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Audit, Governance & Standards

Committee

Thu 23 Jul 2026
6.30 pm

Redditch Borough Council
Working together for our communities

Oakenshaw Community Centre, Castleditch Lane, Redditch, B98 7YB

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Please note that this is a public meeting. You are able to view the agenda documents for this meeting from the Committee Pages of the Council's website.

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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 at meetings of Audit, Governance and Standards Committee. Virtual participation of residents at meetings can currently be arranged by notifying the committee officer at least two working days in advance of the meeting.

Notes:

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

Redditch Borough Council
Working together for our communities

Audit, Governance & Standards

Thursday, 23rd July, 2026

6.30 pm

Oakenshaw Community Centre, Castleditch Lane, Redditch

Agenda

Membership:

Cllrs:	David Meredith (Chair)	Jen Snape
	Roger Bennett (Vice-Chair)	Jane Spilsbury
	Joe Baker	Rita Rogers
	Joanna Kane	Ian Woodall
		Co opted Member:
		Parish Cllr Alan Smith
		1 vacant seat

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 5 - 20)

The minutes of the Audit, Governance and Standards Committee meeting of 11th June 2026 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 two working days prior to the day of the meeting. A maximum of 15 minutes will be allocated to public speaking.

5. Monitoring Officer's Report - Standards Regime (Pages 21 - 25)

6. Localism Act 2011 - Standards Regime - General and Individual Dispensations (Pages 27 - 33)

7. Feckenham Parish Council Representative's Report - Standards Regime

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

Audit, Governance & Standards

Thursday, 23rd July, 2026

8. **Final Statement of Accounts 2023/24 and 2024/25** (Pages 35 - 231)

9. **Risk Champion Update (Verbal)**

10. **Risk Management Report (Q1 2026/27)** (Pages 233 - 262)

11. **Financial Outturn Report** (Pages 263 - 267)

12. **Internal Audit Annual Report and Audit Opinion 2025/26** (Pages 269 - 295)

13. **Draft Statement of Accounts 2025/26** (Pages 297 - 384)

14. **Annual Governance Statement 2025/26** (Pages 385 - 408)

15. **Audit, Governance and Standards Committee Annual Report 2025/26** (Pages 409 - 431)

16. **Annual Treasury Report 2025/26** (Pages 433 - 451)

17. **Internal Audit Strategy, Charter and Mandate** (Pages 453 - 477)

18. **Internal Audit Plan 2026/27** (Pages 479 - 486)

19. **Whistleblowing and Anti-Fraud, Bribery and Corruption Policies** (Pages 487 - 525)

20. **Committee Work Programme** (Pages 527 - 529)

Redditch Borough Council
Working together for our communities

Audit, Governance & Standards Committee

Thursday, 11th June, 2026

MINUTES

Present:

Councillor Roger Bennett (Vice-Chair in the Chair) and Councillors Joanna Kane, Jen Snape, Jane Spilsbury, Rita Rogers and Ian Woodall

Also Present:

Councillor Craig Warhurst – Deputy Leader of the Council and Portfolio Holder for Finance and Governance
Hassan Rohimun – Senior Audit Business Partner, Ernst & Young
Mughees Ahmad – Senior Manager, Audit, Ernst & Young

Officers:

James Walton and Debra Goodall

Democratic Services Officers:

M Sliwinski

1. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from Councillor David Meredith (Chair of the Committee), and the Parish Council Co-opted Member Alan Smith.

The Committee Vice-Chair, Councillor Roger Bennett, chaired the meeting in the absence of the Chair of the Committee.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. PUBLIC SPEAKING

There were no members of the public who had registered to speak at this meeting.

Chair

4. GENERAL DISPENSATION REPORT

Members were advised that this item had been deferred to the next meeting, when the granting of general, individual and outside body dispensations to Members would be considered as part of a single report.

5. REVISED ANNUAL GOVERNANCE STATEMENT 2023-24 AND 2024-25

The Director of Finance and Section 151 Officer presented the Revised Annual Governance Statement 2023/24 and 2024/25 report for Committee's consideration.

Members were advised that annual governance statements were prepared every year alongside statements of accounts and set out the key governance issues for the organisation. The Committee was informed that, following work undertaken by the external auditors, significant governance issues had been identified that had not previously been fully reflected in the Annual Governance Statements previously submitted for 2023/24 and 2024/25.

It was reported that the revised governance statements included additional wording and commentary relating to the expected disclaimer audit opinions for the two years, the Section 24 statutory recommendation, housing services regulatory judgment, VAT compliance and the implications of disclaimer opinions on the future annual governance statements.

During consideration of the report, Members welcomed the submission of revised governance statements before the Committee and felt that this provided additional transparency in terms of updating the Committee on the additional governance issues as soon as they came to light.

A correction was requested on page 19 of the report, where reference was made to Bromsgrove Council rather than Redditch Borough Council.

Members also noted the work that had been undertaken over the last couple of years to improve performance reporting, the quality of data on the performance dashboard and more detailed narrative around performance now being provided to elected Members.

Members further discussed the impact of the problems created by the implementation of the TechOne ledger system and the longer-term impact this had on the ability of the Council to submit financial statements in a timely manner, the impact of staff turnover in the Council's finance team and audit delays nationally impacting on timely auditing of accounts.

RESOLVED that

1) **The revised Annual Governance Statements (AGS) for 2023/24 and 2024/25 as attached at Appendix 1 and 2, particularly the additional wording in red, be endorsed.**

2) **The significant governance issues identified since the original accounts were produced, and the additional assurance now included int the revised AGS documents in response to the external auditor's request be noted.**

3) **The revised Annual Governance Statements for inclusion alongside the Statement of Accounts for the relevant financial years be approved.**

6. EXTERNAL AUDIT - AUDIT COMPLETION REPORT - 2023-24 AND 2024-25

The Committee considered the External Audit Completion Report for the 2023/24 and 2024/25 financial years, presented by representatives from Ernst & Young. The External Auditors present outlined the purpose and scope of the report, the auditor's statutory responsibilities, and outlined the audit findings and Value for Money considerations.

Members were advised that the report had been prepared within the context of national delays to local authority audits, as well as local challenges, including the auditors who had initially been appointed having been unable to take up the role resulting in late appointment of current external auditors as well as delays with completion of prior years' accounts. It was noted that the Council's previous auditor, Grant Thornton, had issued statutory recommendations, in October 2022 and November 2023, with respect to the flawed implementation of Council's new financial system (ERP) and the subsequent failure of the Council to publish the 2020/21, 2021/22 and 2022/23 draft financial statements in accordance with statutory requirements.

The External Auditors reported that they had reviewed the actions taken by the Council in response to these statutory recommendations. The External Auditors were satisfied that further statutory recommendations were not currently required.

The External Auditors reported that they had completed the work required under the international auditing standards for the Council's financial statements for both 2023/24 and 2024/25. The External Auditors intended to issue a disclaimer opinion on the Council's financial statements for both of these years. This meant that no assurance could be provided on the accuracy of the financial statements. It was clarified that this position reflected in part the historic issues for those years rather than current financial management arrangements, although the Value for Money section of the report identified six risks of significant weaknesses which remained relevant to the Council.

In relation to Value for Money arrangements, Members were informed that the audit considered three key criteria: financial sustainability, informed decision-making, and the effectiveness and efficiency of resource use. The auditors clarified that they reported by exception where significant weaknesses were identified rather than providing an overall assurance conclusion.

The Committee's attention was drawn to a number of significant weaknesses identified within the Value for Money part of the report. These included delays in publishing the draft financial statements for 2023/24, capacity and capability issues within the finance team linked to staff turnover and reliance on interim arrangements, and weaknesses arising from the Council's management of VAT and accounting processes. It was also noted that the Council's C3 regulatory judgement from the Regulator of Social Housing represented a significant weakness in governance and service delivery arrangements.

The auditors reported that, whilst some areas such as capital programme underspends and maintenance-related complaints within the Housing Service had been identified as risks, these had not been assessed as significant weaknesses, although recommendations for improvement had been made.

In response to the report by the External Auditor, the Director of Finance and Section 151 Officer explained that the Council accepted the findings of the report and was committed to addressing the identified issues. It was explained that the intention

was to submit the Council's draft 2025/26 Statement of Accounts for 2025/26 alongside the Annual Governance Statement (AGS) for that financial year. The AGS for 2025/26 would include a detailed action plan setting out management responses to each of the recommendations in respect of the significant weaknesses outlined in the Value for Money report and throughout the Audit Completion Report before Members.

Members welcomed the fact that the draft 2025/26 Statement of Accounts to the next Committee meeting in July, with the Council now being in a position of having cleared the backlog of uncompleted accounts for previous years. Progress was also noted in the quality of financial reporting to Members and in the resolution achieved in respect of the Council's VAT position. However, Members expressed concern regarding the seriousness of some of the External Auditors findings, particularly those relating to financial sustainability, workforce capacity, and weaknesses in financial planning processes.

The Committee discussed the Council's workforce strategy in detail. It was noted that, whilst a strategy had previously been agreed, further work was required to address outstanding actions, including succession planning, recruitment challenges, and the need to strengthen capacity in key areas such as treasury management and capital programme delivery. Officers confirmed that work was underway to review the structure of the finance team and develop a more sustainable staffing model for both immediate and longer-term needs.

Questions were asked around the potential for there to be a requirement for all public-facing Council staff to undertake DBS checks. Officers explained that this was part of a wider debate across the local government sector. Officers undertook to enquire about the current opinion in this area and would provide a response to Members.

Members also raised concerns regarding the Council's financial planning arrangements. It was highlighted that more robust medium-term financial planning was required, particularly in relation to savings delivery, service-level budgeting, and managing inflationary and income pressures. Officers acknowledged these concerns and advised that future work would focus on developing a sustainable medium-term financial strategy and reducing reliance on vacancy-based savings.

The Committee considered issues relating to the capital programme and observed that there was a need to ensure that capital programme plans were realistic, deliverable, and supported by sufficient resources. It was acknowledged that improved monitoring and analysis of capital expenditure would be required moving forward.

In respect of governance arrangements, Members emphasised the importance of strengthening monitoring of action plans, particularly those associated with the Housing Improvement Plan and regulatory requirements. It was suggested that regular progress reports should be provided to the Committee to enable effective oversight, although it was noted that the Overview and Scrutiny Committee already received quarterly reports in this area.

The Committee also discussed risk management arrangements and noted that further work was required to improve the identification, monitoring, and reporting of corporate and departmental risks. Officers advised that a revised approach to risk management, including enhanced reporting mechanisms and closer working relationship between Officers and the appointed Member Risk Champion, would be developed.

In relation to whistleblowing, Members requested that a set of updated policies, including whistleblowing, anti-fraud, and corruption strategies, be brought forward for review by the Committee. It was agreed that regular reporting on whistleblowing activity should be introduced as part of regular reporting to the Committee.

There was discussion on the implications of the disclaimer opinion going forward. The External Auditors explained that rebuilding assurance in the Council's financial statements would take a number of years, with disclaimer or qualified opinions likely to continue in the short term. However, Members would receive increasing levels of assurance through more detailed audit reporting on individual areas of the accounts, and continued audit procedures, including through Internal Audit opinions that were being undertaken. It was highlighted that last year the Council had received reasonable assurance on its internal audit opinion showing progress in governance arrangements. This would contribute to strengthening assurance before the Local Government Reorganisation (LGR) arrangements come into force in April 2028.

Members acknowledged the significant challenges faced by the Council in recent years and welcomed the progress that had been made. It was recognised that further significant work was required to return to audit assurance, in terms of returning to unqualified opinions for the Council's financial statements, and to strengthen governance and ensure sustainable service delivery.

Following the discussion of the report, the Committee agreed the resolutions as per the report.

RESOLVED that

1) **The significance of consecutive years of disclaimed opinions be acknowledged, and the Completion Report attached at Appendix 1, be endorsed.**

2) **The Committee request a detailed updated Recovery Plan be requested, including milestones and reporting arrangements, to address the recommendations raised within the Completion Report.**

3) **The Committee continue to oversee arrangements for financial reporting, including regular monitoring of progress against improvement actions and key milestones.**

7. RISK MANAGEMENT REPORT (Q4 2025-26)

The Q4 2025/26 Risk Management report was presented for Members' consideration. The report provided an overview of the Council's corporate and departmental risks for the period up to the end of March 2026, together with an update on progress made in strengthening the Council's risk management framework.

Members were informed that significant work had been undertaken to review and refresh the Council's approach to risk management. Assistant Directors had completed reviews of corporate risks, and a programme of training had been delivered across the organisation with the aim of embedding risk management practices more effectively. In addition, Internal Audit had reviewed the current risk management processes and would undertake a further review later in the year, or early in the next calendar year, once updated strategies and refreshed risk registers were in place.

It was reported that an officer Strategic Risk Management Group had recently been convened to review all corporate risks and that this group would continue to meet going forward. Consideration was also being given to involving a Member Risk Champion in future risk reviews in order to strengthen Member oversight of risk management.

The Committee was advised that the report set out the definition of corporate risks and included details of current risk levels. In particular, there were three risks identified with high inherent risk scores of 20 or above. The report also highlighted risks that had been closed, new risks that had been added, and a number of risks that had been amended. Members noted that a separate section detailed the latest position in respect of service-level risks.

During consideration of the item, Members raised a number of detailed queries regarding specific risk areas. Questions were asked in relation to the 'Failure to meet waste requirements of the Environment Act 2021' risk, with Members seeking further information on the progress to date, ongoing financial and operational pressures, and the potential financial implications in the event of a failure to meet the statutory compliance requirements, particularly with regard to the introduction of food waste service. Additional queries were raised regarding procurement, including the extent of progress made in updating policies, any gaps in staff training, and the assurance that the Council was fully compliant with legislative requirements.

Members also queried risks associated with the Renters' Rights Act and requested clarification on the implications of non-implementation, the risks that remained outstanding, and the actions planned to mitigate these risks for both the Council as a landlord and for tenants. Concern was expressed that this risk may have been understated, and it was suggested that it should be upgraded a medium risk within the Council's Corporate Risk Register until a comprehensive mitigation plan had been developed and reported.

Significant concern was raised in relation to outstanding remedial fire safety works. Members noted that a substantial number of fire remedial actions remained unresolved and that progress appeared limited. Members emphasised the importance of ensuring timely completion of these works and requested clarity on expected completion timescales and contingency arrangements in the event of contractor or resourcing issues.

In response, Officers present acknowledged that not all risk leads were present at the meeting and therefore detailed responses could not be provided on every point. However, it was confirmed that the issues raised by Members would be taken away and incorporated into the Quarter 1 report, which would be presented to the Committee at its next meeting. It was proposed that a comprehensive update addressing all outstanding queries would be included within that report to enable formal consideration by Members.

In respect of the risk of failure to comply with procurement rules, Officers advised that the Contract Procedure Rules had recently been updated and approved by Council, and that processes and procedures had been strengthened accordingly. Internal Audit reviews of procurement and contract management had also been undertaken, with actions incorporated into ongoing risk management activity.

Members highlighted the need for improved narrative within the report, particularly in relation to high-risk areas. Concern was expressed regarding limited information provided in respect of the one red-rated risk in the departmental risk register relating to the revenues service where insufficient contextual information had been provided. Officers subsequently clarified that this risk related to data compliance and the need to update vulnerability indicators within existing datasets. It was noted that this represented a significant piece of work, and the absence of fully updated and consistent data contributed to the high-risk rating.

Members suggested that future reports should include a brief explanatory narrative for all high-risk items in order to provide clearer context and support effective scrutiny by Members. Officers agreed with this approach and confirmed that this enhancement would be incorporated in future reporting.

Further discussion took place regarding the overall level of detail provided within the report. Some Members expressed frustration with the lack of detailed information in relation to some risks, particularly in the absence of relevant service leads. Officers acknowledged this concern and outlined a number of potential improvements, including targeted training sessions for Members, the provision of additional contextual information in addition to meeting reporting where appropriate, and the possibility of inviting

specific risk leads to attend meetings on a cyclical basis or when particular risks were identified in advance.

The Committee agreed to resolutions as per the report, with addition of requesting a change to risk score in respect of the 'Non-Implementation of the Renters Rights Act 2025' Corporate Risk from low to medium risk.

RESOLVED that

1) **The strategic risks and mitigations detailed in the Corporate Risk Register be noted.**

2) **The changes to risk scores, owners/leads, and removal/addition of risks had been considered, and changes suggested by Members as detailed in the pre-amble above.**

8. VAT RECOVERY PROGRESS UPDATE

The VAT Recovery Progress Update report was presented. Members were advised that the report had previously been considered by the Executive Committee. The report was presented before the Audit, Governance and Standards Committee due to the financial implications of the matter, a significant cash repayment from HMRC, which had a direct impact on Treasury Management, an area that fell within the Committee's remit. Secondly, the Committee had asked to review the actions agreed with HMRC to ensure that penalty suspensions remained in place.

Members were informed that the Council had been unable to submit VAT returns between April 2021 and October 2024 due to issues linked to the implementation of the Council's financial system (TechOne), and associated issues of staff turnover and misalignment of processes in relation to VAT. It was reported that corrective action was being taken, with the initial Error Correction Notice submitted to HMRC after monthly VAT returns were reinstated in November 2024 and a subsequent Notice submitted in November 2025.

The Committee was advised that the Council had received a net cash repayment of approximately £19.9 million from HMRC. Whilst this improved the Council's cash position, Members were reminded that the underlying accounting transactions had already been recognised in previous financial periods. It was emphasised,

however, that the return of these funds had implications for the Council's Treasury Management strategy and would need to be incorporated into future financial planning considerations.

In relation to compliance, Members were informed that HMRC had agreed to suspend financial penalties on the condition that the Council implemented and maintained a number of specific actions. These actions included strengthened processes for VAT returns and enhanced assurance arrangements and conditions were detailed in the report. Audit, Governance and Standards Committee oversight had been requested to ensure that these requirements were being met on an ongoing basis.

The Committee was further advised that the Council had been working closely with external specialists, PS Tax, to strengthen its VAT arrangements. Although VAT returns were currently produced through a manual process, it was reported that returns were now being submitted on a monthly basis and that confidence in the revised processes had significantly improved. Members were reassured that additional assurance measures had been introduced and that regular updates would be provided to the Committee to demonstrate compliance with HMRC requirements.

Officers also highlighted improvements in resourcing within the VAT team. A permanent member of staff had been appointed to focus on VAT work, supported by additional temporary resource to enhance accuracy and ensure the timely submission of returns. Training on VAT was being delivered within the finance team and to managers across the organisation.

