the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, considering any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - Contributions paid to the WPF – cash paid as employer's contributions to the pension fund in settlement of liabilities – not accounted for as an expense.

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

**vii) Events after the Balance Sheet date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**viii) Fair Value Measurement**

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

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

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

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

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**ix) Financial Instruments**

**Financial Liabilities**

Financial liabilities are recognised when the Council becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

Financial liabilities are initially measured at fair value and carried at their amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount (balance carried forward) of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount included in the Balance Sheet is the outstanding interest repayable, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement. Accounting for debt re-structuring or early settlement will be in accordance with the Code and relevant statute.

Financial assets are classified into the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income, and
- Financial assets at fair value through profit and loss

The classification is determined by the cashflow and business model characteristics of the financial assets, as set out in the Code, and is determined at the time of initial recognition.

**Financial Assets at Amortised Cost**

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets to collect contractual cashflows and where the cashflows are solely payments of principal and interest. This includes most trade receivables, loans receivable and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

For most of the loans that the Council has made, this means that the amount included in the Balance Sheet is the outstanding principal receivable, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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The Council has made interest free loans to homeowners (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at an effective rate of interest rather than interest free, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets at Fair Value through Other Comprehensive Income or Profit and Loss Account

The Council does not hold any financial assets that require fair value adjustment through either other comprehensive income (FVOCI) or through profit and loss (FVPL) and therefore, does not hold accounting policies for these issues.

**Impairment**

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Council recognises a loss allowance representing expected credit losses on the financial instrument.

The Code requires that Local Authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the counterparty for a financial asset is central government or Local Authority for which relevant statutory provision prevent default.

The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition, and otherwise at an amount equal to twelve month expected credit losses.

For financial assets that have become credit impaired since initial recognition, expected credit losses at the reporting date are measured as the difference between the net present value of all the contractual cashflows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cashflows that the Council expects to receive, discounted at the original effective interest rate. Any adjustment is recognised in the Surplus or Deficit on the Provision of Service as an impairment gain or loss.



**REDDITCH BOROUGH COUNCIL****Audit, Governance & Standards****20 January 2026****x) Government Grants and Contributions**

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

**xi) Heritage Assets**

Tangible and Intangible Heritage Assets (described in this summary as Heritage Assets)

Heritage assets are those with cultural, environmental or historical significance that make their preservation for future generations important.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

**REDDITCH BOROUGH COUNCIL****Audit, Governance & Standards****20 January 2026****xii) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority because of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's good or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

**xiii) Interests in Companies and Other Entities**

An assessment of the Council's interests has been carried out in accordance with the CIPFA Code of Practice to determine a group relationship exists. Inclusion in the group is dependent upon the extent of the Council's control and significant influence over the entity demonstrated through ownership, such as a shareholding in the entity or representation on an entity's board of directors, and materiality. Accounts are prepared on a single entity basis with the Statement of Group Accounts representing the position for the Council and its subsidiary. Interests in other entities are recorded as financial assets at cost, less any provision for losses, or at valuation as appropriate.

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**xiv) Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long-term contracts are accounted for based on charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

**xv) Joint Operations**

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

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

**xvi) Materiality**

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would influence the reader of the accounts. Notes are only included where items are material by value or nature.

**xvii) Property, Plant and Equipment**

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

**Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals' basis, if it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

**REDDITCH BOROUGH COUNCIL****Audit, Governance & Standards****20 January 2026****Measurement**

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the Council's housing properties, where there is no market for office accommodation and that are measured at depreciated replacement cost (instant build) as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

Where there is no balance in the Revaluation Reserve an insufficient balance, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against service line(s) in the Comprehensive Income and Expenditure Statement.

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

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**Impairment**

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance against the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

**Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings – the depreciation charge to the Housing Revenue Account is based on component depreciation with the charge being calculated based on the useful life of the major components within the dwellings (kitchen, bathroom, boiler, heating system, electric, roof, windows and structure)
- Vehicles, plant and equipment – straight-line over the useful life, as advised by a suitably qualified officer.
- Infrastructure – straight-line allocation over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

**REDDITCH BOROUGH COUNCIL****Audit, Governance & Standards****20 January 2026****Disposals and Non-Current Assets Held for Sale**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

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

**xviii) Provisions, Contingent Liabilities and Contingent Asset Provisions**

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

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

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

**REDDITCH BOROUGH COUNCIL****Audit, Governance & Standards****20 January 2026****Contingent Liabilities**

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

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

**Contingent Assets**

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

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

**xix) Reserves**

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

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

**xx) Revenue Expenditure Funded from Capital under Statute**

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

**REDDITCH BOROUGH COUNCIL****Audit, Governance & Standards****20 January 2026****xxi) Shared Services**

Redditch Borough Council provides the hosting for a number of shared service arrangements with Bromsgrove District Council and Wyre Forest District Council. A number of other shared services are hosted by Bromsgrove District (including Worcestershire Regulatory Services which is a Jointly Controlled Operation), Worcester City Council and Wyre Forest District Council.