During discussion, Members welcomed the recovery of funds and the strengthened processes now in place. However, questions were raised regarding why the issue had not been identified sooner. In response, it was noted that the complexity of the TechOne finance system implementation and problems with that implementation, as discussed under previous agenda items, had contributed to the delay in detection. Members also discussed the Council's risk management arrangements, noting that the issue was currently reflected within the corporate risk register under cash flow risk. It was suggested that consideration be given to whether this matter should be recorded as a separate risk to ensure continued visibility and monitoring.

In response to these comments, Officers confirmed that a review of the risk would be undertaken to determine its appropriate

categorisation going forward. It was acknowledged that, while the historical risk had been significant, the current position may represent more of an opportunity due to the improved cash position. However, it remained essential to ensure that robust processes were embedded to prevent recurrence

Further discussion took place regarding the impact of the repayment on the Council's financial reserves. It was noted that a resilience reserve of £2.5 million had previously been established to mitigate organisational risks, including those related to cash flow. Officers advised that the VAT recovery primarily addressed a cash flow issue rather than underlying budget pressures. As such, broader financial risks across revenue and capital budgets remained, and it was considered prudent to retain the reserve while further risk-based financial monitoring arrangements were developed.

Members welcomed the recovery position and placed on record their thanks to the Finance team for the significant amount of work undertaken to resolve the issue, acknowledging the pressures faced by the team throughout this period.

The resolutions as set out in the report were agreed by the Committee.

RESOLVED that

1) **The actions being undertaken to resolve the outstanding VAT matters are noted.**

2) **The net cash gain of £19.9 million is noted.**

3) **The improvement of this on the cashflow position is noted and the corporate risk register duly updated to reflect the positive change to the Council's cash holding position.**

4) **The Audit, Governance and Standards Committee maintains oversight of the delivery of actions to satisfy any agreed penalty suspension conditions.**

9. FINANCIAL COMPLIANCE REPORT

The Financial Compliance Report was presented to the Committee for consideration. Specific areas of the report were highlighted.

Members were advised that the Council's financial procedure rules, which form part of the governance framework within the Constitution, had recently undergone a comprehensive review. As part of this process, enhancements had been implemented alongside updates to procurement arrangements. It was explained that these changes strengthened the Council's overall control environment and provided a more robust framework for decision-making, reinforcing governance and supporting effective financial management going forward.

The Committee was informed that, in respect of statutory financial reporting, the Council was now largely up to date with required returns. The only outstanding area related to the Whole of Government Accounts. Members were advised that a newly appointed Chief Accountant was now in post and actively progressing the Council's accounts, with the expectation that attention would subsequently turn to finalising the outstanding Whole of Government Accounts returns. This work was anticipated to bring the Council back into compliance with national reporting requirements.

In relation to the Council's Financial Stability Plan, Members noted the recent appointment of a permanent Section 151 Officer, which was described as a significant and positive step in providing strategic leadership and direction for the Council's finance function. Officers also confirmed that further work would be undertaken to review staffing arrangements within the Finance team to ensure sufficient capacity and expertise were in place to support the Council.

Members received an update on the Council's TechOne financial system. It was reported that ongoing improvement work was being carried out, with notable progress achieved in recent months. Officers explained that a health check of the system had been completed and that a revised project plan was being developed to address remaining issues and ensure that the system was fully fit for purpose, enabling it to effectively support the organisation's financial processes.

The Committee also considered developments in procurement and financial training. It was reported that procurement training was being delivered across the organisation, which was positively received. In addition, training and compliance requirements had been strengthened in key areas such as purchase card usage,

purchase orders and Government Procurement Cards (GPC). Officers emphasised that these measures would continue to be a focus moving forward in order to embed good practice and ensure consistent compliance across the Council.

During the discussion, a Member raised a query regarding the TechOne finance system, noting that it had been a longstanding issue and the main contributing factor to the situation regarding the backlog in the completion of Statements of Accounts faced by the authority over the past few years. It was requested that, following the conclusion of the ongoing review work, a detailed report be presented to a future meeting of the Committee. The purpose of this would be to provide assurance to Members regarding the adequacy of improvements and the overall robustness of the system.

The resolutions as set out in the report were agreed by the Committee.

RESOLVED that

1) **The Committee are assured regarding the position in relation to the auditing of the 2023/24 and 2024/25 Statement of Accounts from an internal perspective.**

2) **The Committee are assured in relation to the position for the other Financial indicators set out in this report.**

3) **The Committee are assured in relation to the position on the Financial Stability Plan.**

10. ANNUAL APPOINTMENT OF RISK CHAMPION

Members considered the appointment of a Risk Champion for this municipal year. The nomination for Councillor Rita Rogers was proposed and seconded and on being put to the vote

RESOLVED that

Councillor Rita Rogers be appointed as Risk Champion for the 2026/27 municipal year.

11. COMMITTEE WORK PROGRAMME

Members considered the Committee Work Programme. A number of additions to the Committee's Work Programme were requested, as raised in previous parts of the meeting:

- Update on progress made with upgrading the TechOne financial system – a standalone report to a future Committee meeting.
- Fire Remedial Actions and Renters' Rights Act Corporate risks – an expanded narrative to be provided on these risks in future Risk Management reports to Committee. Committee to consider inviting Risk Owners for these items.
- Update on progress in Workforce Strategy actions – a standalone report to a future Committee meeting.
- Whistleblowing, Anti-Fraud, and Corruption Strategies – strategies to be presented at the next Committee meeting in July.

It was agreed that these items would be added to the work programme as standalone items or incorporated as part of the risk management reports going forward.

The other items already scheduled for the meetings in the 2026/27 municipal year were noted.

RESOLVED that

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

12. EXCLUSION OF THE PUBLIC AND PRESS

The Committee agreed that the exclusion of the public and press would not be necessary for Minute No. 13 – Minutes (of the Previous Meeting) – as the Committee would not be discussing the contents of the exempt minute record of that meeting.

The Committee remained in open session for Minute No. 13 (Agenda item 13) – Minutes.

13. MINUTES

The Committee considered the minutes of the meeting of Audit, Governance and Standards Committee held on 24th February 2026, including the exempt minutes record of items considered in closed session at that meeting.

Audit, Governance & Standards Committee

Thursday, 11th June, 2026

RESOLVED that

the minutes of the meeting of Audit, Governance and Standards Committee held on 24th February 2026 be approved as a true and correct record and signed by the Chair.

The Meeting commenced at 6.30 pm
and closed at 8.21 pm

REDDITCH BOROUGH COUNCIL

Audit, Governance & Standards Committee 23rd July 2026

MONITORING OFFICER'S REPORT

Relevant Portfolio Holder	Councillor Craig Warhurst
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: c.felton@bromsgroveandredditch.gov.uk
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 January 2026.

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.

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. COUNCIL PRIORITIES - IMPLICATIONS

Local Government Reorganisation Implications

5.1 There are no direct implications for Local Government Reorganisation.

Relevant Council Priority

5.2 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

5.3 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 For the period 1st April 2025-31st March 2026 and since the last report the Monitoring Officer has received 2 complaints from members of the public against 2 members. The complaints did not pass the initial assessment. All complaints reported at the last meeting have been resolved informally.

6.3 From 1st April 2026, the Monitoring Officer has received:-

a) 1 anonymous complaint against a member which was referred to the Police – no investigation.

b) 2 member to member complaints – one did not pass the initial assessment. The other matter is ongoing.

c) 8 complaints from members of the public:-

- 4 against one member – none of which passed the initial assessment.
- 2 against one member – none of which passed the initial assessment.
- 1 against one member which was withdrawn before the initial assessment was carried out.
- 1 against a member which was assessed and found not to be a conduct matter.

Whistleblowing

6.4 We have received 2 whistleblowing reports for the period 1st April 2024-31st March 2025. Both investigated and signed off by the Monitoring Officer as complete.

6.5 For the period 1st April 2025-31st March 2026 the Council received 1 whistleblowing report. This matter has been investigated.

6.6 At a recent meeting of Corporate Leadership Team (CLT) with Fourth Tier Managers, the Human Resources and Organisational Development Manager delivered a presentation on the subject of

whistleblowing. This presentation provided information on the following points:-

- What constitutes whistleblowing
- Who staff should report to when whistleblowing
- The Council's process for whistleblowing under the authority's whistleblowing policy

6.7 Any whistleblowing are logged and reported to the Senior Leadership Team (SLT) as part of their governance monitoring arrangements.

6.8 Whistleblowing reports will also be reported as part of the Monitoring Officer's report to Audit, Governance and Standards Committee moving forward.

Member Support Steering Group

6.9 The Member Support Steering Group (MSSG) is responsible for reviewing Member training, induction and ICT support. The last meeting took place on Wednesday 1st July 2026. At the meeting, the Group was provided with updates on ICT and Member training attendance. The Group also discussed initial reflections on the Member Training and Induction Programme for 2026/27.

Constitutional Review Working Party

6.10 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.

6.11 The first meeting of CRWP in the 2026/27 municipal year took place on 13th July 2026. The item under consideration was a general review of the Scheme of Delegations in respect of Planning.

Member Training

6.12 A comprehensive programme of member training has taken place following the local elections in May 2026, including induction sessions for new Councillors. The training sessions that have taken place since local elections in May are:

- Planning Committee Training (two sessions for new members on the Committee on 12th and 14th May)
- Code of Conduct and Standards Training (Wednesday 13th May)
- Planning Committee Refresher Training (Monday 18th May)
- Hitting the Ground Running (training for new councillors on Tuesday 19th May)
- Data Protection and Safeguarding (Wednesday 27th May)
- Modern.gov app training (Monday 1st June)
- Overview and Scrutiny Training (Tuesday 2nd June)
- Licensing Committee (Parent Committee Training before the meeting on Thursday 4th June)
- Members' Chairing Skills Training (offered to new Committee Chairs through June 2026)
- Local Government Finance Training – Refresher Session (Tuesday 23rd June)
- New Members' Local Government Finance Training (Tuesday 30th June)
- Audit, Governance & Standards Committee Training Session 1 (to Committee Members on Wednesday 8th July)

6.13 The Member Support Steering Group (MSSG) had considered initial reflections on the Member Training and Induction Programme for 2026/27 at their meeting on 1st July 2026. The MSSG will consider this in more detail at future meetings.

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.

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REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS

Relevant Portfolio Holder		Councillor Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Head of Service		Claire Felton, Head of Legal, Democratic and Procurement Services
Report Author Jess Bayley-Hill	Job Title: Principal Democratic Services Officer Contact email: jess.bayley-hill@bromsgroveandredditch.gov.uk Contact Tel: (01527) 64252 Ext: 3072	
Wards Affected		All
Ward Councillor(s) consulted		N/A
Relevant Council Priority		Supported Governance (organisational priority)
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

The Committee is asked to RESOLVE that:-

1) (any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;

2) The Audit, Governance and Standards Committee grant a dispensation under Section 33 (2) of the Localism Act 2011 to allow Members to address Council and Committees in circumstances where a member of the public may elect to speak;

3) subject to the caveat set out in paragraph 4.9 of this report in relation to setting the Council's Budget, the Audit, Governance and Standards Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and Committee meetings when considering the setting of:

a) the Budget;
b) Council Tax;

c) **Members' Allowances; and**
d) **Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the Borough;**

4) **it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and**

5) **it be noted that the dispensations referred to at resolutions (1), (2) and (3) will remain valid until the first meeting of the Audit, Governance and Standards Committee in the 2027/28 municipal year.**

2. BACKGROUND

2.1 To consider the granting of Individual Member Dispensations (IMDs) and Outside Body Appointment dispensations requested by Members up to the point of the meeting, and which will be detailed by the Monitoring Officer at the meeting. To also consider granting General Dispensations as detailed in recommendation three.

3. FINANCIAL IMPLICATIONS

3.1 There are no specific and direct financial implications arising from this report.

4. LEGAL IMPLICATIONS

4.1 Section 33 of the Localism Act 2011 provides that Dispensations can be granted in respect of Disclosable Pecuniary Interests ("DPIs").

4.2 Section 33 (1) requires that a Member must make a written request for a dispensation.

4.3 Section 33 (3) provides that a dispensation must specify the period for which it has effect, and that period may not exceed 4 years.

4.4. Under s31 (4) of the Localism Act 2011 a Member who has a DPI in a matter under consideration is not permitted to participate in the discussion or vote on the matter unless s/he has first obtained a dispensation under s33.

4.5 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted “only if, after having regard to all relevant circumstances" the Committee considers that one of those situations applies.

4.6 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –

“(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,

(b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,

(c) considers that granting the dispensation is in the interests of persons living in the authority’s area,

(d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without them dispensation each member of the authority’s executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority’s executive, or

(e) considers that it is otherwise appropriate to grant a dispensation.”

4.7 The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee. This function subsequently transferred to the Audit, Governance and Standards

Committee. All dispensations granted are valid until the first meeting of the Audit, Governance and Standards Committee in the 2027/28 municipal year.

4.8 Dispensations, all of which require the advance approval of the Committee and a subsequent written request from the Member to the Monitoring Officer, currently fall within four categories:

(i) General Dispensations
(ii) Council Tax Arrears
(iii) Individual Member Dispensations
(iv) Outside Body Appointment Dispensations

4.9 It should be noted that under Section 106 of the Local Government Finance Act 1992 there is a caveat that any Member who is 2 months (or more) in arrears with their Council Tax payments cannot participate in any Council meeting concerning the budget. In the event that any Members are affected by the provisions of section 106, the statutory rule that they be barred from taking part in the budget decisions would prevail.

4.10 The table below sets out the Individual Member Dispensations and Outside Body appointment dispensations that have been requested by Members prior to the publication of the agenda for this meeting. Further requests for dispensations may be made after the publication of the agenda for this meeting and will be reported by the Monitoring Officer for Members' consideration. Subject to approval by the Audit, Governance and Standards Committee, these dispensations will apply until the first meeting of the Audit, Governance and Standards Committee in the 2027/28 municipal year unless amended by the Committee prior to that date.

Requests for dispensations submitted before the agenda for this meeting was published on 15th July 2026:

Councillor(s)	**Relevant DPI**	**Reason for dispensation**
Councillor Jen Snape	Appointee to the board of Redditch Co-operative Homes (RCH)	To participate in discussions and voting related to RCH (general and

Councillor(s)	Relevant DPI	Reason for dispensation
	Outside Body appointment (other registerable interest (ORI))	planning but not funding-related issues)
Councillor Jane Spilsbury	Director of company providing education consultancy services and Contractor for Ofsted (Disclosable Pecuniary Interest (DPI))	To enable participation in the Post-16 Education Task Group set up by the Overview and Scrutiny Committee, which investigates issues around post-16 education provision and attainment in Redditch.

4.11 In relation to Independent Member Dispensations, Officers have contacted all Members to ask whether they wish to seek to add any dispensations.

4.12 The Local Government Association (LGA) Model Code of Conduct was considered at the Audit, Standards and Governance Committee in April 2022. It was recommended by the Committee that the Council adopt the new Model Code, subject to a few amendments. The new Model Code of Conduct was subsequently presented at the Council meeting held in May 2022 with Members agreeing to adopt the LGA Model Code of Conduct incorporating those changes suggested by Members. As a result of this adoption Members are now required to complete an 'Other Registerable Interests' (ORI) form to declare any ORIs and Members may wish to request Individual Member Dispensations in relation to these ORIs.

5. OTHER - IMPLICATIONS

Local Government Reorganisation

5.1 There are no specific implications for Local Government Reorganisation.

Relevant Council Priority

5.2 This report comes under the Supported Governance (organisational priority) as detailed in the Council Plan 2025-28. The legal framework around dispensations helps to ensure appropriate governance and transparency arrangements are in place around Members' participation in meetings.

Climate Change Implications

5.3 There are no specific climate change implications.

Community Impact

5.4 There are no impacts on the community arising as a result of this report.

Equalities and Diversity Implications

5.5 There are no specific equalities and diversity implications.

6. RISK MANAGEMENT

6.1 The granting of dispensations by the Committee will, subject to receipt of a written request from Members for such a dispensation, clarify, for the avoidance of any doubt, Members' ability to participate in and vote at Council and Committee meetings on certain matters as part of the Council's decision-making process, where such Members have a DPI which would otherwise preclude them from so participating / voting.

7. APPENDICES and BACKGROUND PAPERS

Background papers/documents:

- Section 33 of the Localism Act 2011.
- Section 106 of the Local Government Finance Act 1992.
- Various reports to the former Standards Committee and Audit, Governance and Standards Committee.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

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8. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Craig Warhurst	13/07/2026
Lead Director / Assistant Director	Claire Felton	08/07/2026
Financial Services	James Walton	09/07/2026
Legal Services	Nicola Cummings	08/07/2026
Policy Team (if equalities implications apply)	N/A	
Climate Change Team (if climate change implications apply)	N/A	
Community Safety Team (if community impact implications apply)	N/A	

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REDDITCH BOROUGH COUNCIL

Audit, Governance & Standards Committee 23rd July 2026

Report: Statement of Accounts Reports 2023/24 and 2024/25

Relevant Portfolio Holder		Councillor Craig Warhurst Portfolio Holder for Finance and Governance
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Debra Goodall
Report Author: Debra Goodall	Job Title: Assistant Director of Finance and Customer Services Contact email: Debra.goodall@bromsgroveandredditch.gov.uk	
Wards Affected		ALL
Ward Councillor(s) consulted		No
Relevant Council Priority		Underpins all Council priorities
Key Decision NO – Information only		
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 to:

1) Acknowledge the Statement of Accounts for 2023/24 and 2024/25

2. BACKGROUND

2.1 The report covers the Statement of Accounts for financial years, 2023/24 and 2024/25.

2.2 The draft Statement of Accounts for 2023/24 were completed in line with the backstop date of 28 February 2025. These accounts have been fully disclaimed by Ernst and Young (EY), the External Auditor.

2.3 The draft accounts for 2024/25 were ready for Public Consultation at the end of June 2025 as per existing Government legislation. The Public Consultation end date was Thursday 7 August 2025. The Government backstop date was 27 February 2026. The auditors were unable to complete the audit by this date as they were still working through a number of issues with the Council at that time. These accounts are also fully disclaimed by EY.

2.4 Members will be aware that the Completion Report from (EY) relating to 2023/24 and 2024/25 was presented at the meeting of the Audit, Governance and Standards Committee on 11 June 2026.

2.5 The Completion Report from EY identified several significant weaknesses in governance and financial management across the two years, including issues arising from the implementation of the Council's financial system, delays in financial reporting, capacity constraints within the finance function, and compliance issues such as late VAT submissions. A detailed recovery plan, including milestones and reporting arrangements, has been included within the Annual Governance Statement. This is covered within a separate report to this Committee.

2.6 The disclaimer opinions for 2023/24 and 2024/25 should be understood in the context of national audit backlogs and statutory backstop arrangements, rather than as an indication of identified material financial misstatement. A disclaimer reflects that the auditor has not been able to obtain sufficient evidence within the statutory timeframe to conclude their opinion, and this position is currently being experienced across a significant proportion of the local government sector.