Each arrangement is accounted for within the records of the host Council with a monitoring report prepared for the partner Authority monthly for consideration of the operational costs together with an annual statement of assets and liabilities extracted from the accounts of the host Council. There is a responsibility for each partner Council to account for their share of the arrangement within the Statement of Accounts.

When entering into share services, all capital assets that are purchased are financed by each Authority separately and accounted for on their own Balance Sheet. Any assets purchased prior to the start of the shared service are not included in the shared service; the costs associated with this remain on the accounts of the Authority that purchased the asset only.

The Management Team is shared across both Authorities, as well as other services. Cross-charging occurs where the other Authority uses a resource where there is not a formal shared service in place.

Each Authority pays a fair share of services which are shared, in line with business case; all direct expenditure is shared on this basis, with income staying with the home Authority. Where a cost is only in relation to one Authority, this falls outside the business case and the Authority that gains the benefit is fully charged.

**xxii) Value Added Tax (VAT)**

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



**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee 20<sup>th</sup> January 2026****Financial Compliance Report**

Relevant Portfolio Holder	Cllr Ian Woodall Executive Member for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author	Job Title: Assistant Director Finance & Customer Services Contact email: <a href="mailto:debra.goodall@bromsgroveandredditch.gov.uk">debra.goodall@bromsgroveandredditch.gov.uk</a> Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
<b>Exempt Information – None</b>	

**1. RECOMMENDATIONS**

The Audit, Governance and Standards Committee **RESOLVE** that:

- 1) The Committee note the position in relation to the delivery of the 2024/25 Accounts and the auditing of the 2023/24 accounts.
- 2) The Committee note the position in regard to other financial indicators set out in this report.
- 3) Note the position on the Financial Stability Plan following the successful delivery of the Financial Improvement Plan.

To **RECOMMEND** to Executive

- 4) Any areas of concern within this key compliance report for consideration.

**2. BACKGROUND**

- 2.1 From a Governance point of view, the financial framework under which the Council works is set out in the Constitution. In addition to this there are legislative reporting requirements which set out what needs to be done and by when. The Accounting Policies report which was tabled at the Audit, Standards and Governance Committee on the 23<sup>rd</sup> March 2023 set out the Financial Governance Framework, and associated references to key documentation, that the Council, its Member and Officers work to. These are (in summary):

- **The Budget and Policy Framework Procedure Rules.** These set out: The framework for Executive Decisions, Decisions outside the budget or policy framework, Urgent Decisions outside of the Budget or Policy Framework, Virement rules, in-year changes

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to policy framework and, call-in of decisions outside the budget or policy framework. These rules set out how decisions can be made, by whom and how they can be challenged.

- **Financial Procedure Rules** which are set out in Part 14 of the Constitution. These “operational policies” run to 36 pages and set out how the organisation financially runs its “day to day” business. A full review of these is being undertaken as part of the Financial Stability Plan, discussed in further detail in a separate section of this report.
- **Finance Protocols** which set out requirements and expectations of the Finance Team and Services in terms of financial administration and demarcation of duties.

- 2.2 The Accounting Policies that the Council will use in the production of the financial statements are the subject of a report to this Committee.
- 2.3 Audit Committee training was undertaken on the 28<sup>th</sup> May 2024, and Local Government Finance training was given on the 30<sup>th</sup> July 2024. Training on the Statement of Accounts will take place later this year.
- 2.4 One of the legislative reporting requirements the Council had not achieved is the delivery of the 2020/21, 2021/22 and 2022/23 Statement of Accounts which resulted in the issuing of a Section 24 Statement for the Council. Bromsgrove District Council (BDC) were also issued with a Section 24 Statement for the same non delivery of these accounts which is understandable given that officers support both Councils via a shared service.
- 2.5 Following the issuing of the original Section 24 Statements and a review of why this happened, which was undertaken by the Bromsgrove Audit Committee, the decision was taken to increase the frequency of Audit Committee meetings to six times a year until the Council rectified the situation. The Committee have agreed to continue to meet six times a year.
- 2.6 The 2025/26 budget was approved at Council on the 24<sup>th</sup> February 2025.