2.7 These circumstances sit within a wider national reset of the local audit system, where backstop deadlines have been introduced to enable recovery of audit assurance over multiple years. As a result, audit opinions for this period should be viewed alongside this broader context, with the expectation that assurance will strengthen over subsequent audit cycles as timetables stabilise.

2.8 Members have the opportunity to review the Statement of Accounts in full to inform their consideration of the Council's financial reporting, governance and value for money arrangements.

2.9 The production of the accounts for 2023/24 and 2024/25 precedes the appointment of the Council's current Section 151 Officer. The Section 151 Officer has taken assurance from the Deputy Section 151 Officer who was in post during the completion of these accounts and the work carried out by Internal and External Auditors.

3. FINANCIAL IMPLICATIONS

3.1. The audit fees for EY are set by PSAA and the total fee will be agreed at the completion of the audit process. The scale fee for core work for 2023/24 is £148,522 and for 2024/25 is £163,302.

4. LEGAL IMPLICATIONS

4.1. There are no direct legal implications arising from this report.

5. OTHER - IMPLICATIONS

Local Government Reorganisation

5.1. There are no direct implications arising from this report in relation to Local Government Reorganisation or Devolution.

Relevant Council Priority

5.2. Financial resilience and good governance underpin the council's ability to meet all of its priorities.

Climate Change Implications

5.3. None directly resulting from this report

Equalities and Diversity Implications

5.4. No adverse impacts resulting from the content of this report

6. RISK MANAGEMENT

6.1. The Council has a corporate risk relating to the resolution of the section 24 notice issued by the predecessor external auditors on 31 October 2022 and 27 November 2023 in relation to

- the flawed implementation of the ERP (financial) system
- the failure to publish financial statements in line with statutory deadlines.

6.2. EY has reviewed the Council's response to those recommendations and concluded that further statutory recommendations are not currently required. This was covered within the Completion Report previously presented to this Committee.

7. APPENDICES and BACKGROUND PAPERS

7.1. Appendix 1 – Statement of Accounts 2023/24
Appendix 2 – Statement of Accounts 2024/25

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DRAFT

STATEMENT OF ACCOUNTS

2023/24



Town Hall, Walter Stranz Square, Redditch, Worcestershire B98 8AH
tel: (01527) 64252

CONTENTS

TABLE OF CONTENTS

Page

Narrative Report
Introduction....1
Our District....2
Strategic Purpose....2
National Position....3
Organisational Performance....3
Governance....4
Reserves, Financial Performance and Financial Position....4
Explanation of the Accounting Statements....10

Statement of Responsibilities for the Statement of Accounts....11

Comprehensive Income and Expenditure Account....12

Movement in Reserves Statement....14

Balance Sheet....15

Cashflow Statement....17

Notes to the Comprehensive Income and Expenditure Statement
B1. Expenditure and Funding Analysis....19
B2. Adjustments between Funding and Accounting Basis....20
B3. Expenditure and Income analysed by Nature....20
B4. Other Operating Income and Expenditure....21
B5. Financing and Investment Income and Expenditure....21
B6. Taxation and Non-Specific Income....21
B7. Members Allowances....22
B8. External Audit Costs....22
B9. Grant Income....22
B10. Officer Remuneration....23
B11. Termination Benefits....24

Notes to the Movement in Reserves Statement
C1. Adjustments between Accounting Basis and Funding Basis Under Regulations....25
C2. Movements in Earmarked Reserves....26
C3. Usable Reserves....26
C4. Unusable Reserves....27

Notes to the Balance Sheet
D1. Property, Plant and Equipment....30
D2. Investment Properties....33
D3. Intangible Assets....33
D4. Debtors....33
D5. Creditors....34
D6. Provisions....34
D7. Capital Expenditure and Financing....35
D8. Assets Held for Sale....36
D9. Inventories....36

Additional Disclosures – Technical Notes
E1. Defined Benefit Pension Scheme....37
E2. Financial Instruments....42
E3. Nature and Extent of Risks arising from Financial Instruments....43
E4. Leases....45
E5. Accounting Policies....48
E6. Critical Judgements in applying Accounting Policies....59
E7. Accounting Standards not yet adopted....59

CONTENTS

E8. Assumptions made about the future and other major sources of estimation uncertainty……..….60
E9. Related Parties……..…..60
E10. Events after the Balance Sheet date……..…..61
E11. Contingent Assets……61
E12. Contingent Liabilities……..….61

Notes to the Cashflow Statement
F1. Cash and Cash Equivalents……...62
F2. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements…62
F3. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities……62
F4. Investing Activities……62
F5. Financing Activities……...63

Group Accounts
G1. Group Accounts……64

Housing Revenue Account
H1. Overview……65
H2. Movement on the HRA Statement..……...66
H3. Property, Plant and Equipment……67
H4. Housing Stock……69
H5. Housing Revenue Account Capital Expenditure……..69
H6. Rent Arrears……...69
H7. Depreciation and Impairment of Non-Current Assets……...70
H8. Retirement Benefits……...70
H9. Capital Receipts Generated……70

Collection Fund
I1. The Collection Fund Statement……...71
I2. Council Tax Income……...72
I3. Non-Domestic Rates……73

Annual Governance Statement……..74

AGS 2023/24 May 2026 Update - Subsequent Governance Assurance……79

Internal Auditor's Report……..81

Glossary……....85

NARRATIVE REPORT

Introduction

Local Authority accounts, like those of any organisation, are prepared to comply with a series of rules and conventions set by the accounting profession. However, for Local Authorities there are many types of transaction where the law, which takes precedence, requires a different treatment from the accounting rules. This effectively means that local authorities are trying to simultaneously fulfil two conflicting sets of rules when preparing their accounts.

This conflict is addressed by having authorities present a set of financial statements which comply with the accounting rules, followed by a reconciliation of those statements to the accounts as prepared under the legal rules. This reconciliation essentially takes the form of a list of adjustments for items which must be in the accounts per the accounting rules but are not allowed in them under law, and vice versa. It is the legal rules that must be used when calculating budget requirements, council tax and housing rents.

As a result, all the Council's internal reporting and decision-making is based purely on accounts prepared under the legal rules. The only time it prepares accounts that comply with the accounting rules is when it prepares this document. It is crucial to bear this in mind when reading the statements.

The Statement of Accounts brings together the major financial statements for the financial year 2023/24. The statements and the notes that accompany them give a full and clear picture of the financial position of Redditch Borough Council.

The sections are:

- **Narrative Report** – An overview of the Council's financial and operational performance, main objectives, Governance, key risks, and strategies for future service delivery
- **Statement of Responsibilities** – The responsibilities of the Council and its Chief Financial Officer in respect of the Statement of Accounts
- **Movement in Reserves Statement** – The movement in the year on the different reserves held by the Council
- **Comprehensive Income and Expenditure Statement** – This shows the accounting cost in the year of providing services. It is prepared in accordance with generally accepted accounting practices. This is different from the amount to be funded from taxation
- **Balance Sheet** – The value of the assets and liabilities recognised by the Council and the Group as at 31 March 2024
- **Cash Flow Statement** – Inflows and outflows of cash or cash equivalents. The flows are revenue and capital transactions with third parties
- **Statement of Accounting Policies** – Outlines the significant accounting policies adopted by the Council
- **Notes to the Financial Accounts** – The Statements are supported by technical notes
- **The Collection Fund and Notes** – Shows the transactions of the separate fund used for the collection of Council Tax and Non-Domestic Rates (NNDR) and its distribution to local government bodies and the government
- **Group Accounts** - Sets out the income and expenditure for the year and financial position at the balance sheet date of the Council and any companies or other organisations, which the Council either controls or significantly influences
- **Housing Revenue Account** - The housing revenue account is a ring-fenced account used to manage our (council owned) housing stock of some 5,600 properties. The costs of managing and maintaining the properties, collecting rents, and meeting the interest cost of monies borrowed to pay for investment in the housing stock are all charged to the housing revenue account
- **Governance Statement -** The Annual Governance Statement is a statutory document, which explains the processes and procedures in place to enable the council to conduct its functions effectively
- **Internal Auditors Report –** Local government audit provides transparency and accountability to both taxpayers and their local elected representatives. It provides authorities with accurate and reliable financial information with which to plan and manage their services, and finances, effectively. It also provides assurance to the wider public sector, supporting the audit of certain central government departments and the Whole of Government Accounts
- **Glossary**

NARRATIVE REPORT

These financial statements have been prepared in line with the Code of Practice on Local Authority in Accounting the United Kingdom 2023/24 (the Code). It is the purpose of this report to explain, in an easily understandable way, the financial facts and performance in relation to Redditch Borough Council.

Our District

Redditch Borough Council sits within the West Midlands. It has a population of 84,000 over an area of 21 square miles. It has 41,000 homes and businesses and 29 Councillors over 12 Wards (the present boundary review will reduce this to nine wards and 27 Councillors in May 2024).

The Borough has an above-average number of young families; is densely populated other than outlying areas such as Feckenham; has major employment in 'traditional' manufacturing; has areas of significant deprivation; and average median incomes.

Local Councillors are elected by the community to decide how the Council should carry out its various activities. Elections are held every year for three years, with up to 10 seats contested at a time with no election in fourth year. All out elections will be held in May 2024. The council has a 'leader and cabinet' form of governance, which means the Council delegates authority to decide some matters to a 'cabinet' called the executive committee, which is chaired by the Leader of the Council. The executive committee manages much of the ordinary business of the Council, with the full council having the final say on matters of strategic policy, budget, and council tax.

The Council, along with Bromsgrove District Council, were one of the first councils in the country to form a shared service in 2008. This means we have a single team serving both Councils. Bromsgrove also host services such as Worcestershire Regulatory Services which is pan Worcestershire.

The Council's vision is "To enrich the lives and aspirations of all our residents, businesses and visitors through the provision of efficiently-run, high quality services that ensure those most in need receive the appropriate help, support and opportunities."

Strategic Purpose

Redditch Borough Council is committed to providing residents with effective and efficient services that not only meet their needs but understand them too. We have listened to demand from our customers to understand what goes on in our communities and have considered how we collaborate with partners to support the issues within those communities.

Taking into account what really matters to our residents it produced a set of six strategic purposes; they are based on customer demands and data and evidence about the needs of and issues affecting the people of Redditch Borough Council.

NARRATIVE REPORT



National Position

The impact of both Covid-19 and Brexit are still amongst the most significant economic events which are currently facing the UK. The Council is now moving out of the Global Covid-19 Pandemic however this recovery period and the impact of funding the pandemic itself has had a significant impact on the Country's economy and Council services.

.

The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, has been major influences on both the Country and Council services.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level in September and then again in November

The UK formally left the European Union on 31 January 2020. It is still currently difficult to quantify what the full impact has been on the council, but the most obvious implications are to importing goods.

The uncertainties about future economic conditions make medium term financial planning even more challenging for the Council. The Council will continue to monitor the impact and provide updates.

Financial Performance

The following items have had an impact on the 2023/24 Financial Statements.

Organisational Performance

The Council implemented a new financial system on the 8 February 2021. This severely impacted the Council's ability to report financially during the 2021/22 financial year with the only reported financial monitoring being for Period 11. Because of this, and the impact this has had on the delivery of the 2020/21 accounts, in October 2022 the External Auditors issued a S24 Statement linked to the late delivery of the 2020/21 Accounts in November 2022 and the associated impact this had on the robustness of financial information.

This S24 Statement was updated in October 2023 to include delivery of the audited 2020/21, 2021/22 and 2022/23 accounts. Since April 2022 the Council, with Bromsgrove, have been operating a financial

recovery plan to rectify this situation. This has included the correction of the underlying issue in the financial system in November 2022. This is reflected in the Governance Statement.

In September 2024, due to the number of Councils across England with unaudited accounts, the new Government implemented "backstop legislation". This meant that Council Accounts up to the 2022/23 financial year had to be presented, and the 30-day public consultation period completed by the 13 December 2024. The Council hit this timescale for the 2020/21 and 2021/22 Accounts but only achieved this on the 22 January 2025 for the 2022/23 Accounts.

These 2023/24 Accounts also have a "backstop date" imposed by the Government of the 28 February 2025 to be presented and have completed the 30-day public consultation period.

The Council has "**Disclaimer Opinions**" for the 2020/21 through to 2022/23 Accounts. This Opinion, linked to the "Backstop Legislation," has been issued to multiple Councils across the Country. It is not clear how these multiple "Disclaimer Opinions" for Councils will affect the sector and how they might impact how the Council's new Auditors workplans for their 2023/24 External Audits Report and ongoing Audit Opinions for the Council.

For the whole of the 2023/24 financial year the Council have reported on joint finance and organisational performance through a quarterly finance and performance report to Cabinet.

Governance

Redditch Borough Council recognises that it is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.

Governance is about how the Council ensures that it is doing the right things, in the right way.

- A Council Constitution which clearly sets out the roles and responsibilities for Councillors
- A transparent decision-making process through Council, Executive and Regulatory Committees
- Review and scrutiny of decisions through the Overview and Scrutiny Committee
- Behaving with integrity supported through a Code of Conduct
- Managing risk through the Corporate Management Team and Audit Governance & Standards Committee
- Clear strategic priorities linked to the needs of our communities and customers
- Regular performance management linked to strategic priorities and managed through a dashboard which is easily accessed and updated
- Having robust and regular financial management
- Having good communication with Councillors, employees, and the Community

The Council undertakes an annual review of its governance arrangements, and this is summarised in the Annual Governance Statement.

Reserves, Financial Performance and Financial Position

Financial Outlook

The Medium-Term Financial Plan 2023/24 – 2025/26 was approved by Council on 27 February 2023 and provides the framework within which spending decisions can be made. The plan addresses how the Council will provide financial funding to the Strategic Priorities and ensure residents receive quality services to meet their needs in the future.

When reviewing the budget projections consideration is made of the impact of demand on service and the costs associated with this demand. This may result in additional costs, associated with maintaining current service delivery, or reductions in anticipated income revenue over the next three years. This has been exacerbated by the move back to "normal working" in 2023/24 as we move out of the Covid-19 pandemic and the significant impact that the war in Ukraine is having on the national and local economy.

NARRATIVE REPORT

We have continued to see the significant drops of income seen in previous years as one-off Government Grant funding to support for the most vulnerable in our community, both individuals and businesses, due to the Covid-19 pandemic stopping. In addition, due to the upcoming General Election, the 2023/4 Local Government Financial Settlement was only a single year in length which makes medium term planning difficult to achieve.

There continues to be considerable pressure facing the Council over the next three years as a result of a number of issues including:

- A significant nationally negotiated Pay Award of circa 5% for which there is no central funding which impacts the Council by £928k a year.
- Reprofiling the fleet replacement, as there is still no final Environment Green Paper at a cost of £258k

However, to partially offset this two significant factors bring the Council back to an almost a break even ongoing budget position. These are:

- Implementation of the 2023/24 to 2025/26 triennial Pension revaluation, at an ongoing savings of £801k a year.
- The Conversion of 50% of the Utilities increase established in Tranche 1 of the 2023/24 budget as actual increases have not been of the magnitude of the additional budget established £570k.

The main source of income continues to be Council tax. The Chancellors' November 2023 update still allows Councils to increase Council Tax by 1.99% or £5 per annum without a referendum. The medium-term financial plan assumes a further 1.99% increase per annum in future years.

A summary of the approved Medium Term Financial Plan is provided below and shows that the Council has a deficit in 2023/24 of £311k which then reduces to a deficit of £67k in 2024/25 and a surplus of £63k in 2025/26.

NARRATIVE REPORT

	2023/24 £000	2024/25 £000	2025/26 £000
Base Budget Position 22/23 MTFP			
Expenditure	10,290	10,428	10,661
Funding	-9,341	-9,595	-9,621
Net	**949**	**833**	**1,040**
Revised Gap	**949**	**833**	**1,040**
Pressures			
50% Funding for Climate Change Officer	**30**	**30**	**30**
Savings Options			
Environmental Services Partnership	0	-25	-50
Service Reviews	-140	-330	-405
Move to All Out Elections	0	0	-170
Town Hall	0	0	-400
Finance Vacancies	-100	-100	-100
MRP	-100	-100	-100
Pension Fund	-580	-580	-580
Engage Capacity Grid (One Off)	-300	-300	0
10% Increase in Fees and Charges	-339	-340	-342
Council Tax Increase	0	-104	-104
Total Savings	**-1,529**	**-1,849**	**-2,221**
Revised Position	**-580**	**-1,016**	**-1,181**
Pressures			
Pay Pressure Year 1	928	928	928
Pay Pressure Future Years (1%)	0	0	117
Transport Pressure	21	21	21
Contracts Pressures	230	235	240
Core Pressures	**1,179**	**1,184**	**1,306**
Updated Position	**599**	**168**	**125**
Utilties Inflation	1,140	1,140	1,140
Tranche 1 Final Draft Position	**1,739**	**1,308**	**1,265**

Draft Local Government Financial Settlement			
New Homes Bonus	-19		
Services Grant	-86		
Funding Guarantee	-493		
C Tax Base Reduction	130		
Business Rates/Investment Inc Rebaseline	-466	-250	-250
Future Years Settlements - assumption		-450	-450
Settlement Draft Amounts	-934	-700	-700
1% more on Councils Tax	-69	-69	-69
Conversion of 50% of Utilities to a Reserve	-570	-570	-570
Correction of Salary £1,925 amount	-200	-200	-200
Additional Pensions Savings	-221	-221	-221
Revised Deficit	**-255**	**-452**	**-495**
New Pressures (Known/Ongoing)			
Fleet Refurbishment	129	258	258
Apprenticeship Scheme	50	50	50
Data Analyst	25	25	25
Planning Enforcement	25	25	25
WRS Increase	47	61	74
Under Recovery of 22/23 Council Tax	190		
Increased pay award - so 2%	100	100	0
Total	**566**	**519**	**432**
Revised Draft Position	**311**	**67**	**-63**

Risks and Opportunities

The Council recognises that it has a responsibility to manage risks effectively in order to control its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives, and to maximise the opportunities to achieve its vision.

Risk management is managed through the Corporate Management Team and Audit Governance & Standards Committee. Its key corporate risks at the end of the 2023/24 financial year classified as highest priority, as reported to this Committee were:

- Non-adherence with Statutory Inspection Policies.
- Protection from Cyber Attack.
- Financial Position Rectification.
- Delivery of Levelling Up Initiative
- The New Customer Facing Interface
- The impact of the new Environment Bill.

Six other “Corporate Risks” were classified as Amber.

The most significant financial risk the Council faces is the correction of issues with its new financial system. As set out in “Organisation Performance” section above, with the implementation of “backstop legislation” for English Councils Accounts and the issuing of “Disclaimer Opinions” for significant numbers of Councils, including Bromsgrove, the impact of this decision locally and nationally is yet to be fully understood.

Internal Audit issued a report in June 2021 with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given. The Council acknowledged that there was a risk management system in place, and there were areas of good practice. However, this was not uniform across the Council. The embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Councils. Therefore, an action plan was put in place that:

- Set up a quarterly officer Risk Board, with representatives of each service area.
- That the 4Risk system (used for logging and mitigating risks) be fully updated and reviewed at these quarterly meetings.
- Ensured that the Corporate Management Team (CMT) and the Audit Committee, be updated by way of a quarterly report on progress and review the Council’s Corporate and Departmental Risks.

Risk is reported to this Committee on a quarterly basis.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is set out on page 19. This demonstrates to Council taxpayers and housing rent payers how the funding available to the Authority (i.e., Government grants, Council tax, rents, and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council’s strategic purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. A summary of the net expenditure as reported through the management accounts compared with the budget for 2023/24 is shown below:

NARRATIVE REPORT

	2023/24 Full Year Budget	2023/24 Outturn	2023/24 Outturn Variance
Regulatory Client	451,038	449,798	(1,240)
Business Transformation & Organisational Development	1,767,562	1,701,543	(66,019)
Corporate Budgets & Services	(1,558,136)	(2,802,363)	(1,244,227)
Community & Housing GF Services	1,576,893	1,827,032	250,139
Environmental Services	2,615,992	4,801,569	2,185,577
Financial & Customer Services	1,777,749	2,407,097	629,348
Legal, Democratic & Property Services	2,071,581	2,224,407	152,826
Planning, Regeneration & Leisure Services	1,282,538	1,533,062	250,524
RBC Rubicon Client	764,746	972,415	207,669
Starting Well	85,315	101,994	16,679
Overall Total	**10,835,278**	**13,216,554**	**2,381,276**

The actuals reported above are based on the management accounts for the Authority. The management accounts are prepared on controllable budgets and there is a difference to the definitions used in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis. As an example, the management accounts would record and manage any direct revenue financing of capital expenditure within the strategic priority, but this would be recorded as other income and expenditure in the Expenditure and Funding Analysis.

The main variances to budget in each strategic area are as below. Greater detail is available in the year-end outturn report.

Business Transformation & Organisational Development – £66k underspend
Within Business Transformation & Organisational Development there are increased phone costs of £60k together with increased HR costs of £60k offset by savings within Corporate Staff costs due to vacancies within Training amounting to £110k and additional Name & Numbering income of £30k. There are a number of smaller unders/overs within the service.

The overall underspend for the service is after the absorption of £76k cross cutting efficiency savings targets based upon forecast underspends within Human Resources at quarter 1 due to vacancies within the service.

Corporate Services – £1,244k underspend
Within Corporate Services, there is a large underspend due to the necessary reallocation of corporate provisions on salaries, inflation and utilities. The Council is currently undergoing an establishment exercise which will ensure the correct allocation of these provisions across all services in future years.

Community and Housing General Fund Services – £250k overspend
Within the Community and Housing General Fund Services the overspend is due to a number of factors. Most significantly these are: increased Bed & Breakfast (£74k) and Homelessness costs (£174k) arising from the national impact of increased demand for social housing (new legislation in respect of domestic abuse and private landlords ending tenancies/selling properties has impacted); income from Dial A Ride and Shopmobility being less than anticipated; and the requirement to undertake a stock condition survey report of the private rented sector.

Environmental Services – £2,186k overspend
Within Environmental Services there are two key areas that impact on budgets, fleet costs and salaries. As

per the Corporate Services section, salaries overspends have been offset by allocation of the Corporate Salaries provision. Within fleet costs there is a £390k overspend due to maintenance, fuel and Insurance costs. The fleet used across the service area is generally beyond its life cycle, especially within the waste service. A revised fleet replacement programme is designed to ensure we have a more reliable fleet across the service which will result in lower maintenance costs and associated hire costs in order to deliver statutory responsibilities. There have also been additional costs relating to shared services costs on the waste service.

Within Bereavement Services there has been a reduction of £170k in anticipated burial and cremation fees. There has also been a £25k reduction in bulky waste income.

Within the service area as a whole and in particular the Tree Team there have been a number of insurance claims which have cost the Council £70k within the financial year.

There were a number of smaller underspends amounting to £90k within the service.

There are £1m of additional costs relating to stock costs for the depot at Crossgates. This relates to the period 2020/21 – 2023/24.

Financial & Customer Services - £629k overspend
Within Financial & Customer Services, there is an overspend of £629k within Finance due to agency staff covering vacant posts. This spend is required to close the backlog of Accounts work and comply with Recommendations in the External Auditors Annual Report.

Legal, Democratic and Property Services – £153k overspend
Within Legal, Democratic and Property Services there was an overspend on agency fees and an overspend on the Market and on Legal Services. These were offset by an increase in income for property rental income.

Planning, Regeneration and Leisure Services – £250k overspend
Within Planning, Regeneration and Leisure Services there is an overspend in the region of £250k. This is predominately due to an overspend within Economic Development and Development Management due to costs of temporary support and professional fees. Planning income has been lower than anticipated.

Rubicon Client – £208k overspend
The original base budget of £765k was exceeded due to high maintenance costs particularly on the Abbey Stadium, Forge Mill Museum and the Palace Theatre. Additional costs were incurred due to an increased management fee.

Reserves

The position has resulted in the Council's General Fund position decreasing from an opening position of £8.924m to a closing balance of £7.221m. There was an overspend of £2.381m and the balance relates to statutory adjustments.

Earmarked reserves have reduced from an opening position of £17.818m to a closing position of £17.186m.

Capital

The outturn report set out that expenditure was £3.2m against capital budgets of £10.9m approved for the year. This is an £7.7m underspend.

Housing Revenue Account (HRA)

The Housing Revenue Account for 2023/24 is showing break-even position.

The major variances as follows:

- Repairs & Maintenance – Overspend mainly on agency staff but offset by underspend in other areas (staffing vacancies).
- Supervision & Management – Variance is mainly due to vacancies, posts left vacant due to the ongoing review of the Housing Services function.

- Rent, Rates, Taxes & Other Charges – Increase in insurance premiums, disrepair claims by tenants have increased.
- Provision for Bad Debts – Arrears did not increase year on year as anticipated. Minimal increase in total from 22-23.
- Depreciation & Impairment of Fixed Assets – Increase in the average price of key components of HRA dwellings.

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2024. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The Core Statements are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into "usable", which can be invested in service improvements or capital investment or reduce local taxation, and "unusable" which must be set aside for specific purposes. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movement in Reserves Statement Line 'Adjustments between accounting basis and funding basis under the regulations.

The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movements in the year following those adjustments.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2024.

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long-term liabilities).

The Supplementary Statements are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money. Business Rates is distributed to Central Government, Worcestershire County Council and Redditch Borough Council. Council Tax is distributed between Gloucestershire County Council, the Police & Crime Commissioner, Redditch Borough Council and the Town & Parish Councils within the Redditch district. The Annual Governance Statement which sets out the governance structures of the Council and its key internal controls.

The **Housing Revenue Account**

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority. In this Authority, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

The Chief Finance Officer's responsibilities

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

In preparing this statement of accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2024 .

…… **Date:**

Director of Finance and Resources (Chief Finance Officer)

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit, Governance and Standards Committee.

…… **Date:**

Chair

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		2023/24			2022/23		
		£000	£000	£000	£000	£000	£000
	Notes	Expenditure	Income	Net	Expenditure	Income	Net
Business Transformation and Organisational Development		2,257	(426)	1,831	2,128	(454)	1,674
Community and Housing GF Services		6,026	(2,287)	3,739	5,153	(2,715)	2,438
Corporate Services		747	(5,153)	(4,407)	1,444	(5,078)	(3,634)
Environmental Services		7,407	(2,768)	4,639	6,809	(2,476)	4,332
Financial and Customer Services		20,148	(16,896)	3,252	18,566	(5,165)	13,401
Housing Revenue Account		24,469	(27,880)	(3,411)	21,939	(25,965)	(4,026)
Legal, Democratic and Property Services		4,655	(1,489)	3,165	3,945	(1,307)	2,638
Planning, Regeneration and Leisure Services		3,942	(1,355)	2,587	3,330	(1,288)	2,042
Regulatory Client		681	(231)	450	634	(253)	381
Rubicon Client		2,041	(0)	2,041	2,114	(5)	2,108
Starting Well		1,013	(720)	292	766	(842)	(76)
Cost of Services		**73,385**	**(59,207)**	**14,178**	**66,827**	**(45,549)**	**21,278**
Other Operating Expenditure	**B4**	40	(308)	(268)	18	(515)	(497)
Financing and Investment Income and Expenditure	**B5**	6,641	(7,184)	(543)	9,283	(4,607)	4,676
Taxation and Non-Specific Grant Income and Expenditure	**B6**	12,375	(24,293)	(11,918)	11,364	(33,180)	(21,816)
(Surplus) or Deficit on Provision of Services				**1,449**			**3,640**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	**D1**			0			(25,065)
Remeasurement of the net defined benefit liability/(asset)	**E1**			(2,349)			(4,025)
Other Comprehensive Income and Expenditure				**(2,349)**			**(29,090)**
Total Comprehensive Income and Expenditure				**(900)**			**(25,450)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

	Notes	2023/24 £000 Expenditure	2023/24 £000 Income	2023/24 £000 Net	2022/23 £000 Expenditure	2022/23 £000 Income	2022/23 £000 Net
Business Transformation and Organisational Development		2,257	(426)	1,831	2,128	(454)	1,674
Community and Housing GF Services		6,026	(2,287)	3,739	5,153	(2,715)	2,438
Corporate Services		747	(5,153)	(4,407)	1,444	(5,078)	(3,634)
Environmental Services		7,407	(2,768)	4,639	6,809	(2,476)	4,332
Financial and Customer Services		20,148	(16,896)	3,252	18,566	(5,165)	13,401
Housing Revenue Account		24,469	(27,880)	(3,411)	21,939	(25,965)	(4,026)
Legal, Democratic and Property Services		4,655	(1,489)	3,165	3,945	(1,307)	2,638
Planning, Regeneration and Leisure Services		3,942	(1,355)	2,587	3,330	(1,288)	2,042
Regulatory Client		681	(231)	450	634	(253)	381
Rubicon Client		6,029	(3,532)	2,496	3,667	(2,692)	974
Starting Well		1,012	(719)	292	766	(842)	(76)
Cost of Services		**77,371**	**(62,738)**	**14,634**	68,380	(48,236)	**20,144**
Other Operating Expenditure	**B4**	40	(308)	(268)	18	(515)	(497)
Financing and Investment Income and Expenditure	**B5**	6,641	(7,184)	(543)	9,283	(4,607)	4,676
Taxation and Non-Specific Grant Income and Expenditure	**B6**	12,375	(24,263)	(11,888)	11,364	(33,180)	(21,816)
(Surplus) or Deficit on Provision of Services				**1,935**			**2,507**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	**D1**			0			(25,065)
Remeasurement of the net defined benefit liability/(asset)	**E1**			(2,349)			(4,025)
Other Comprehensive Income and Expenditure				**(2,349)**			**(29,090)**
Total Comprehensive Income and Expenditure				**(414)**			**(26,583)**

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for Council and Group for the year ended 31 March 2024

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or (from) earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA Balance	Earmarked HRA Reserves	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Rubicon Leisure Limited	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2022	**11,526**	**17,769**	**29,294**	**2,057**	**12,557**	**14,614**	**12,150**	**13,394**	**2,779**	**72,230**	**136,070**	**210,101**	**1,108**	**211,209**
Movement in reserves during the year														
Total Comprehensive Income and Expenditure	3,321	0	**3,321**	319	0	**319**	0	0	0	**3,640**	**29,090**	**32,730**	**978**	**33,708**
Adjustments between accounting basis & funding basis under regulations	(5,873)	0	**(5,873)**	(1,186)	0	**(1,186)**	1,888	(153)	375	**(4,949)**	**58,671**	**68,085**	**0**	**68,085**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(2,552)**	**0**	**(2,552)**	**(867)**	**0**	**(867)**	**1,888**	**(153)**	**375**	**(1,310)**	**87,761**	**86,452**	**978**	**87,430**
Transfers to or from earmarked reserves	(49)	49	**0**	785	(785)	**0**	0	0	0	**0**	**0**	**0**	**0**	**0**
(Increase)/Decrease in Year	**(2,601)**	**49**	**(2,552)**	**(82)**	**(785)**	**(867)**	**1,888**	**(153)**	**375**	**(1,310)**	**87,761**	**86,452**	**978**	**87,430**
Balance as at 31 March 2023	**8,924**	**17,818**	**26,743**	**1,976**	**11,771**	**13,747**	**14,038**	**13,241**	**3,154**	**70,922**	**223,831**	**294,754**	**2,086**	**296,839**
Movement in reserves during the year														
Total Comprehensive Income and Expenditure	823	0	**823**	626	0	**626**	0	0	0	**1,449**	**(2,349)**	**(900)**	**486**	**(414)**
Adjustments between accounting basis & funding basis under regulations	(1,550)	0	**(1,550)**	(2,387)	0	**(2,387)**	177	(2,767)	(3,154)	**(9,681)**	**24,945**	**15,263**	**(3,600)**	**11,664**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(727)**	**0**	**(727)**	**(1,761)**	**0**	**(1,761)**	**177**	**(2,767)**	**(3,154)**	**(8,232)**	**22,596**	**14,363**	**(3,114)**	**11,250**
Transfers to or from earmarked reserves	(976)	(632)	**(1,608)**	870	(870)	**0**	0	0	0	**(1,608)**	**0**	**0**	**1,608**	**0**
(Increase)/Decrease in Year	**(1,703)**	**(632)**	**(2,335)**	**(891)**	**(870)**	**(1,761)**	**177**	**(2,767)**	**(3,154)**	**(9,840)**	**22,596**	**14,363**	**(1,506)**	**11,250**
Balance as at 31 March 2024	**7,221**	**17,186**	**24,408**	**1,085**	**10,901**	**11,986**	**14,215**	**10,474**	**0**	**61,082**	**246,427**	**309,117**	**580**	**308,089**

BALANCE SHEET

Balance Sheet as at 31 March 2024

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide service. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets ae sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

	Notes	31st March 2024 £000	31st March 2023 £000
Property, Plant & Equipment	**D1**	397,140	382,004
Investment Property	**D2**	899	899
Intangible Assets	**D3**	1,243	1,046
Long Term Debtors	**E2**	906	906
Long Term Assets		**400,188**	**384,855**
Short Term Investments	**F1**	10,912	41,850
Inventories	**D9**	1,575	2,374
Short Term Debtors	**D4**	23,318	13,265
Cash and Cash Equivalents	**F1**	16,707	15,620
Current Assets		**52,512**	**73,108**
Other Short Term Liabilities	**E2**	(9,000)	(9,000)
Short Term Creditors	**D5**	(8,555)	(39,004)
Provisions	**D6**	(1,242)	(1,798)
Revenue Grants received in advance		(16,172)	(3,759)
Current Liabilities		**(34,969)**	**(53,561)**
Long Term Borrowing	**F5**	(104,063)	(104,064)
Other Long Term Liabilities	**E2**	(5,311)	(2,791)
Capital Grants received in advance		(848)	(2,793)
Long Term Liabilities		**(110,222)**	**(109,648)**
Net Assets		**307,509**	**294,754**
Usable reserves	**C3**	61,082	70,922
Unusable Reserves	**C4**	246,427	223,832
Total Reserves		**307,509**	**294,754**

BALANCE SHEET

Group Balance Sheet as at 31 March 2024

	Notes	31st March 2024 £000	31st March 2023 £000
Property, Plant & Equipment	D1	397,386	382,250
Investment Property	D2	899	899
Intangible Assets	D3	1,243	1,046
Long Term Debtors	E2	906	906
Long Term Assets		**400,434**	**385,101**
Short Term Investments	F1	10,912	41,850
Inventories	D9	1,594	2,393
Short Term Debtors	D4	23,594	13,318
Cash and Cash Equivalents	F1	15,658	18,602
Current Assets		**51,757**	**76,163**
Short Term Creditors	E2	(9,073)	(9,000)
Other Short Term Liabilities	D5	(9,000)	(40,220)
Provisions	D6	(1,242)	(1,798)
Revenue Grants received in advance		(16,172)	(3,759)
Current Liabilities		**(35,487)**	**(54,778)**
Other Long Term Liabilities	E2	(3,703)	(2,791)
Capital Grants Received in advance		(848)	(2,793)
Long Term Borrowing	E2	(104,063)	(104,064)
Long Term Liabilities		**(108,614)**	**(109,648)**
Net Assets		**308,089**	**296,838**
Usable reserves	C3	61,662	73,006
Unusable Reserves	C4	246,427	223,832
Total Reserves		**308,089**	**296,838**

CASH FLOW STATEMENT

Cash Flow Statement at 31 March 2024

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	Notes	2023/24 £000	2022/23 £000
Net surplus or (deficit) on the provision of services		(1,449)	(3,640)
Adjustment to surplus or deficit on the provision of services for non-cash movements	**F2**	12,440	44,610
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**F3**	0	(5,654)
Net cash flows from Operating Activities		**10,991**	**35,316**
Investing Activities	**F4**	(17,369)	(59,022)
Financing Activities	**F5**	7,465	12,617
Net increase or (decrease) in cash and cash equivalents		**1,087**	**(11,089)**
Cash and cash equivalents at the beginning of the reporting period		**15,620**	**26,709**
Cash Balance at End of Period		**16,707**	**15,620**

CASH FLOW STATEMENT

Group Cash Flow Statement as at 31 March 2024

	Notes	2023/24 £000	2022/23 £000
Net surplus or (deficit) on the provision of services		(1,935)	(20,433)
Adjustment to surplus or deficit on the provision of services for non-cash movements	**F2**	8,865	63,442
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**F3**	0	(5,654)
Net cash flows from Operating Activities		**6,930**	**37,355**
Investing Activities	**F4**	(17,369)	(59,022)
Financing Activities	**F5**	7,465	12,617
Net increase or (decrease) in cash and cash equivalents		**(2,974)**	**(9,050)**
Cash and cash equivalents at the beginning of the reporting period		**18,602**	**27,652**
Cash Balance at End of Period		**15,628**	**18,602**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B1. Expenditure and Funding Analysis

2023/24				2022/23		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Strategic Purpose	Net Expenditure Chargeable to the General Fund Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
2,022	191	1,831	Business Transformation and Organisational Development	1,513	(162)	1,674
4,433	694	3,739	Community and Housing GF Services	1,779	(658)	2,438
(4,286)	120	(4,407)	Corporate Services	(3,760)	(127)	(3,634)
5,429	790	4,639	Environmental Services	3,507	(825)	4,332
4,259	1,007	3,252	Financial and Customer Services	12,397	(1,004)	13,401
4,673	8,084	(3,411)	Housing Revenue Account	(11,686)	(7,659)	(4,026)
4,198	1,033	3,165	Legal, Democratic and Property Services	1,603	(1,034)	2,638
3,210	623	2,587	Planning, Regeneration and Leisure Services	1,438	(604)	2,042
450	0	450	Regulatory Client	381	0	381
3,109	1,068	2,041	Rubicon Client	917	(1,191)	2,108
579	287	292	Starting Well	(344)	(268)	(76)
28,076	13,898	14,178	**Net Cost of Services**	7,745	(13,533)	21,278
(29,779)	(17,050)	(12,729)	Other Income and Expenditure	4,522	22,159	(17,638)
(1,703)	(3,152)	1,449	**Surplus or Deficit**	12,267	8,626	3,640

8,924	Opening General Fund Balance	(3,343)
(1,703)	Less/Plus Surplus or (Deficit) on General Fund Balance in Year	12,267
7,221	Closing General Fund Balance at 31 March	8,924

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B2. Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Other Differences	Total
	£000	£000	£000	£000	£000
Business Transformation and Organisational Development	43	147	0	0	191
Community and Housing GF Services	41	653	0	0	694
Corporate Services	0	120	0	0	120
Environmental Services	756	34	0	0	790
Financial and Customer Services	0	1,007	0	0	1,007
Housing Revenue Account	6,775	1,309	0	0	8,084
Legal, Democratic and Property Services	729	304	0	0	1,033
Planning, Regeneration and Leisure Services	406	218	0	0	623
Regulatory Client	0	0	0	0	0
Rubicon Client	1,068	0	0	0	1,068
Starting Well	78	209	0	0	287
Net Cost of Services	**9,895**	**4,003**	**0**	**0**	**13,898**
Other Income and Expenditure from the Expenditure and Funding Analysis	0	0	0	0	**0**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**9,895**	**4,003**	**0**	**0**	**13,898**

B3. Expenditure and Income Analysed by Nature

Revenue from contracts with Service Recipients

The policy on fees and charges is that all services should be charged where it is appropriate to do so unless there are conflicting policies for legal reasons not to do so. The charge should (subject to market conditions) aim to maximise income from fees and charges by ensuring that the full cost of provision and enforcement is recovered, unless there are contrary policies, legal or contractual reasons.