**Legislative Requirements**

- 2.7 The previous section sets out how the Council works, however equally important are the Central Government Legislative Requirements to which we deliver to and are compared to other Councils across the Council.
- 2.8 Attached as Appendix A are the key legislative deliverables, which were circulated by the Government for the 2025/26 financial year. The Council has delivered against all of the deadlines to date with the exception of the Whole of Government Accounts Cycle 1 which was due on 29<sup>th</sup> August. The Council has been unable to complete the Whole of Government Accounts for this financial year (in line with a number of other Councils) but will work to complete the return for 2026/27.

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- 2.9 Although the VAT returns are up to date, work continues to provide assurance to HRMC regarding the VAT return submitted in December 2024 covering the three years previous to this. In order to provide additional assurance, the Council has employed an experienced VAT accountant to work alongside our VAT consultants, PS Tax. The Council has also arranged mandatory VAT training for all Finance staff which has now taken place. Training will now be rolled out across the organisation to relevant budget holders.
- 2.10 Appendix B reflects a wider set of deliverables (outside the 2025/26 MHCLG Listing). These have now been fully delivered.

**Financial Stability Plan**

- 2.11 Following the successful completion of the Financial Improvement Plan and the delivery of the Accounts for 2020/21 – 2024/25, the Council has now developed a Financial Stability Plan. This covers a number of areas including; the Tech One system; financial regulations; and structure of the finance team.

**Tech One system**

- 2.12 A full root and branch review of the Tech One system has taken place. Some elements of the current system can be fixed through ‘patches’ whilst the Cash Receipting Functionality will need a full re-instatement. The revised implementation will be entered into with the support of Technology One and will include full interaction with end-users and a re-specification based on the feedback from user-acceptance testing. A project team has been set up in the Council with the Assistant Director of Legal and Procurement as the Project Sponsor.

**Stabilisation of the Council’s finance service**

- 2.13 The Council is seeking to increase the capacity and resilience of its finance service through a number of ways, including a recruitment campaign and will engage with Members as appropriate. Any immediate pressures are being addressed through a hybrid of a permanent recruitment campaign to resource the service as deemed necessary combined with an urgent need to recruit covering interim staff whilst the permanent team is established. Interim resource has successfully been recruited into key roles within the finance team.

**Update on the Statement of Accounts**

- 2.14 Following the General Election in July 2024, the previous Minister of State for Housing, Communities and Local Government Jim McMahon OBE MP wrote to Councils noting the significant and unacceptable backlog of unaudited accounts. This situation undermines trust and transparency in the way taxpayers’ money is being spent and auditors cannot focus on up-to-date accounts, where assurance is most valuable.

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee 20<sup>th</sup> January 2026**

- 2.15 To tackle the backlog, The Minister laid secondary legislation, and this legislation was approved on the 9<sup>th</sup> September to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates: 2015/16 through to 2019/20 had to be signed off by the 30<sup>th</sup> December 2023.

<b>Financial Year</b>	<b>Backstop date</b>
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 2.16 The Council, as set out at the meeting on the 10<sup>th</sup> December has received “Disclaimer Opinions” for the 2020/21, 2021/22, and 2022/23. The 2023/24 Accounts are currently being audited by Ernst and Young. An update is given in a later section of this report.
- 2.17 The Council’s position on these key Closure deliverables are as follows:
- Closure 2020/21 - Reported as per the 10<sup>th</sup> December Audit Committee and Disclaimer Opinion received and approved.
  - Closure 2021/22 - Reported as per the 10<sup>th</sup> December Audit Committee and Disclaimer Opinion received and approved.
  - Closure 2022/23 - Reported as per the 10<sup>th</sup> December Audit Committee and “Disclaimer Opinion” received and approved.
  - Closure 2023/24 - Draft Accounts have been available for public consultation since the 17<sup>th</sup> January. This closed on the 3<sup>rd</sup> March. Ernst & Young, the External Auditors, are currently carrying out their audit. However, they are expecting to issue a ‘disclaimer opinion’ for these accounts.
  - Closure 2024/25 – completed by 30<sup>th</sup> June deadline as required for public inspection period.
- 2.18 As per the requirement of the Draft External Auditors Report 21/22 and 22/23 on the 27<sup>th</sup> November 2023, the External Auditors made a further written recommendation of the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to its financial systems and governance arrangements. They recommended that the authority should produce “true and fair” draft accounts for 2020/21, 2021/22 and 2022/23 signed off by the S151 Officer and supported by high quality working papers. This has now been complied with although given the instigation by the Government of the backstop date and the requirement of “disclaimer opinion” audits across the Country it is not clear how the new Auditors will frame their 2023/4 External Audit Report in respect of this matter
- 2.19 As has been reported previously the combined 2021/21 & 2022/23 Draft External Audit Report set out that:
- The S24 Recommendation still in place and extended for 2021/2 and 2022/3 Accounts.
  - All of the 6 2020/21 Key Recommendations either delivered or now linked to Improvement Recommendations.