Where the Council continues to subsidise the cost of services provided to customers, the level of subsidy should be clearly understood by the service. Charges must be linked to both service and strategic objectives and be clearly understood.

The direct implications of charging for residents, and the indirect implications for public, private and voluntary sector partners should be clearly understood. Any concessionary scheme should be based on ability to pay and be applied in a consistent and transparent approach across all Council services. Where appropriate, annual inflationary uplifts will be applied by the Council and approved through the budget setting process.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Expenditure:	2023/24 £000	2022/23 £000
Employee Benefits Expenses	18,467	13,623
Other Expenditure	58,554	59,230
Depreciation, Amortisation, Impairment	9,895	9,459
Interest Payments	6,649	6,426
Precepts and Levies	1,356	18

Income:	2023/24 £000	2022/23 £000
Fees, Charges and other service Income	(36,966)	(41,516)
Interest and Investment Income	(7,184)	(2,787)
Income for Council tax, non-domestic rates, district rate income	(20,649)	(14,660)
Government grants and Contributions	(23,516)	(26,153)
Gain on Disposal of Assets	(308)	0
Internal Recharges	(4,850)	0
(Surplus) or Deficit on the Provision of Services	**1,449**	**3,640**

B4. Other Operating Income and Expenditure

	2023/24 £000	2022/23 £000
Parish council precepts	40	18
(Gains)/losses on the disposal of non-current assets	(308)	0
Other	0	(515)
Total	**(268)**	**(497)**

B5. Financing and Investment Income and Expenditure

	2023/24 £000	2022/23 £000
Interest payable and similar charges	6,641	9,283
Interest receivable and similar income	(7,184)	(4,607)
Total	**(543)**	**4,676**

B6. Taxation and Non-Specific Grant Income and Expenditure

	2023/24 £000	2022/23 £000
Income		
Council Tax Income	(6,929)	(6,724)
Non Domestic Rates Income and Expenditure	(1,345)	3,406
Non-ring-fenced government grants	(3,644)	(17,170)
Capital Grants and Contributions	0	(1,328)
Total	**(11,918)**	**(21,816)**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B7. Members Allowances

	2023/24 £000	2022/23 £000
Basic Allowances	136	135
Special Allowances	99	98
Expenses Inc. Car Allowances	5	1
Total	**240**	**234**

B8. External Audit Costs

The Council has incurred the following costs relating to the annual audit of the statement of accounts, certification of grant claims and other services provided by the Council's external auditors.

	2023/24 £000	2022/23 £000
Fee Variations agreed for External Audit	31	55
Housing Benefit Audit (relates to previous years)	0	1
Housing Benefit Audit	36	33
Fees payable with regard to external audit services carried out by the appointed auditor for the year	171	54
Total	**238**	**143**

B9. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24.

Credited to Taxation and Non-Specific Grant Income	**2023/24** £000	**2022/23** £000
Revenue Support Grant	0	446
New Homes Bonus	(335)	(330)
Section 31	(627)	10,587
Capital Grants	0	(1,751)
Non ring-fenced Grant	(4,625)	(1,541)
Total	**(5,587)**	**7,411**

Credited to Services	**2023/24** £000	**2022/23** £000
MHCLG Local Council Tax Support Admin Subsidy	0	(97)
MHCLG New Burdens	0	(113)
MHCLG NNDR Cost of Collection	(105)	(40)
MHCLG Homelessness Grants	0	373
DWP Admin Grant	(376)	(231)
DWP Discretionary Housing	(77)	(402)
DWP Housing Benefit Subsidy	(13,535)	(13,408)
Total	**(14,093)**	**(13,918)**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B10. Officer Remuneration

Since 2010/11, the Management Team has been shared between Redditch Borough Council and Bromsgrove District Council, with each Authority being charged 50% of the cost of each post.

		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Redditch £	Revised Total
Officers Remuneration Redditch Borough Council (50% recharged to Bromsgrove District Council):						
Chief Executive - Kevin Dicks to 01/10/2023	2022/23	162,497	25,463	187,960	93,980	**93,980**
	2023/24	83,720	13,991	97,711	48,856	**48,856**
Executive Director of Finance & Resources up to 6th July 2022	2022/23	31,488	4,942	36,430	18,215	**18,215**
	2023/24	0	0	0	0	**0**
Director of Finance & Resources from 7th July 2022 and Deputy Chief Exec from 1st October 2023	2022/23	116,958	0	116,958	58,479	**58,479**
	2023/24	162,685	0	162,685	81,343	**81,343**
Head Of Legal & Democratic Services	2022/23	99,785	15,716	115,501	57,751	**57,751**
	2023/24	102,738	17,271	120,009	60,005	**60,005**
Total	2022/23	410,728	46,121	456,849	228,425	**228,425**
	2023/24	349,143	31,262	380,405	190,203	**190,203**

Officers Remuneration Redditch Borough Council (50% recharged to Bromsgrove District Council):						
		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Bromsgrove £	Total
Deputy Chief Executive and Executive Director of Leisure, Environmental & Community to 30/08/2023 and acting Chief Executive from 01/09/2023	2022/23	130,171	21,357	151,529	75,764	**75,764**
	2023/24	122,756	21,323	144,079	72,040	**72,040**
Executive Director of Leisure Environmental & Community from 01/09/2023	2022/23	0	0	0	0	**0**
	2023/24	66,380	11,559	77,939	38,969	**38,969**
Total	2022/23	130,171	21,357	151,529	75,764	**75,764**
	2023/24	189,136	32,882	222,018	111,009	**111,009**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Senior Employees Remuneration

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2023/24	2022/23
£50,001 to £55,000	4	2
£55,001 to £60,000	6	5
£60,001 to £65,000	10	10
£65,001 to £70,000	2	0
£70,001 to£ 75,000	0	0
£75,001 to £80,000	1	0
£80,001 to £85,000	0	0
£85,001 to £90,000	2	5
£90,001 to £95,000	2	0
£95,001 to £100,000	1	1
£100,001 to £105,000	1	0
£105,001 to £110,000	1	1
£110,001 to £115,000	0	0
£115,001 to £120,000	0	0
£120,001 to £125,000	0	0
£125,001 to £130,000	0	0
£130,001 to £135,000	0	0
£135,001 to £140,000	0	1
Total	30	25

B11. Termination Benefits

The Council had a number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0-£20,000	0	0	2	3	2	3	33,708	17,576
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
Total cost included in bandings							**33,708**	**17,576**
Cost to Redditch Borough Council							**33,708**	**17,576**
Exit Packages undertaken by Redditch Borough Council with a shared cost to Bromsgrove District Council							**0**	**0**
Total cost included in the CIES							**33,708**	**17,576**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C1. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

	Usable Reserves					
Balance Sheet as at 31 March 2024	**General Fund Balance** £000	**Housing Revenue Account** £000	**Capital Receipts Reserve** £000	**Major Repairs Reserve** £000	**Capital Grants Unapplied** £000	**Movement in Unusable Reserves** £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost (transferred to (or from) the Pensions Reserve)	2,349	0	0	0	0	(2,349)
Council tax and NDR (transfers to or from the Collection Fund)	(2,381)	0	0	0	0	2,381
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	4,950	0	0	0	0	(4,950)
Total Adjustments to Revenue Resources	**4,918**	**0**	**0**	**0**	**0**	**(4,918)**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(191)	0	191	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(6,277)	(2,387)	0	0	0	5,766
Total Adjustments to Revenue Resources	**(6,468)**	**(2,387)**	**191**	**0**	**0**	**5,766**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(14)	0	0	14
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(2,767)	0	2,767
Application of capital grants to finance capital expenditure	0	0	0	0	(3,154)	3,154
Total Adjustments to Capital Resources	**0**	**0**	**(14)**	**(2,767)**	**(3,154)**	**5,935**
Total Adjustments	**(1,550)**	**(2,387)**	**177**	**(2,767)**	**(3,154)**	**6,783**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C2. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2022/23 and 2023/24.

	Balance	Transfers In	Transfers Out	Balance	Transfers In	Transfers Out	Balance
	01-Apr-22	2022/23	2022/23	31-Mar-23	2023/24	2023/24	31-Mar-24
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Business Rates Retention Scheme	4,560	0	0	4,560	0	0	**4,560**
Community Development	74	0	0	74	0	0	**74**
Community Safety	860	0	(649)	211	0	0	**211**
Corporate Services	4,652	0	0	4,652	0	(2,058)	**2,594**
Customer Services	93	90	0	183	0	0	**183**
Economic Growth	538	180	0	718	0	0	**718**
Electoral Services	49	14	0	63	0	0	**63**
Environmental Vehicles	29	0	0	29	0	0	**29**
Equipment replacement	25	0	0	25	0	0	**25**
Financial Services	149	0	0	149	0	0	**149**
General Risk reserve	45	0	0	45	0	0	**45**
Housing Benefit Implementation	270	0	0	270	0	0	**270**
Housing Support	1,535	0	0	1,535	0	0	**1,535**
Land Charges	9	0	0	9	0	0	**9**
Land Drainage	129	0	0	129	0	0	**129**
Parks & Open spaces	8	0	0	8	0	0	**8**
Planning Services	512	180	0	692	0	0	**692**
Sports Development	77	0	(95)	(18)	0	0	**(18)**
Town Centre	7	0	0	7	0	0	**7**
Warmer Homes	16	0	0	16	0	0	**16**
Transformational Growth	123	0	0	123	0	0	**123**
Pensions	201	0	0	201	0	0	**201**
Regeneration Income	273	329	0	602	0	0	**602**
Restart Grants	0	2,900	0	2,900	0	0	**2,900**
Covid-19 (General)	580	0	0	580	1,426	0	**2,006**
Covid-19 (Collection Fund)	2,955	0	(2,900)	55	0	0	**55**
TOTALS	**17,769**	**3,693**	**(3,644)**	**17,818**	**1,426**	**(2,058)**	**17,186**
HRA							
Housing Capital	**12,555**	0	(784)	**11,771**	0	(870)	**10,901**
Total HRA	**12,555**	**0**	**(786)**	**11,771**	**0**	**(870)**	**10,901**
Total Earmarked Reserves	**30,324**	**613**	**(1,529)**	**29,589**	**1,426**	**(2,928)**	**28,087**

C3. Usable Reserves

	31st March 2024	31st March 2023
	£000	£000
Capital Receipts Reserve	14,215	14,038
Capital Grants Unapplied	0	3,154
Major Repairs Reserve	10,474	13,241
HRA Balances	1,085	1,976
HRA Earmarked Reserves	10,901	11,771
General Fund Balances	7,221	8,924
Earmarked Reserves	17,186	17,818
Total Usable Reserves	**61,082**	**70,922**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Capital Receipts Reserve

These are receipts from the sale of Council assets (all relating to the Housing Revenue Account), which have not yet been used to finance capital expenditure.

	31st March 2024 £000	31st March 2023 £000
Balance 1 April	**14,038**	**12,150**
Capital Receipts in year	177	3,124
Sub-Total	**14,215**	**15,274**
Less:		
Capital Receipts used for financing	0	(1,236)
Balance 31 March	**14,215**	**14,038**

Since 1 April 2016, Local Authorities have had more flexibility in the use of capital receipts. There is greater scope to use the capital receipts to fund upfront costs that will generate ongoing savings and/or transform service delivery. All of the balance is available to be used either for financing capital investments or funding projects qualifying for the flexible use.

Capital Grants Unapplied

	31st March 2024 £000	31st March 2023 £000
Balance on 1 April	**3,154**	**2,779**
Unapplied Capital Grants received in year	0	375
Unapplied Capital Grants transferred to CAA in year on application	(3,154)	0
Balance 31 March	**0**	**3,154**

Major Repairs Reserve

The major repairs reserve receives the depreciation relating to housing revenue account assets which totalled £6.417m in year. The reserve was used to finance £xm of the Housing Investment Programme, decreasing the balance held in reserves from £13.241m to £10.215m.

	31st March 2024 £000	31st March 2023 £000
Balance at 1 April	**13,241**	**13,394**
Depreciation	6,417	5,847
Capital expenditure on HRA Land, Houses and Other Property	(9,184)	(6,000)
Balance 31 March	**10,474**	**13,241**

C4. Unusable Reserves

	31st March 2024 £000	31st March 2023 £000
Revaluation Reserve	(106,232)	(92,486)
Capital Adjustment Account	(146,168)	(144,794)
Pensions Reserve	3,703	8,617
Collection Fund Adjustment Account	2,142	4,575
Accumulated Absences Account	128	256
Total Unusable Reserves	**(246,427)**	**(223,832)**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date are consolidated into the balance on the Capital Adjustment Account.

	31st March 2024	31st March 2023
	£000	£000
Balance at 1 April	**(92,486)**	**(67,232)**
Upward revaluation of assets	(13,746)	(25,254)
Balance at 31 March	**(106,232)**	**(92,486)**

Capital Adjustment Reserve

	31st March 2024	31st March 2023
	£000	£000
Balance at 1 April	**(144,794)**	**(148,230)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	9,895	9,495
Amortisation of Intangible Assets	53	0
Revenue expenditure funded from capital under statute	0	852
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,008)	2,422
	7,940	**12,769**
Adjusting amounts written out of the Revaluation Reserve	0	1,083
Net written out amount of the cost of non current assets consumed in the year	**7,940**	**13,852**
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(14)	(1,520)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,767)	(6,501)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,154)	(1,543)
Capital expenditure charged against the General Fund	(3,379)	(852)
	(9,314)	**(10,416)**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0	0
Balance at 31 March	**(146,168)**	**(144,794)**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31st March 2024 £000	31st March 2023 £000
Balance at 1 April	**8,617**	**78,488**
Remeasurements of the net defined benefit liability/(asset)	0	3,304
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(4,914)	(69,871)
Employers pensions contributions and direct payments to pensioners payable in the year	0	(3,304)
Balance at 31 March	**3,703**	**8,617**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31st March 2024 £000	31st March 2023 £000
Balance at 1 April	**4,575**	**775**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,433)	3,800
Balance at 31 March	**2,142**	**4,575**

Accumulated Absences Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlements carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	31st March 2024 £000	31st March 2023 £000
Balance at 1 April	**256**	**128**
Settlement or cancellation of accrual made at the end of the preceding year	(128)	(128)
Amounts accrued at the end of the current year	0	256
Balance at 31 March	**128**	**256**

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment
Current Year

	Council Dwellings £000	Operational Land £000	Operational Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community assets £000	Assets under construction £000	Surplus Asset £000	Total PP&E £000
Cost or Valuation									
Balance as at 1 April 2023	**320,783**	**10,251**	**45,275**	**13,929**	**5,154**	**1,625**	**11,425**	**1,775**	**410,217**
Adjustments re prior years	0	0	0	0	0	0	0	0	**0**
Adjusted opening balance	**320,783**	**10,251**	**45,275**	**13,929**	**5,154**	**1,625**	**11,425**	**1,775**	**410,217**
Additions	0	0	2,568	95	519	2	23,724	105	**27,013**
Revaluation increases/decreases to Revaluation Reserve	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	(9,644)	0	0	0	0	0	0	0	**(9,644)**
Other movements	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2024	**311,139**	**10,251**	**47,843**	**14,024**	**5,673**	**1,627**	**35,149**	**1,880**	**427,586**
Depreciation and Impairment									
Balance as at 1 April 2023	**(5,725)**	**0**	**(9,214)**	**(11,828)**	**(1,445)**	**0**	**0**	**0**	**(28,212)**
Adjustments re prior years	0	0	0	1,781	0	0	0	0	**1,781**
Adjusted opening balance	**(5,725)**	**0**	**(9,214)**	**(10,047)**	**(1,445)**	**0**	**0**	**0**	**(26,431)**
Depreciation Charge	(2,517)	0	(383)	(1,006)	(148)	40	0	0	**(4,014)**
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2024	**(8,242)**	**0**	**(9,597)**	**(11,053)**	**(1,593)**	**40**	**0**	**0**	**(30,445)**
Net Book Value									
Balance as at 31 March 2024	**302,897**	**10,251**	**38,246**	**2,971**	**4,080**	**1,667**	**35,149**	**1,880**	**397,140**
Balance as at 31 March 2023	**315,058**	**10,251**	**36,061**	**2,101**	**3,709**	**1,625**	**11,425**	**1,775**	**382,004**

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment

Comparative Year

	Council Dwellings £000	Operational Land £000	Operational Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community assets £000	Assets under construction £000	Surplus Asset £000	**Total PP&E** £000
Cost or Valuation									
Balance as at 1 April 2022	**323,205**	**10,251**	**33,538**	**13,881**	**5,076**	**1,378**	**3,588**	**1,775**	**392,692**
Additions	0	0	11,737	48	78	247	7,837	0	**19,947**
Revaluation increases/decreases to Revaluation Reserve	0	0	0	0	0	0	0	0	**0**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	-2,422	0	0	0	0	0	0	0	**-2,422**
Reclassifications & Transfers	0	0	0	0	0	0	0	0	**0**
Other movements	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2023	**320,783**	**10,251**	**45,275**	**13,929**	**5,154**	**1,625**	**11,425**	**1,775**	**410,217**
Depreciation and Impairment									
Balance as at 1 April 2022	**-5,603**	**0**	**-3,469**	**-11,068**	**-1,306**	**0**	**0**	**0**	**-21,446**
Depreciation Charge	-122	0	-2,353	-760	-139	0	0	0	**-3,374**
Depreciation written out on Revaluation Reserve	0	0	-1,138	0	0	0	0	0	**-1,138**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	**0**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	-2,254	0	0	0	0	0	**-2,254**
Balance as at 31 March 2023	**-5,725**	**0**	**-9,214**	**-11,828**	**-1,445**	**0**	**0**	**0**	**-28,212**
Net Book Value									
Balance as at 31 March 2023	**315,058**	**10,251**	**36,061**	**2,101**	**3,709**	**1,625**	**11,425**	**1,775**	**382,004**
Balance as at 31 March 2022	**317,602**	**10,251**	**30,069**	**2,813**	**3,770**	**1,378**	**3,588**	**1,775**	**371,297**

NOTES TO THE BALANCE SHEET

Depreciation

All assets have been depreciated using a reducing balance method. For the housing revenue account, the depreciation calculation is based on the replacement cost and useful life of major components – bathroom, kitchen, roof, rewire, central heading boiler, central heating system, windows and the structure.