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee 20<sup>th</sup> January 2026**

- 9 of 13 2020/21 Improvement Recommendations either fully or partially delivered.
- There was one new Key Recommendation – linked to Workforce Strategy. This is being delivered as part of the workforce strategy.
- There were ten updated Improvement Recommendations. The Council has met nine of these.

2.20 In terms of those Draft External Audit Reports the following progress has been made against recommendations (Key and Improvement):

- The Accounting Policies Report goes to every Audit Committee.
- The key closure deliverables for each financial year are clearly set out. The owners of these deliverables are the S151 and Deputy S151 Officers.
- Progress on key financial and compliance indicators are reported quarterly to CLT and to both Audit Committees by the S151/Deputy S151 Officers. There is a requirement to report all finance deliverables as per the Recommendations of the Audit Task Group.
- Delivery of Financial training detailed in this document will move staff to right level of skills.
- TechOne has been upgraded to version 25B in December 2025.
- Quarterly combined financial and performance monitoring started in the 2022/23 financial year and has continued in 2025/26.
- The 2024/25 and 2025/26 MTFP process has been completed in both Councils. Work for the 2026/27 MTFP process has begun in both Councils and reports have been taken through the relevant Cabinet and Council meetings.
- Risk workshops are still to be run to assess Risk Appetite of Executive and Audit Committees.
- A Treasury Management strategy, half yearly report, and outturn report are now part of the work programme. 2024/5 and 2025/6 Half Yearly Reports were delivered and an Outturn Report went to July Executive.
- To address staffing issues, additional posts have been recruited to as part of the stability programme.

In terms of more specific items:

- More Budget Consultation has been addressed in the budget through a targeted consultation process which finished in January 2026.
- Wider savings monitoring is now being undertaken as part of the Quarterly monitoring process.
- Capital and its deliverability was reviewed as part of the 2025/6 Budget Tranche 2. This has continued as part of the 2026/27 MTFP and the in-year monitoring processes.
- Benchmarking is now incorporated into the budget process (using LG Futures data).
- The Internal Audit Service has been externally assessed in early 2024 and passed that assessment.
- The Council is seeking an independent Audit Committee member and ensures the Committee remains apolitical in nature.
- The whistleblowing policy has been updated.
- Procurement and contract rules have been updated (to reflect changes to legislation in February 2025).

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee 20<sup>th</sup> January 2026**

- Performance Indicators have been reviewed and updated following the Strategic Priority and business plan sessions.
- Work has been undertaken to fully review and update our risks.

- 2.21 It was confirmed by the PSAA that Ernst and Young would become the Councils External Auditors on the 24<sup>th</sup> October. The onboarding process has now completed and Ernst and Young have almost completed auditing the 2023/24 Statement of Accounts. They have confirmed that they expect these to be fully disclaimed.
- 2.22 In terms of the 2024/5 Closure position, the draft accounts were ready for Public Consultation at the end of June 2025 as per existing Government legislation. The Public Consultation end date was Monday 11 August. Auditing of these accounts will depend on Ernst and Young and the planning process but is expected to be close to the Government backstop date of 27 February 2026.

**Update on the Budget and ongoing Monitoring.**

- 2.23 The Councils 2025/26 Budget was approved on the 24<sup>th</sup> February 2025 at Council.
- 2.24 Quarter One 2025/6 Financial and Performance monitoring reports went to Executive in September.
- 2.25 Quarter Two 2025/6 Financial and Performance monitoring reports went to Executive in November.

**Compliance Items**

- 2.26 There are a number of areas where compliance is now being measured going forwards. Compliance to process and timetable is a key underlying theme of both the Draft External Audit Report 2020/21 and the Combined 2021/22 & 2022/23. These items are being measured to improve how we work and change behaviours. This will lead to an improved financial health/knowledge across both Councils.

**Training:**

- Closure Training took place in March with 83 attending.
- Mandatory Budget Manager Training (including the use of TechOne) took place in September 2023 – upskilling budget managers with the tools to input their forecasts directly onto TechOne. This will be reviewed again as part of the Financial Stability Plan.
- Mandatory Financial Awareness Training for managers took place in August and September 2024. It is planned that this training will taken place again in Summer 2026.
- Payments Purchase Order Training takes place monthly.
- Mandatory Purchase Order Retraining is now taking place annually.
- Mandatory VAT training for all finance staff has now taken place.

New tranches of training are being organised regularly.

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee 20<sup>th</sup> January 2026****Treasury Management**

- The 2023/24 Outturn Report was approved by Council in September 2025.
- The 2025/26 Strategies were approved by Council in February.
- The Q1, Q2 and Q3 2024/25 positions have been reported in the Finance and Performance Reports. The Outturn report was reported to Council in September 2025.
- The Q1 2025/26 position has been reported to Council in September 2025.

**Errors:**

- Non delivery of GPC Card Data (monthly basis) – now being completed on a monthly basis
- Miscoding on TechOne per month – by Service Area –miscoding is now being cleared on a monthly basis. Previous years have been reconciled in most areas.

**Procurement:**

- The new 'No Compliance No Order' process has been live since April 2023.
- We have now got to the place where the number of orders coming to procurement for approval where contracts are not in place are minimal and SLT are now putting in place measures to stop these going forward.
- Council approved an increase of the Key Decision Level from £50k to £200k. Finance and Performance Monitoring Reports now set out:
  - All contracts requiring renewal over the next year that are over the present £200k threshold and these are placed on the forward plan.
  - All contracts requiring renewal over the next year that are between £50k and £200k for reference.
  - All contracts that are being procured by Bromsgrove over this period that relate to Redditch Services.

2.27 The issues with cash receipting work are ongoing but the closure of 2020/21 through to 2023/24 has reallocated over £125m of income wrongly allocated to suspense accounts. This ongoing work will be picked up as part of the Financial Stability Plan.

**Summary**

2.28 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. The 2020/21 to 2023/24 draft Accounts have now been submitted for Public Inspection and Audit and the report sets out the Plan for the delivery of other years accounts. This report is now up to date as at the end of **December** 2025 and delivered to each Audit, Governance and Standards Committee at Redditch to update it on progress against targets and also alert them to any issues and risks.

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee 20<sup>th</sup> January 2026****3. FINANCIAL IMPLICATIONS**

- 3.1 This paper sets out the financial frameworks within which the Council works. The Closure of accounts process and the associated audit process confirms the overall financial position of the Council

**4. LEGAL IMPLICATIONS**

- 4.1 There are no direct legal implications arising as a result of this report; however, the frameworks are generally linked to statute or the Council's Constitution.

**5. STRATEGIC PURPOSES - IMPLICATIONS****Relevant Strategic Purpose**

- 5.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the Borough and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

**Climate Change Implications**

- 5.2 There are no direct climate change implications arising as a result of this report.

**6. OTHER IMPLICATIONS****Equalities and Diversity Implications**

- 6.1 There are no direct equalities implications arising as a result of this report.

**Operational Implications**

- 6.2 Operational implications have been dealt with as part of the 2025/26 MTFP, quarterly monitoring and the Closedown process.

**7. RISK MANAGEMENT**

- 7.1 The financial stability and sustainability of the Council is a core underlying theme of the Council's Risk Management Strategy.
- 7.2 The Impact of the government imposed "backstop position", which has led to "disclaimer opinions here and also at numerous other Councils is still to be understood and remains a significant risk.
- 7.3 Deliver of financial data to government is important in their allocation of resources process. It is key that the Council deliver this information to timetable and the required standards.



**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee 20<sup>th</sup> January 2026****8. BACKGROUND PAPERS**

Interim Auditors Annual Report on Redditch Borough Council 2021/22 & 22/23 – Audit Governance and Standards Committee November 2023, Council December 2023.

Section 24 Report to Audit and Council – November 2022, November 2023.

Accounting Policies Report – March, June, July, September, November 2023 and January, March, May, July and December 2024, January 2025 Audit, Governance and Standards Committee.