The Council's valuers and surveyors have determined the useful economic life of the assets. Buildings have a useful life of between 15 to 100 years. Vehicles, plant and equipment and software licences have a useful life of between 5 to 10 years.

Valuation of Property, Plant and Equipment

The basis for valuation of individual classes of asset owned by the Council is explained in the Accounting Policies. The net book value as at 31 March represents the value of the assets belonging to the Council. The Council conducts a rolling programme that ensures that all Property, Plant and Equipment is measured at current value at least every five years. Bruton Knowles have been instructed to act as the Council's valuers for 2023/24.

Valuations of land and buildings are conducted in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Refuse Authority and Central Government. The Council share of business rate assets and liabilities in 2023/24 was 40% in accordance with the Worcestershire Business Rate Pilot Pool that operated for that year. This was in line with 2022/23.

Transfers between levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 and 3 Fair Values for Surplus Assets Significant observable inputs (Level 2)

The fair value for the assets has been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the Local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable le inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and best use of surplus assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the assets is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Valuation Process for Surplus Assets

The fair value of the Authority's surplus assets is measured at £1.775m. Valuations have been conducted by Bruton Knowles, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

NOTES TO THE BALANCE SHEET

D2. INVESTMENT PROPERTIES

	2023/24 £000	2022/23 £000
Balance at start of the year	**899**	**897**
Additions:		
- Purchases	0	2
Disposals	0	0
Transfers:		
- to/from Property, Plant and Equipment	0	0
Other changes	0	0
Balance at end of the year	**899**	**899**

D3. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.053m (£0.342m in 2022/23) charged to revenue in the current year was charged to revenue cost centres who use the software which was mainly Revenues and Benefits, Cashiers and the IT service.

All software is assigned a useful life of seven years.

The movement in intangible assets for the year is as follows:

	£000
Cost or Valuation	
Balance as at 1 April 2023	**3,100**
Additions	250
Derecognition - Disposals	0
Other movements	0
Balance as at 31 March 2024	**3,350**
Depreciation and Impairment	
Balance as at 1 April 2023	**(2,054)**
Depreciation Charge	(53)
Depreciation written out on Revaluation Reserve	0
Balance as at 31 March 2024	**(2,107)**
Net Book Value	
Balance as at 31 March 2024	**1,243**
Balance as at 31 March 2023	**1,046**

D4. Debtors

	Long term debtors		Short term debtors	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Central Government Bodies	0	0	9,810	9,103
Other entities and individuals	906	906	4,827	0
Housing Rents	0	0	11,026	7,530
Less bad debt provision	0	0	(2,345)	(3,368)
Total	**906**	**906**	**23,318**	**13,265**

NOTES TO THE BALANCE SHEET

D5. Creditors

	Short term creditors	
	2023/24 £000	2022/23 £000
Central Government bodies	(87)	1,081
Other local authorities	(242)	4,136
Housing Rents Prepaid	(73)	(13,870)
Other Entities and Individuals	(8,153)	(30,351)
Total	**(8,555)**	**(39,004)**

D6. Provisions

2023/24

	Balance as at 1 April 2023 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2024 £000
Insurance	(472)	0	1	(471)
NNDR Appeals	(1,198)	(2,865)	3,420	(643)
Employee Benefit	(128)	0	0	(128)
Total	**(1,798)**	**(2,865)**	**3,421**	**(1,242)**

2022/23

	Balance as at 1 April 2022 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2023 £000
Insurance	(384)	(88)	0	(472)
NNDR Appeals	(475)	(723)	0	(1,198)
Employee Benefit	(128)	0	0	(128)
Total	**(987)**	**(811)**	**0**	**(1,798)**

Business Rates Appeals Provision

Within the Collection Fund, the Council has set aside provision for any potential liabilities because of business rates appeals against rateable value. A provision has been made for all outstanding appeals relating to the rate revaluation undertaken in 2010 and 2017 and set aside a provision for General Practitioner and Automated Teller Machines (ATMs) where there was a legal challenge in place against unsuccessful rating appeals. The challenge was upheld in May 2020 and payments have been made during the financial year.

There is no allocation of the business rates appeals to the Council because of the arrangements in place whereby Worcestershire County Council have taken the lead of a Pilot Business Rates Pool covering all of Worcestershire, securing 75% of the business rate resources to the area. The Council has continued to receive a share of the business rate resources in the General Fund based on a no detriment basis.

Insurance Provision

The Council also holds a provision for potential insurance claims. This is currently £0.471m. The Council self-insures up to the value of £0.028m per claim and this provision is calculated with regard to the level of outstanding claims.

NOTES TO THE BALANCE SHEET

D7. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increased in the Capital Financing Requirement (CFR) which is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The movement in the CFR is analysed in the second part of this note.

Capital Expenditure and Capital Financing	2023/24 £000	2022/23 £000
Opening Capital Financing Requirement	**149,086**	**148,006**
Capital Investment		
Property, Plant and Equipment	23,724	10,033
Intangible Assets	250	664
Revenue Expenditure Funded from Capital under Statute	0	0
Total	**23,974**	**10,697**
Sources of finance		
Capital receipts	(177)	(1,236)
Government grants and other contributions	(9,846)	(1,596)
Major Repairs Allowance	(9,443)	(6,000)
Sums set aside from revenue:		
Direct revenue contributions:		
General Fund	0	0
HRA	(870)	(785)
Minimum Revenue Provision (MRP)	0	0
	(20,336)	**(9,617)**
Closing Capital Finance Requirement	**152,724**	**149,086**
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	3,638	1,080
Increase/(decrease) in Capital Financing Requirement	**3,638**	**1,080**

NOTES TO THE BALANCE SHEET

D8. Assets Held for Sale

There were no assets held for sale as at 31 March 2024. To be an asset held for sale, it requires the Council to be committed to plan to sell the asset which is available for immediate sale, being actively marketed and a sale is highly probable within twelve months.

D9. Inventories

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2024 and 2023 are as follows:

	Consumable Stores	
	2023/24	2022/23
	£000	£000
Balance outstanding at start of year	2,374	731
Purchases	1,126	1,694
Recognised as an expense in year	(1,925)	(51)
Balance outstanding at year end	**1,575**	**2,374**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E1. Defined Benefit Pension Scheme

Retirement Benefits

Discretionary post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no planned assets built up to meet these pension liabilities.

Transactions relating to post-employment Benefits.

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme		Discretionary Benefits	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Comprehensive Income and Expenditure Statement				
Cost of services:				
Service cost comprising:				
Current service cost	1,939	4,025	0	0
Past service cost	12	0	0	0
(Gain)/loss from settlements	0	0	0	0
Financing and Investment Income and Expenditure:				
Net Interest expense	398	1,919	0	0
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	**2,349**	**5,944**	**0**	**0**

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(9,387)	(3,807)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(2,265)	(3,085)	0	0
Actuarial gains and losses arising on changes in financial assumptions	48	(73,532)	0	0
Actuarial gains and losses arising on changes in Experience	1,697	16,403	0	0
Other	(265)	39	269	0
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	**(7,823)**	**(58,038)**	**269**	**0**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(2,349)	(5,944)	0	0
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	2,682	3,786	0	0
Retirement benefits payable to pensioners	0	0	269	0

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Present value of the defined obligation	(138,209)	(137,222)	0	(3,351)
Fair value of plan assets	136,727	126,996	0	0
Net liability arising from the defined benefit obligation	**(1,482)**	**(10,226)**	**0**	**(3,351)**

The present value of the defined obligations includes as an estimated cost following the decision of the Sargeant/McCloud cases (generally referred to as McCloud), which rules that the transitional protections offered to older members of the Public Service Pension Schemes were amended, constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes including the Local Government Pension Scheme. However, whilst it is highly unlikely that the exact form of the remedy will be known in the immediate future, and therefore any cost at this stage can only be an estimate.

Net Liability and Pension Strain	Local Government Pension Scheme	
	2023/24 £000	2022/23 £000
Local Government Pension Scheme	(1,482)	(10,226)
Discretionary Benefits	0	(3,294)
Pension Strain Liability		0
Sub-total	**(1,482)**	**(13,520)**
Advance Payment of Pension Contributions	4,185	0
Net liability arising from the defined benefit obligation	**2,703**	**(13,520)**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Reconciliation of the present value of the scheme liabilities

		Local Government Pension Scheme		Discretionary Benefits	
		2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Opening balance at 1 April		(135,612)	(192,948)	0	(3,294)
Current service cost		(1,939)	(4,025)	0	0
Interest cost		(6,281)	(5,290)	0	(74)
Contributions from scheme participants		(689)	(631)	0	0
Remeasurement (gains) and losses:					
	Experience (gains/losses)	(1,697)	(16,403)	0	75
	Financial Assumptions (gains/losses)	(48)	73,532	0	(327)
	Demographic Assumptions (gains/losses)	2,265	3,085	0	0
Past service cost		(12)	0	0	0
Benefits/transfers paid		5,804	5,458	0	269
Balance as at 31 March		**(138,209)**	**(137,222)**	**0**	**(3,351)**

Local government pension scheme assets comprised:

All scheme assets have quoted prices in active markets.

	Fair value of scheme assets	
	31st March 2024	31st March 2023
Cash and cash equivalents	2,328	0
Equities:		
UK quoted	80,901	131
Overseas quoted	0	28,378
PIV - UK managed	0	15,971
PIV - UK managed (overseas)	0	48,239
PIV - Overseas managed	0	964
Securities	14,428	0
Private	62	0
Sub-total equity	**95,392**	**93,683**
Bonds:		
UK Corporate	2,700	0
Overseas Corporate	0	1,704
UK Government Fixed	0	1,958
Sub-total bonds	**2,700**	**3,662**
Property:		
UK Property Debt	0	841
Overseas Property Debt	3,605	561
UK Property Funds	7,321	5,329
Sub-total property	**10,926**	**6,731**
Alternatives		
UK Infrastructure	23,889	5,696
European Infrastructure	1,493	3,797
US Infrastructure	0	3,164
UK Stock Options	0	506

Overseas Stock Options	0	(253)
Corporate Private Debt	0	1,899
Sub-total alternative funds	**25,382**	**14,809**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2023.

The significant assumptions used by the actuary are set out below:

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary are set out below:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2023/24	2022/23	2023/24	2022/23
Mortality assumptions:				
Longevity at 65 current pensioners:				
Men	21.3	22.7	21.3	22.7
Women	23.6	25.1	23.6	25.1
Longevity at 65 for future pensioners:				
Men	22.6	24.4	22.6	24.4
Women	25.5	27.1	25.5	27.1
Financial assumptions:				
Rate of inflation	2.8%	2.7%	2.8%	2.7%
Rate of increase in salaries	4.3%	4.2%	4.3%	4.2%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The longevity assumption, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Impact on the Authority's cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis.

The scheme takes account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption £000	Decrease in assumption £000
Longevity (increase or decrease in one year)	6,007	(6,007)
Rate of inflation (increase or decrease by 0.1%)	3,143	(3,143)
Rate of increase in salaries (increase or decrease by 0.1%)	231	(231)
Rate for discounting liabilities (increase or decrease by 0.1%)	(3,095)	3,095

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E2. Financial Instruments

	Current						Non-Current					
	Investments		Debtors		Total		Investments		Debtors		Total	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Assets												
Cash not falling into the following categories	0	0	0	0	0	0	0	0	0	0	0	0
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised cost	10,912	41,850	23,318	13,265	34,230	55,115	0	0	906	906	906	906
Total Financial Assets	**10,912**	**41,850**	**23,318**	**13,265**	**34,230**	**55,115**	**0**	**0**	**906**	**906**	**906**	**906**
Non-Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total	**10,912**	**41,850**	**23,318**	**13,265**	**34,230**	**55,115**	**0**	**0**	**906**	**906**	**906**	**906**

	Current						Non-Current					
	Borrowing		Creditors		Total		Borrowing		Creditors		Total	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Liabilities												
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised Cost	(9,000)	(9,000)	(8,555)	(39,004)	(17,555)	(48,004)	(104,064)	(104,064)	(5,311)	(2,791)	(109,375)	(154,859)
Total Financial Liabilities	**(9,000)**	**(9,000)**	**(8,555)**	**(39,004)**	**(17,555)**	**(48,004)**	**(104,064)**	**(104,064)**	**(5,311)**	**(2,791)**	**(109,375)**	**(154,859)**
Non-Financial Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Total	**(9,000)**	**(9,000)**	**(8,555)**	**(39,004)**	**(17,555)**	**(48,004)**	**(104,064)**	**(104,064)**	**(5,311)**	**(2,791)**	**(109,375)**	**(154,859)**

The new advances are lifetime loans granted to owner occupiers which will be repaid on the sale of the property. The reclassification relates to lifetime loans granted to owner occupiers and loans to owners of homes of multiple occupation in previous years, which will be repaid on the sale of the property. In all cases, no interest is charged on the loans and a fair value adjustment has been made assuming the loan is repaid after 10 years.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E3. Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council within the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch Ratings Services.

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used (for example the rating assigned to a secured investment), otherwise the counterparty credit rating is used. Credit ratings are obtained and monitored by the Council's Treasury Advisors, who will notify changes in the ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investment will be made,
- Any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

The Council defines 'high credit quality' organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For Money Market Funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher.

The credit criteria in respect of financial assets held by the Council are detailed below:

	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2.5m 5 years	£2.5m 20 years	£2.5m 50 years	£2.5m 20 years	£1m 20 years
	£2.5m	£2.5m	£2.5m	£2.5m	£1m

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

AA+	5 years	10 years	25 years	10 years	10 years
AA	£2.5m 4 years	£2.5m 5 years	£2.5m 15 years	£2.5m 5 years	£1m 10 years
AA-	£2.5m 3 years	£2.5m 4 years	£2.5m 10 years	£2.5m 4 years	£1m 10 years
A+	£2.5m 2 years	£2.5m 3 years	£2.5m 5 years	£2.5m 3 years	£1m 5 years
A	£2.5m 13 months	£2.5m 2 years	£2.5m 5 years	£2.5m 2 years	£1m 5 years
A-	£2.5m 6 months	£2.5m 13 months	£2.5m 5 years	£2.5m 13 months	£1m 5 years
None	£1m 6 months	n/a	£3m 25 years	£1m 5 years	£500k 5 years
Pooled funds	£2.5m per fund or trust				

Banks Unsecured: call and notice accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the banking regulator determine that the bank/building society is failing or likely to fail.

Banks Secured: covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are exempt from bail-in and are secured on the financial institution's assets, which limits the potential losses in the unlikely event of insolvency.

Government: Investments with local authorities or guaranteed by national governments, investments with multilateral development banks. These are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years. Investments with the Debt Management Account Deposit Facility (DMADF) are guaranteed by HM Treasury. Following advice from the Council's treasury advisors, no upper limit was imposed on investments with the DMADF.

Corporates: Loans, bonds, and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and extremely low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to

meet its commitments under financial instruments.

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charges to the Surplus / Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus / Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus / Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus / Deficit on the Provision of Services and affect the General Fund Balance.

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. It has a number of strategies for managing interest rate risk and these are addressed in the Treasury Management Strategy. In 2023/24, the Council had no variable long-term investments or borrowings.

Price Risk

The Council, excluding its exposure to the Pension Fund, does not invest in equity shares.

E4. Leases

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

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

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

The Authority as Lessee – Finance Leases

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

Lease payments are apportioned between:

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

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the

minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied in writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

The Authority is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairments losses are therefore substituted by a revenue 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 between the two.

The Council has no finance leases.

Operating Leases

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

The Rubicon Centre is leased with a remaining lease period to 31 July 2023. This is a business centre sublet to small businesses.

The Council leases multifunctional devises (MFDs) through a lease that commenced in 2018/19 for an initial period until 31 July 2023. The future minimum payments under non-cancellable operating leases in future years are set out below:

	2023/24 £000	2022/23 £000
Minimum lease rentals payable:		
No later than 1 year	14	38
Later than 1 year and no later than 5 years	0	0
Later than 5 years	0	0
Total	**14**	**38**

The Authority as a Lessor – Finance Leases

When the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term

debtor) asset in the Balance Sheet.

Lease rentals receivable is apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of the rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve (England and Wales).

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

The Council has no finance leases.

Operating Leases

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

The Authority, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports and community facilities
- For the economic development purposes to provide suitable affordable accommodation for small local businesses
- Any other purpose

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2023/24 £000	2022/23 £000
Minimum lease rentals payable:		
No later than 1 year	363	363
Later than 1 year and no later than 5 years	1,263	1,263
Later than 5 years	942	1,318
Total	**2,568**	**2,944**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E5. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. 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 Lacal Authority Accounting in the United Kingdom 2022/23, 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. 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.

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.

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 re cognised 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 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.

Discretionary Benefits

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.

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 and 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.