Finance Recovery Report – June 2023 and October 2023, January and September 2024 – Executive

Programme Management Office Requirements – July 2023 – Executive

Approvals to Spend Report - July 2023 – Executive

**9. Appendices**

Appendix A – DLUHC Deliverables timetable

Appendix B – Timetable of other deliverables

# REDDITCH BOROUGH COUNCIL

## Appendix A Audit, Governance and Standards Committee 7<sup>th</sup> October 2025

Return	Council	Return Type	Code	Description	Period End	Submission Deadline	Completed?
Revenue Account Budget	BDC/RBC	GVT	RA	Local authority revenue expenditure and financing for 2025-26 Budget	2025-26	04-Apr-25	Complete
Quarterly Borrowing & Lending - Quarter 4	BDC/RBC	GVT	QB4	Local authority borrowing and investments from all local authorities to the end of Q4 2024-25	Q4 2024-25	07-Apr-25	Complete
Capital payments & receipts Q4 and provisional outturn	BDC/RBC	GVT	CPR4	Cumulative capital expenditure and receipts for Q1, Q2, Q3, and Q4 2024-25. Expanded collection, used as provisional outturn.	Y/E 2024-25	25-Apr-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Apr-2025	08-May-25	Complete
Council Tax & NDR Collection - Quarter 4	BDC/RBC	GVT	QRC4	Annual data of levels of council tax and non-domestic rates collected by local authorities in 2024-25; and receipts collected in Q4 and local council tax support claimants at the end of Q4	Q4 2024-25	09-May-25	Complete
Non Domestic Rates Outturn- unaudited	BDC/RBC	GVT	NNDR3	Collects information from all billing authority on the amount of non-domestic rates collected in 2024-25- provisional data	Prov'n Outturn 2024-25	31-May-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-May-25	06-Jun-25	Complete
Exit payments	BDC/RBC	GVT	exit	Local authority exit payments, 2024-25	Y/E 2024-25	06-Jun-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	30-Jun-25	07-Jul-25	Complete
Quarterly Borrowing & Lending - Quarter 1	BDC/RBC	GVT	QB1	Local authority borrowing and investments from all local authorities to the end of Q1 2025-26	Q1 2025-26	07-Jul-25	Complete
Council Tax & NDR Collection - Quarter 1	BDC/RBC	GVT	QRC1	Quarterly return of how much council tax and non-domestic rates are collected in Q1 2025-26; Number of local council tax support claimants at the end of Q1 2025-26	Q1 2025-26	11-Jul-25	Complete
Revenue Outturn suite- provisional	BDC/RBC	GVT	RO	Local authority revenue expenditure and financing, 2024-25 Outturn (first release)	Prov'n Outturn 2024-25	25-Jul-25	Complete
Capital Payments & Receipts - Quarter 1	BDC/RBC	GVT	CPR1	Cumulative capital expenditure and receipts for Q1 2025-26	Q1 2025-26	25-Jul-25	Complete
Quarterly Revenue Update - Quarter 1	BDC/RBC	GVT	QRU1	Q1 2025-26 data and forecast end year local authority revenue expenditure update	Q1 2025-26	01-Aug-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Jul-25	07-Aug-25	Complete
Capital Outturn Return	BDC/RBC	GVT	COR	Final capital outturn figures for 2024-25	Outturn 2024-25	22-Aug-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Aug-25	05-Sep-25	Complete
Local Government Pension Funds	BDC/RBC	GVT	SF3	Collect information on income and expenditure on local government pension schemes for 2024-25	Outturn 2024-25	12-Sep-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	30-Sep-25	07-Oct-25	Complete
Quarterly Borrowing & Lending - Quarter 2	BDC/RBC	GVT	QB2	Local authority borrowing and investments from all local authorities to the end of Q2 2025-26	Q2 2025-26	07-Oct-25	Complete
Revenue Outturn suite- certified	BDC/RBC	GVT	RO	Local authority revenue expenditure and financing, 2024-25 Outturn (second release)	Certified Outturn 2024-25	10-Oct-25	Complete
Council Tax Base/ Supplementary	BDC/RBC	GVT	CTB	Information about the 2025 council tax base for each billing authority.	2025	10-Oct-25	Complete
Council Tax & NDR Collection - Quarter 2	BDC/RBC	GVT	QRC2	Quarterly return of how much council tax and non-domestic rates are collected in Q2 2025-26; Number of local council tax support claimants at the end of Q2 2025-26	Q2 2025-26	10-Oct-25	Complete