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 asserts, 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.

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.

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.

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.

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.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an assert 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.

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.

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.

xxi) Shared Services

Redditch Borough Council provides the hosting for a number of shared service arrangements with Bromsgrove District 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.

E6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in **Note E5**, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are outlined below.

There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to prove an indication that the assets of the Authority might be impaired because of a need to close facilities and reduce levels of service provision. The Council holds earmarked General Fund balance of £7.221m and a General Fund reserves of £17.186m.

The Council participates in a number of Shared Services under contractual arrangements with other Councils and is a partner in the Worcestershire Regulatory Services Board. These arrangements are accounted for as Jointly Controlled Operations. A Jointly Controlled operation uses the assets and resources of the partner authorities without the establishment of a separate entity. Under these arrangements, each participant in the arrangement accounts separately for its own transactions including the use of assets, liabilities, income, expenditure and cashflows.

The Council has determined that a Group Accounting relationship exists with Rubicon Leisure Limited which was formed in December 2018. Rubicon Leisure Limited is a company limited by guarantee and is 100% controlled by the Council. Where material, the Group position is disclosed on the face of the applicable Core Statements. All other notes relate to the Council rather than the Group.

The Council has made a 100% provision against the potential cost of business rates appeals arising from the 2010 and 2017 rating list based on indicative information from Analyse Local informed by data from the Valuation Office. In addition, the Council has proved for the cost of the successful appeal to the Supreme Court concluded on 20 May 2020, which ruled that Automated Teller Machines (ATMs) should not be rated separately to the building and the cost of a challenge relating to the business rates of purpose-built General Practice (GP) Surgeries, where there have been reductions in the rateable value from the 2017 rating list. Both the ATM and GP Surgeries outcome was concluded after 31 March 2020 but full provision was made in the provision for business rate appeals. The level of the 2017 rating list provision for appeals has contributed £2.865m and utilised £3.420m in 2023/24. Previously the Council held 4.7% of rating income as a potential provision linked to the level of appeals against the 2010 rating list. Further information on these appeals is provided in **Note D6.**

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcestershire Fire and Rescue Authority and Central Government. The Council share of the business rate assets and liabilities was 40%.

The Council has determined that it does not hold any assets solely for income or capital appreciation and therefore, does not hold any investment properties,

E7. Accounting Standards not yet adopted.

The Code requires that the Council disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

There is an amendment to IFRS 16 Leases. This standard was due to be implemented on 1 April 2020, but this has now been delayed until 1 April 2024.

IFRS 16 Leases – the amendment requires Local Authorities who are lessees to recognise leases on the Balance Sheet as right of use assets with a corresponding lease liability. As yet, the Council has not done

sufficient detailed work to accurately ascertain the impact of IFRS 16 leases on the accounts due to the extension in the implementation deadline.

E8. Assumptions made about the future and other major sources of estimation uncertainty.

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

E9. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. The Council have considered the materiality of the transactions from both the Council's and the related parties perspective.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in **Note B9.**

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2023/24 is shown in **Note B7.**

Many Redditch Borough Councillors are also County Councillors and / or elected members of the Parish Council.

In 2023/24, all members have completed a register of members' disclosable pecuniary interest.

Officers

There were no disclosures made by officers in 2023/24,

Entities Controlled or Significantly Influenced by the Authority

The Council has a wholly owned leisure company called Rubicon Leisure to run its leisure services for it.

As part of the shared services with Bromsgrove District Council, Redditch paid £7.457m (£6.915m in 2022/23) for Bromsgrove hosted services and received £4.065m (£3.717m in 2021/22) for services hosted at Redditch.

The Councils has been involved in shared service arrangements for Economic Development, Land Drainage and Shared Emergency Planning with Wyre Forest District Council. The Council has paid £0.381m to Wyre Forest District Council for services hosted by them.

A shared service arrangement has also been set up between the Council, Bromsgrove District and Wyre Forest for the provision of Building Control. Redditch paid £0.115m to Bromsgrove (this figure is included in the shared services figure above).

For the provision of Car Park services, the Council paid £0.072m to Wychavon District Council.

Under the Internal Audit Shared Service, the Council paid £0.122m to Worcester City Council.

The Council paid Bromsgrove District Council £0.633m for Worcestershire Regulatory Shared Service for hosting Environmental Health and Licencing.

In total, the Council received £0.604m in 2023/24 (£0.578m 2022/23) from Worcestershire County Council for running the Early Help services.

E10. Events after the Balance Sheet date

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Rescue Authority and Central Government. The Council share of the business rates assets and liabilities in 2023/24 was £1,394,298.

The Council changed its actuaries from Mercer Limited to Hymans in the 2023/24 financial year. The pension assets were valued by Mercers as at 31 March 2023 at a lower value by £16.689m.

E11. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Council's control.

There are no contingent assets as at 31 March 2024.

E12. Contingent Liabilities

A contingent liability is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Council's control.

There are no contingent liabilities as at 31 March 2024.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

F1. Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Balance Sheet as follows:

	2023/24 £000	2022/23 £000
Cash and Bank balances	16,707	15,620
Short Term Investments	10,912	41,850
Total	**27,619**	**57,470**

F2. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2023/24 £000	2022/23 £000
Depreciation	4,014	9,548
Impairment & downward valuations	0	3,289
Amortisation	53	240
(Increase)/Decrease in Debtors	10,053	32,195
Increase/(Decrease) in Creditors	(30,449)	(8,181)
Increase in Inventories	(799)	(1,643)
Movement in pension liability	7,424	4,489
Carrying amount of non-current assets, and non-current assets held for sale, sold or de-recognised	9,644	2,872
Other items charged to the net surplus or deficit on provision of services	12,500	1,801
Total	**12,440**	**44,610**

F3. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing for financing activities.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	0	(4,058)
Any other items	0	(1,596)
Total	**0**	**(5,654)**

F4. Investing Activities

	2023/24 £000	2022/23 £000
Purchase of PP&E, investment property and intangible assets	(27,013)	(10,697)
Purchase of Short Term Investments (not considered to be cash equivalents)	0	(52,383)
Purchase of Long Term Investments	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	9,644	4,058
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Net Cash flows from Investing Activities	**(17,369)**	**(59,022)**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

F5. Financing Activities

	2023/24 £000	2022/23 £000
Cash Receipts from Short and Long Term Borrowing	45,465	12,617
Other Receipts from Financing Activities	0	0
Repayment of Short and Long Term Borrowing	(38,000)	0
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	**7,465**	**12,617**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

G1. Group Accounts

Rubicon Leisure Limited

Rubicon Leisure Limited was created in 2018/19 and commenced trading on 1 December 2018 through a management agreement with the Council. Rubicon Leisure Limited is a company limited by guarantee and the Guarantor and 100% owner is Redditch Borough Council.

The Council continues to own the buildings and Rubicon operate services at the following sites:

- Abbey Stadium
- Palace Theatre
- Pitcheroak Golf Course
- Pitcheroak Golf Course Café
- Forge Mill Museum
- Batchley, Oakenshaw, Windmill and Winvates Green Meeting Rooms
- Arrow Valley Visitor Centre

The company activity is included in the Group Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet. The Group Balance Sheet nets off transactions between the Council and Rubicon which impacts on debtors and creditors. This is to avoid a double count. In addition, the Company inventory, cash and reserves are reflected in the Group Balance Sheet.

There is no goodwill as the group did not arise through a purchase.

The Group CIES reflects expenditure of £3,988k and income of £3,532k for Rubicon, reflecting a net position of £456k. There is also £30k reflected on the Taxation and Non-Specific Grant Income and Expenditure line for a grant relating to Forge Mill.

The Group Balance Sheet reflects Rubicon usable reserves at £580k. This is made up of £19k on inventories, £276k on short term debtors, short term creditors at (£518k), PPE at £244k, other long term liabilities £1,608k and cash and cash equivalents of (£1,049k).

HOUSING REVENUE ACCOUNT

The Housing Revenue Account included is a ring-fenced account within the council's budget used to record income and expenditure related to the housing services provided to council tenants.

H1. Overview

	2023/24 £000	2022/23 £000
Expenditure		
Repairs & Maintenance	(7,243)	(5,973)
Supervision & Management	(7,613)	(7,250)
Rents, Rates, Taxes and other charges	(399)	(432)
Depreciation, impairments and revaluation losses of non-current assets	(6,417)	(5,846)
Debt Management Costs	(8)	(9)
Movement in the allowance for bad debts	(228)	(965)
Total Expenditure	**(21,909)**	**(20,476)**
Income		
Dwelling rents	25,753	24,089
Non-dwelling rents	522	502
Charges for services and facilities	630	609
Capitalisation of System Implementation Team	45	49
Contributions towards Supported Housing	130	40
Other	34	25
Total Income	**27,115**	**25,314**
Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	**5,207**	**4,839**
HRA Services Share of Corporate & Democratic Core	(723)	(693)
Net Expenditure of HRA Services	**4,483**	**4,146**
Gains/(loss) on sale of HRA Fixed Assets	191	400
Interest Payable and Similar Charges	(4,174)	(4,410)
HRA Interest and Investment Income	125	183
Net interest on the defined benefit liability (asset)	0	0
Capital Grants and Contributions	0	0
Surplus or (Deficit for Year) on HRA Services	**626**	**319**

H2. Movement on the HRA Statement

	2023/24 £000	2022/23 £000
Balance on the HRA at the end of the previous year	1,976	2,057
Surplus or (Deficit) on the HRA Income and Expenditure Statement	626	319
Adjustments between accounting basis and funding basis under statute	(1,061)	(1,185)
Net Increase or (Decrease) before transfers to or from reserves	(436)	(866)
Transfers (to)/from Reserves	870	785
Increase or (decrease) on the HRA for the year	**435**	**(81)**
Balance on the HRA at the end of the current year	**2,410**	**1,976**

	2023/24 £000	2022/23 £000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	6,417	0
Transfers to/from the Capital Adjustment Account	(191)	5,846
Gain or loss on sale of HRA non current assets	0	(400)
Transfers to/(from) Major Repairs Reserve	(6,417)	(5,846)
Capital expenditure funded by the HRA	(870)	(785)
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	**(1,061)**	**(1,185)**

	2023/24 £000	2022/23 £000
Transfers (to)/from earmarked reserves	0	0
Transfers (to)/from Capital Grants Unapplied	0	0
Total Transfers	**0**	**0**

H3. Property, Plant and Equipment

Property, Plant & Equipment (PP&E)	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Surplus Assets	**Total PP&E**	**Intangible Assets**	**TOTAL**
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1 April 2023	**352,786**	**4,106**	**534**	**1,520**	**358,946**	**1,378**	**360,324**
Adjustments re prior years	(32,003)	0	0	0	**(32,003)**	0	**(32,003)**
Adjusted opening balance	**320,783**	**4,106**	**534**	**1,520**	**326,943**	**1,378**	**328,321**
Additions	0	0	0	0	**0**	0	**0**
Revaluation increases to Revaluation Reserve	0	0	0	0	**0**	0	**0**
Derecognition - Disposals	(9,644)	0	0	0	**(9,644)**	0	**(9,644)**
Balance as at 31 March 2024	**311,139**	**4,106**	**534**	**1,520**	**317,299**	**1,378**	**318,677**
Depreciation and Impairment							
Balance as at 1 April 2023	**(12)**	**0**	**(714)**	**0**	**(725)**	**(87)**	**(812)**
Adjustments re prior years	(8,230)	0	714	0	**(7,516)**	0	**(7,516)**
Adjusted opening balance	**(8,242)**	**0**	**0**	**0**	**(8,241)**	**(87)**	**(8,328)**
Depreciation Charge	(6,171)	(199)	(30)	0	**(6,400)**	(17)	**(6,417)**
Depreciation written out on Revaluation Reserve	6,171	199	30	0	**6,400**	17	**6,417**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	**0**	0	**0**
Balance as at 31 March 2024	**(8,242)**	**0**	**0**	**0**	**(8,241)**	**(87)**	**(8,328)**
Net Book Value							
Balance as at 31 March 2024	**302,897**	**4,106**	**534**	**1,520**	**309,058**	**1,291**	**310,349**
Balance as at 31 March 2023	**352,774**	**4,106**	**(180)**	**1,520**	**358,221**	**1,291**	**359,512**

Prior year

	Council Dwellings	Operational Building	Vehicles, Plant and Equipment	Surplus Asset	Assets under construction	Intangible	**Total PP&E**
		£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1st April 2022	**337,590**	**4,204**	**534**	**1,520**	**6,461**	**713**	**326,822**
Adjustments re prior years	(6,750)	(114)	0	0	(6,461)	377	**(12,948)**
Adjusted opening balance	**330,840**	**4,090**	**534**	**1,520**	**0**	**1,090**	**338,074**
Additions	7,460	0	0	0	0	350	**7,810**
Revaluation increases/decreases to Revaluation Reserve	16,908	16	0	0	0	0	**16,924**
Derecognition - Disposals	(2,422)	0	0	0	0	0	**(2,422)**
Other movements	0	0	0	0	0	0	
Balance as at 31st March 2023	**352,786**	**4,106**	**534**	**1,520**	**0**	**1,440**	**360,386**
Depreciation and Impairment							
Balance as at 1 April 2022	**(12)**	**(15)**	**(609)**	**0**	**0**	**(17)**	**(637)**
Adjustments re prior years	0	(15)	0	0	0	(52)	**(67)**
Adjusted opening balance	**(12)**	**0**	**(609)**	**0**	**0**	**(69)**	**(690)**
Depreciation Charge	(5,536)	(189)	(104)	0	0	(17)	**(5,846)**
Depreciation written out on Revaluation Reserve	5,536	189	0	0	0	0	**5,725**
Balance as at 31st March 2023	**(12)**	**0**	**(713)**	**0**	**0**	**(86)**	**(811)**
Net Book Value							
Balance as at 31st March 2023	**352,774**	**4,106**	**(179)**	**1,520**	**0**	**1,354**	**359,575**
Balance as at 31st March 2022	**337,578**	**4,189**	**(75)**	**1,520**	**6,461**	**696**	**349,673**

Dwellings within the Housing Revenue Account are valued in accordance with the RICS Appraisal and Valuation Manual, as published by the Royal Institution of Chartered Surveyors, and DCLG guidance. Accordingly, the Existing Use Value for Social Housing (EUV-SH) has been used as the basis of valuation. The beacon approach to valuation of the housing stock has been adopted as recommended by the DCLG, including the regional adjustment to be adopted within the EUV-SH valuation. Valuations of dwellings are carried out annually, valued at 1 April each year.

HOUSING REVENUE ACCOUNT

H4. Housing Stock

The number of dwellings in the Authority's housing stock as at 31 March 2024 totalled 5,554 properties. The types of properties are analysed below:

	2023/24	2022/23
	Number	Number
Property Type		
Flats and Maisonettes		
(Blocks up to and incl. 2 Storey)		
1 Bed	1,521	1,528
2 Bed	531	532
3 Bed	28	28
Sub-Total	**2,080**	**2,088**
Non Permanent	41	41
Sub-Total	**41**	**41**
Houses / Bungalows		
1 Bed	652	653
2 Bed	847	843
3 Bed	1,774	1,777
4 or More	160	163
Sub-Total	**3,433**	**3,436**
Total Dwellings 31 March	**5,554**	**5,565**

H5. Housing Revenue Account Capital Expenditure

	2023/24	2022/23
	£000	£000
Capital investment		
Operational assets	11,570	7,460
Intangible Assets	336	350
Totals	**11,906**	**7,810**
Sources of funding		
Capital Receipts	1,495	1,025
Major Repairs Reserve	9,223	6,000
Government grants and other contributions	318	0
Direct Revenue Financing	870	785
Totals	**11,906**	**7,810**

H6. Rent Arrears

During 2023/24, total rent arrears remained broadly the same. A summary of rent arrears and prepayments are shown in the following table:

	2023/24	2022/23
	£000	£000
Current Tenant Arrears	1,438	1,570
Former Tenant Arrears	690	479
Total Rent Arrears	**2,128**	**2,049**
Prepayments	0	0
Net Rent Arrears	**2,128**	**2,049**

The rent arrears and prepayments exclude supporting people balances.

HOUSING REVENUE ACCOUNT

H7. Depreciation and Impairment of Non-Current Assets

	2023/24 £000		2022/23 £000	
	Depreciation	Impairment	Depreciation	Impairment
Council Dwellings	6,171	0	5,536	0
Other Land and Buildings	199	0	189	0
Vehicles, Plant, Furniture and Equipment	30	0	104	0
Intangible Assets	17	0	17	0
Total	**6,417**	**0**	**5,846**	**0**

H8. Retirement Benefits

As part of terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Worcestershire Local Government Pension Fund administered by Worcestershire County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year.

Pension costs for the Housing Revenue Account are charged to the Council and recharged to the HRA.

H9. Total Capital Receipts Generated during the year.

	2023/24 £000	2022/23 £000
Land	0	0
Council Houses	2,331	2,871
Sub Total	**2,331**	**2,871**
Disposal Costs	(42)	(49)
Total HRA capital receipts	**2,289**	**2,822**

COLLECTION FUND

COLLECTION FUND

I1. The Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligations for billing Authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to Local Authorities and the Government of council tax and non-domestic rates.

Due to the Collection Fund accounting treatment, the deficit on the fund will not be passed to the Council's General Fund until 2024/25 and later years. The Government have confirmed that the in-year deficit on the Collection Fund in 2023/24 can be spread over three years from 2024/25 to 2026/27.