# REDDITCH BOROUGH COUNCIL

## Appendix A Audit, Governance and Standards Committee 7<sup>th</sup> October 2025

Return	Council	Return Type	Code	Description	Period End	Submission Deadline	Completed?
Quarterly Revenue Update - Quarter 2	BDC/RBC	GVT	QRU2	Quarter 1 & 2 2025-26 data and forecast end year local authority revenue expenditure update	Q2 2025-26	17-Oct-25	Complete
Capital Payments & Receipts - Quarter 2	BDC/RBC	GVT	CPR2	Cumulative capital expenditure and receipts for Q1 and Q2 2025-26	Q2 2025-26	24-Oct-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Oct-25	07-Nov-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	30-Nov-25	05-Dec-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Dec-25	08-Jan-26	Complete
Quarterly Borrowing & Lending - Quarter 3	BDC/RBC	GVT	QB3	Local authority borrowing and investments from all local authorities to the end of Q3 2025-26	Q3 2025-26	08-Jan-26	Complete
Council Tax & NDR Collection - Quarter 3	BDC/RBC	GVT	QRC3	Quarterly return of how much council tax and non-domestic rates are collected in Q3 2025-26; Number of local council tax support claimants at the end of Q3 2025-26	Q3 2025-26	16-Jan-26	
Capital Payments & Receipts - Quarter 3	BDC/RBC	GVT	CPR3	Cumulative capital expenditure and receipts for Q1, Q2 and Q3 2025-26	Q3 2025-26	23-Jan-26	
Quarterly Revenue Update - Quarters 3 & 4	BDC/RBC	GVT	QRU3	Quarter 1 to 3 2025-26 data and forecast end year local authority revenue expenditure update.	Q3 2025-26	23-Jan-26	
Non Domestic Rates Forecast	BDC/RBC	GVT	NNDR1	Billing authority forecasts of the amount of non-domestic rates to be collected in the 2026-27	2026-27 Forecast	31-Jan-26	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Jan-26	06-Feb-26	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	28-Feb-26	06-Mar-26	
Council Tax Requirement/ Parish Council Tax	BDC/RBC	GVT	CTR1/2/3/4	Information on council tax levels set by local authorities in 2026-27. Council tax levels for 2026-27 set by parishes	2026-27 Forecast	11-Mar-26	
of which: Parish council tax	BDC/RBC	GVT	-	Information on council tax levels set by parish and town councils in 2026-27. This data is collected on the CTR1 form but published later		11-Mar-26	
Capital Estimates Return	BDC/RBC	GVT	CER	Capital forecast for 2026-27	2026-27 Forecast	27-Mar-26	
Revenue Account Budget	BDC/RBC	GVT	RA	Local authority revenue expenditure and financing for 2026-27 Budget	2026-27 Forecast	03-Apr-26	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Mar-26	07-Apr-26	

**REDDITCH BOROUGH COUNCIL****Appendix B Audit, Governance and Standards Committee 7<sup>th</sup> October 2025****Budget**

- Delivered by 11<sup>th</sup> March in preceding financial year – **2025/26 Budget and MTFP delivered 24<sup>th</sup> Feb 2025**
- Council Tax Base – Yearly – **2025/26 delivered on 14<sup>th</sup> January 2025**
- Council Tax Base – Yearly – **2026/27 delivered on 14<sup>th</sup> January 2026**
- Council Tax Resolution – **2025/26 delivered on 24<sup>th</sup> February 2025**
- Council Tax Billing – Yearly – **Bills distributed in March 2025**
  
- **Policies**
  - Treasury and Asset Management Strategies
    - **2025/26 Strategy Approved at Council 24<sup>th</sup> February 2025.**
    - **24/25 Q1 and Q2 reports delivered 3<sup>rd</sup> Sept and 26<sup>th</sup> Nov 2024. Q3 delivered on 18<sup>th</sup> March 2025. Outturn delivered on 8 July 2025.**
    - **25/26 Q1 report delivered on 15<sup>th</sup> Sept 2025.**
  - Council Tax Support Scheme –**26/7 Approved at Executive in January 2026.**
  - Minimum Revenue Provision – yearly – **Approved as part of the MTFP, with 2025/6 included in the 25/26 Treasury and Asset Management Strategy.**
  
- Financial Monitoring – **Q1 24/5 in Sept 2024. Q2 in Nov 24, Q3 in March 25, Outturn in July 25. Q1 25/26 in Sept 2025**
- Risk Management – **Q1 24/5 delivered July 24, Q2 delivered Dec 24, Q3 delivered in March 25, Q4 in July 25. Q1 25/26 in Sept 2025**
- VAT – Monthly
  - **discussions ongoing with HMRC since mid-summer 2024, final versions provided to get transactions up to date on the 19th December 2024. Conversations are ongoing. Submissions from December 2024 onwards are now being made on a monthly basis.**
- Whole of Government Accounts Returns
  - **No longer required for previous years. Outstanding for Cycle 1 2024/25 not expected to be achieved.**
- Revenue Outturn Reports
  - **Delivered for all years up to and including 2024/25**
- Over £500 spending.
  - **Updated to November 2025.**

**REDDITCH BOROUGH COUNCIL****AUDIT, GOVERNANCE AND STANDARDS COMMITTEE –  
WORK PROGRAMME 2025-26**

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**Remaining meetings in 2025-26:****20<sup>th</sup> January 2026**

## Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- External Audit Update Report
- Internal Audit Progress Update
- Financial Compliance Report
- Cyber Security Report
- Risk Champion Update
- Committee Work Programme

## Additional Items:

- Capital Strategy 2025-26 including Treasury Management Strategy
- Review of Accounting Policies

**Extra meeting: 16<sup>th</sup> February 2026**

## Items:

- External Auditor's 2024-25 Accounts Backstop Report
- Presentation: Ramifications of a cyber security attack and Council's emergency procedures in case of a cyber attack (Note: the presentation will cover exempt information and may need to be considered in an exempt session)
- Risk Management Report (Q2 2025/26) – Moved from 20.01.26

**9<sup>th</sup> April 2026**

## Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- External Audit Update Report
- Internal Audit Progress Update
- Financial Compliance Report
- Risk Management Report (Q3 2025-26)
- Cyber Security Report
- Risk Champion Update
- Committee Work Programme

## Additional Items:

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**REDDITCH BOROUGH COUNCIL**

# **Audit, Governance & Standards**

## **20/01/2026**

**Cyber Security Update**

Relevant Portfolio Holder	Councillor Jane Spilsbury
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Hannah Corredor
Report Author	Job Title: Mark Hanwell Contact email: m.hanwell@bromsgroveandredditch.gov.uk Contact Tel: 01527 881248
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Council Priority	All
<del>Key Decision</del> / Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

**1. RECOMMENDATIONS**

The Committee is asked to RESOLVE that:

The update on Cyber Security described in this report be noted.

**2. BACKGROUND**

- 2.1 This report is the first of an ongoing update to the Audit, Governance and Standards Committee covering the current position with regards to Cyber Security within the Council. Our organisation is committed to maintaining a robust cyber security posture that safeguards data, systems, and services against evolving cyber threats. The position statement outlined in Appendix 1 details our current achievements, ongoing initiatives, and future improvements to ensure cyber security resilience and compliance.

**3. OPERATIONAL ISSUES**

- 3.1 There are no operational implications contained within this report.

**4. FINANCIAL IMPLICATIONS**

- 4.1 There are no financial implications within this report.

## **Audit, Governance & Standards**

**20/01/2026**

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### **5. LEGAL IMPLICATIONS**

- 5.1 There are no legal implications contained within this report.

### **6. OTHER - IMPLICATIONS**

#### **Local Government Reorganisation**

- 6.1 There are no implications arising from this report in respect of Local Government Reorganisation or Devolution.

#### **Relevant Council Priority**

- 6.2 Cyber Security underpins the operational delivery of all service areas and therefore the ability of the council to deliver on its priorities.

#### **Climate Change Implications**

- 6.3 There are no climate change implications contained within this report.

#### **Equalities and Diversity Implications**

- 6.4 There are no equalities and diversity implications contained within this report.

### **7. RISK MANAGEMENT**

- 7.1 Cyber Security remains a high-risk area for all government and none government bodies. Risks are mitigated by the ICT department on a daily basis as demonstrated by the information provided with Appendix 1.

### **8. APPENDICES and BACKGROUND PAPERS**

Appendix 1 – Exempt Appendix



## Audit, Governance & Standards

### 20/01/2026

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#### 9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Jane Spilsbury	Sent on 08/01/2026 and awaiting a response.
Lead Director / Assistant Director	Hannah Corredor Assistant Director Transformation and Corporate Services	08/01/2026
Financial Services	Debra Goodall Assistant Director Finance and Customer Services	09/01/2026 .
Legal Services	Sent on 08/01/2026 and awaiting a response.  There are no Legal implications within the report.	Sent on 08/01/2026 and awaiting a response.
Policy Team (if equalities implications apply)	There are no equalities implications within the report.	N/A
Climate Change Team (if climate change implications apply)	There are no Climate Change implications within the report.	N/A

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

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