2022/23			Collection Fund	2023/24		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
			INCOME			
	(53,217)	(53,217)	Council Tax Receivable		(55,903)	(55,903)
(31,308)		(31,308)	Business Rates Receivable	(32,390)		(32,390)
(31,308)	**(53,217)**	**(84,525)**	**Total amounts to be credited**	**(32,390)**	**(55,903)**	**(88,292)**
			EXPENDITURE			
			Apportionment of Previous Year Surplus/Deficit			
297		297	Central Government	(2,626)		(2,626)
238	180	417	Redditch Borough Council	(2,101)	(182)	(2,282)
53	970	1,024	Worcestershire County Council	(473)	(1,000)	(1,472)
6	66	72	Hereford and Worcestershire Fire and Rescue	(53)	(64)	(116)
	174	174	Police and Crime Commissioner for West Mercia		(179)	(179)
			Precepts, demands and shares			
16,711		16,711	Central Government	18,201		18,201
13,369	6,762	20,131	Redditch Borough Council	14,561	6,905	21,466
3,008	37,080	40,088	Worcestershire County Council	3,276	38,557	41,834
334	2,373	2,707	Hereford and Worcestershire Fire and Rescue	364	2,483	2,847
	6,628	6,628	Police and Crime Commissioner for West Mercia		6,958	6,958
			Charges to Collection Fund			
0	0	0	Write-offs of uncollectable amounts	(3)	(116)	(119)
0	0	0	Interest	43	0	43
8	0	8	Disregarded amounts	4	0	4
381	443	824	Increase/(decrease) in allowance for impairment	163	538	701
3,589		3,589	Increase/(decrease) in allowance for appeals	(1,386)		(1,386)
394		394	Transitional Protection Payments Payable	(3,085)		(3,085)
			Charges to General Fund			
104		104	Charge to General Fund for allowable collection costs for non-domestic rates	105	(27)	78
38,492	**54,675**	**93,167**	**Total amounts to be debited**	**26,992**	**53,874**	**80,866**
7,184	**1,459**	**8,642**	**(Surplus) /deficit arising during the year**	**(5,397)**	**(2,029)**	**(7,426)**
1,893	147	2,040	(Surplus)/deficit b/f at 1 April	9,076	1,606	10,683
9,076	**1,606**	**10,683**	**(Surplus)/deficit c/f at 31 March**	**3,679**	**(422)**	**3,257**

COLLECTION FUND

I2. Council Tax Income

The amount of Council tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined, the Council tax payable for each band is established as follows (the actual amount payable for each property is also subject to discounts where applicable):

FOR THE YEAR ENDED 31st MARCH 2024

Band	Valuation band limits £		£	Calculated number of dwellings	Adjusted for discounts	Ratio to Band D		Equated number of dwellings
				16	9.80	5/9		5.44
A	Up to & including	40,000		7,826	4,528.50	6/9		3,019.00
B		40,001	- 52,000	12,059	9,364.00	7/9		7,283.11
C		52,001	- 68,000	7,870	6,830.30	8/9		6,071.38
D		68,001	- 88,000	4,438	4,058.40	9/9		4,058.40
E		88,001	- 120,000	3,375	3,183.80	11/9		3,891.31
F		120,001	- 160,000	1,273	1,215.70	13/9		1,756.01
G		160,001	- 320,000	465	438.30	15/9		730.50
H	More Than		320,001	19	18.80	18/9		37.60
						Adjustment		0.98
						Council tax base		**26,304.94**

FOR THE YEAR ENDED 31st MARCH 2023

Band	Valuation band limits £		£	Calculated number of dwellings	Adjusted for discounts	Ratio to Band D		Equated number of dwellings
				20	11.60	5/9		6.44
A	Up to & including	40,000		7,788	4,581.70	6/9		3,054.47
B		40,001	- 52,000	12,055	9,411.20	7/9		7,319.82
C		52,001	- 68,000	7,821	6,810.40	8/9		6,053.69
D		68,001	- 88,000	4,406	4,022.50	9/9		4,022.50
E		88,001	- 120,000	3,382	3,190.80	11/9		3,899.87
F		120,001	- 160,000	1,260	1,205.80	13/9		1,741.71
G		160,001	- 320,000	468	448.10	15/9		746.83
H	More Than		320,001	19	19.00	18/9		38.00
						Adjustment		0.99
						Council tax base		**26,546.63**

The breakdown above is for Redditch Borough Council only. Below is the total payable for Band D equivalent for all preceptors:

	2023/24 £	2022/23 £
Redditch Borough Council	261.75	254.15
Worcestershire County Council	1,465.78	1,396.78
Police and Crime Commissioner for West Mercia	264.50	249.66
Hereford and Worcestershire Fire and Rescue	94.40	89.40
Total Council Tax for non parish areas	**2,086.43**	**1,989.99**
Feckenham Parish Council	53.22	40.05
Total Council Tax for Feckenham	**2,139.65**	**2,030.04**

I3. Non-Domestic Rates

Non-domestic rates are organised on a local basis. The Government specifies a rate poundage, and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2022/23 the rate poundage was 51.2p (2021/22 51.2p). The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. The Council share is shown in the Comprehensive Income and Expenditure Statement and analysed at **Note B6.**

The total rateable value at 31 March 2024 was £91,833,251 (2022/23 £82,141,970).

For 2023/24, the Council was part of the Worcestershire Business Rates Pool where it received a no detriment payment from Worcestershire County Council which is why there is no precept amount reflected in the Collection Fund Statement.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Redditch Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and provides value for money. Redditch Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, Redditch Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level, consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Redditch Borough Council's policies and Strategic Purposes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place at Redditch Borough Council for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The framework to deliver good governance across the Council's services in delivering the Strategic Purposes encompass a number of elements.

- The Strategic Purposes have been developed in line with the needs of our communities and customers and the Council Plan has been approved to reflect the activities that need to be undertaken by the Council to further support the delivery of these purposes
- Strategic Partnership meetings are held on a regular basis to ensure that all partners and agencies are engaged in supporting the Councils aims to deliver the purposes to our community. Liaison between officers to deliver joint working arrangements in encouraged and actively undertaken by the Council.
- A performance dashboard is in place, and integrated quarterly finance and performance reporting, for members and officers to review the performance of key measures, both strategic and operational across the organisation. This includes national statistics where relevant to the community of the Borough.
- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Executive and the other Committees operated by the Council.
- Terms of reference for member working groups (e.g., Scrutiny Task Groups) are clearly defined.
- Council has approved financial Regulations and Contract Procedure Rules. A full training programme is in place to ensure all relevant officers comply and understand the regulations in place. In addition, an officer contract working group has been established with the aim to improve efficiencies in relation to contract management arrangements.
- A clear scheme of Councillor/Officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council. A Member / Officer protocol is also set out in the Constitution.

- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training. This is developed by the cross-party Member Development Steering Group and includes induction, chair and specific Committee based training.
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- A review of the Constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions. This includes the Scheme of Delegation to officers.
- Decision making is carried out through Executive, Planning Committee and Audit, Governance and Standards Committee. Overview and Scrutiny Committee has responsibility to review and scrutinise the activities of the Council.
- Regular staff briefings and fourth tier manager forums are held to ensure staff are aware of changes and are engaged in the systems thinking methodology of supporting service changes across the Council. In addition, a commercial approach to fees and charges and other income generation has been adopted. A framework of culture change is in place, through the Workforce Strategy, and managers are working with their teams to build up actions plans to support culture change in the Council.
- Financial management arrangements have been in place during the year through regular quarterly combined finance and performance monitoring reports, online purchase ordering systems and robust financial internal controls that ensure that the Council complies with statutory legislation. This has included resolving the financial systems issues linked to the enterprise system implemented on 8 February 2021 which resulted in S24 Recommendations to be issued by the Council's External Auditors for non-delivery of Statement of Accounts. A financial recovery process is in place to rectify this position, and this is regularly reported to both Cabinet and the Audit, Standards and Performance Committee. In addition, Backstop Legislation implemented by the Government in September 2024 has also impacted the delivery of outstanding accounts.
- There is a clear procurement code and policy in place to ensure that purchases are made in a compliant and transparent manner.
- Heads of Service are responsible for establishing and maintaining an adequate system of internal control arrangements when within their own services. They are required to sign off annual Governance and Internal Control returns where they can raise any items of concern. There were no new issues raised during 2023/24.
- The Constitution clearly defines the roles of Monitoring Officer, S151 and Head of Paid Service
- Regular press releases are submitted and online information about the Council is sent to residents to inform them of the Councils activities and services provided. In addition, information on the commercial services provided by the Council was sent out to enable residents to utilise the services offered.

Review of Effectiveness

Redditch has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Heads of Service within Redditch Borough who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors.

The Constitution clearly identifies the terms of reference, roles and responsibilities of Full Council, Executive, Overview and Scrutiny Committee and Audit, Governance and Standards Committee all of which have fully understood governance responsibilities.

Throughout 2023/24, the Council adopted a robust approach to corporate governance, which has been advised through the work of the Audit, Governance and Standards Committee, Overview and Scrutiny as well as the statutory roles of the S151 Officer and the Monitoring Officer. As in 2023/24, the Audit Governance and Standards Committee has continued to meet six times a year and will only revert to quarterly meetings once the accounts issues have been resolved.

Audit, Governance and Standards Committee

The Committee played a role by reviewing and monitoring internal control issues throughout the year. This included approval of the treasury management strategy, savings reports, regular progress reports from Internal Audit and reports and updates from the External Auditors.

Internal Audit

RBC's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2015.

The Worcestershire Internal Audit Shared Service Team operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient, and effective use of resources.

During 2023/24 the Internal Audit team delivered a comprehensive programme including:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
- a number of operational systems, for example, procurement, projects, grants, and GDPR were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.

Internal Audits' work programme helps to assure Audit, Governance and Standards Committee that the framework and statement can be relied upon based on the following:

- Evidence streams which were verifiable and could be relied upon
- Monitoring and reporting mechanisms were in place to report issues,
- These streams and reporting mechanisms are embedded in the RBC governance process

Internal Audit reports are considered by the relevant Head of Service and Director of Finance and Resources, before submission to the Audit, Governance and Standards Committee for further scrutiny.

In relation to the reviews that have been undertaken, all have been finalised. There were no Audits returned with an assurance level of 'limited," However, a number of "critical friend" audits carried out on the General and Accounts Receivable ledgers and their recommendations have been considered.

Significant Governance Issues

The Annual Governance Statement identifies governance issues and risks for the Council to address and these are linked to the following two external documents: External Auditors Draft Annual Report for 2020/21 and the External Auditors Draft Report for 2021/22 and 2022/23. These include that the Council in November 2023 received a Report from the Council's External Auditor setting out that the Council had received a S24 Statement for non-delivery of the 2020/21 to 2022/23 Accounts within the required timescales due to the implementation of a new financial ledger and the inherent financial risks associated with this. In respect of Governance Arrangements relating to the 2021/22 financial year:

Actions in these reports have been updated following the issuing by the Government in September 2024 of "Backstop Legislation" to close accounts up to the 2022/23 financial year by the 13th December 2024 and the 2023/24 financial year by the 28th February 2025.

- The Section 24 Recommendation around the delivery of the 2020/21 accounts is still in place and has been extended to the subsequent accounting periods now outstanding. The "Backstop Legislation" has resulted in accounts up to 2022/23 being given "Disclaimer Opinions".
- Of the 6 Key Recommendations in the 2020/21 report, only one serious weakness remains in relation to opening balances linked to the budget which will be resolved with the delivery of the Accounts, the remainder of those significant weaknesses have been resolved or linked to Improvement Recommendations (of which there were 10 in the report).

- There is one new Key Recommendation linked to Organisational Capability and Capacity. The Council is mitigating this in the main through the rollout of the Workforce Strategy.
- Of the 13 2020/21 Improvement Recommendations, 9 have been fully or partially addressed and 4 are yet to be addressed. Again, ongoing improvements are linked to the 10 new Improvement Recommendations set out in the External Auditors report

The 2021/22 and 2022/23 External Audit Report highlights the following key recommendations in the Draft 2020/21 External Audit Report:

- The 2020/21 to 2022/23 Account must be completed and Audited by the date of the next Audit report to ensure there is full confidence in the Council's finances.
- The Council should direct effort toward embedding and stepping up the Workforce Strategy objectives. In line with the recommendations of the LGA Peer Review (March 2023), the Council should ensure that there is commitment at all levels of the organisation to enact succession planning, creative recruitment and development of the workforce. The Council should also ensure that existing staff are utilised in the most effective way possible to ensure delivery of key Council programmes (such as the finance recovery programme) and the strategic priorities
- The Council needs to ensure that the Medium-The Council should Term Financial Plan (MTFP) presented to members and Stakeholders is completely transparent regarding the financial challenge and that any savings schemes included are fully worked up and approved by Members in advance.
- The Council needs to improve the management of Key projects, such as the financial ledger implementation, to ensure that the expected benefits are realised. As part of this the Council needs to undertake a comprehensive review of the financial ledger implementation and ensure that lessons are learned for future key projects.

In response to these issues

- Now that the Government have imposed a backstop date of the 13 December 2024 for Draft Statement of Accounts to be produced, 2020/21 and 2021/22 have been delivered by the backstop date with "Disclaimer Opinions". 2022/23 was delivered by the 22nd January 2025, also with a "Disclaimer Opinion.
- There is a Country wide issue of what the impact of "Disclaimer Opinions" mean for the wider Local Government Sector and Bromsgrove Council in particular.
- The Council has put in place a Financial Recovery process to get accounts up to date. This will be reviewed at the Committee in January 2025.. Since Q1 2023 the Audit Standards and Governance Committee have met six times a year to ensure financial compliance is being delivered. This frequency will remain until the Council's accounts are up to date.
- The MTFP, from 2023/4 onwards is now a 2 Stage process within Stage 1 for wider descriptions on savings and growth items and the time for Members to properly debate all the contents of the reports, including base underlying assumptions. Wider consultation has been undertaken in Q3 2024 for the 2025/26 budget.
- Joint finance and performance monitoring has taken place since Q1 2022/23 with reports going to the Corporate Management Team and then Cabinet.
- An updated Risk Management process has been implemented with reports coming quarterly to the Corporate Management Team and Audit Standards and Governance Committee for review and comment. This regime also includes how formal project monitoring is delivered.
- The Workforce Strategy is moving forward with monthly meetings reviewing the action plan and delivery against it.

An opinion from the Head of Worcestershire Internal Audit is provided in the Accounts on page 78.

Conclusion and Evaluation

As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

ANNUAL GOVERNANCE STATEMENT

We are also satisfied that over the coming year, the Council will take appropriate steps to address any significant governance issues and we will monitor their implementation and operation as part of our next annual review.

Signed …….

Signed …….

Leader of the Council & Chief Executive on behalf of Redditch Borough Council

AGS 2023/24 May 2026 Update - Subsequent Governance Assurance

External Audit and Financial Reporting Assurance

The Statement of Accounts for the year ended 31 March 2024 is due to be presented for approval in June 2026 and receive a disclaimer of audit opinion from the Council's external auditor, Ernst & Young LLP. The disclaimer did not arise from identified misstatements within the financial statements, but from the auditor's inability to obtain sufficient appropriate audit evidence. This primarily reflected historical weaknesses in financial reporting processes, capacity constraints, and the cumulative impact of delays in the production and audit of prior years' accounts.

The Council recognises that the circumstances leading to the disclaimer indicate a significant weakness in financial governance and assurance arrangements during 2023/24. In response, the Council has strengthened its financial management capacity, improved the timeliness and quality of working papers, enhanced senior management and Audit, Governance and Standards Committee oversight, and implemented a recovery plan to support the timely production and audit of future statements of accounts. These actions are intended to restore assurance over the effectiveness of the Council's financial reporting framework.

Statutory Recommendation and Governance Response

The Council received a statutory recommendation under section 24 of the Local Audit and Accountability Act 2014, reflecting the auditor's concerns regarding the effectiveness of the Council's arrangements for financial reporting, governance and the timely production of audited accounts. The Council has formally considered the recommendation in accordance with statutory requirements, including reporting to Members, publishing its response, and agreeing a clear action plan within the prescribed timescales.

The Council accepts the findings of the section 24 recommendation and recognises that the issues identified represent a significant governance weakness relevant to the 2023/24 financial year. In response, the Council has committed to a programme of corrective action overseen by senior management, including strengthened capacity and capability within the finance function, clearer accountability for financial reporting, enhanced audit liaison arrangements, and improved member oversight, primarily through the Audit, Governance and Standards Committee. Progress against the agreed actions is monitored through formal governance arrangements to provide assurance that the weaknesses identified are being addressed and that sustainable improvements to financial governance and assurance are being delivered.

Housing Services

In July 2025, the Council's housing landlord service was subject to an inspection by the Regulator of Social Housing under the revised Consumer Standards introduced in April 2024. The inspection resulted in a C3 regulatory judgement, identifying serious failings in the delivery of certain Consumer Standards, particularly in relation to safety and quality compliance, repairs and maintenance, tenant engagement, and transparency and accountability.

While the inspection post-dates the 2023/24 financial year, the findings indicated weaknesses in governance oversight, assurance frameworks, performance monitoring and the effectiveness of internal control arrangements that were present during 2023/24. These included limitations in the Council's assurance over statutory health and safety compliance, stock condition information, repairs performance data, and mechanisms for tenant influence and scrutiny.

The Council acknowledges that these matters represent a significant governance issue for the purposes of this Annual Governance Statement. In response, Members and senior officers have strengthened governance arrangements, approved a comprehensive Housing Improvement Plan, enhanced oversight and reporting structures, and committed additional resources to address identified weaknesses. Progress against the Improvement Plan is now subject to regular executive scrutiny and ongoing engagement with the Regulator of Social Housing to provide assurance that risks to tenants and the Council are being effectively managed.

VAT Accounting and Compliance

Subsequent to the end of the 2023/24 financial year, the Council concluded its review and resolution of historic VAT accounting and compliance matters relating to periods from April 2021 to October 2024. These matters

arose primarily from weaknesses in system configuration following the implementation of the TechnologyOne ERP system, compounded by staffing changes, loss of internal VAT expertise, and ineffective reconciliations and assurance processes. As a result, VAT returns were not submitted in a timely manner and the Council was unable to demonstrate adequate management oversight and internal control over VAT reporting during this period, including 2023/24.

VAT repayment for Redditch Borough Council was received from HMRC in March 2026 but did not result in an adjustment to the 2023/24 financial statements. The underlying causes, however, represent a significant governance issue for the purposes of this Annual Governance Statement. The Council acknowledges that the arrangements in place during 2023/24 did not provide sufficient assurance over statutory VAT compliance, financial reporting accuracy or escalation of emerging issues.

In response, the Council has strengthened its governance and control environment through the establishment of enhanced quality assurance arrangements for VAT returns, mandatory staff training, clearer accountability and escalation processes, and stronger management oversight by the Section 151 Officer. Penalty suspension conditions agreed with HMRC are being actively monitored, and Audit, Governance and Standards Committee oversight will be reinforced to support continued compliance and sustainable improvement in financial governance.

Future Annual Governance Statement Considerations

The Council recognises that several of the governance weaknesses identified through the external audit, the section 24 statutory recommendation, and the review of VAT compliance and housing governance arrangements were not fully resolved within the financial year. As such, the Council will revise the Annual Governance Statement for 2024/25 to reflect these matters.

The Annual Governance Statement for 2025/26 is scheduled to be published later in 2026 and will reflect the most up-to-date position in relation to the issues set out above. It will provide an updated assessment of the effectiveness of the Council's governance arrangements, taking account of progress made and any residual risks identified during the year.

Signed …….

Signed …….

Leader of the Council & Chief Executive on behalf of Redditch Borough Council

INTERNAL AUDITORS' REPORT

INTERNAL AUDITORS' REPORT

Head of Internal Audit Opinion

Redditch Borough Council has a responsibility for maintaining an adequate and effective internal audit function which is set out in the Accounts and Audit (England) Regulations 2018.

Internal Audit Services are delivered by the Worcestershire Internal Audit Service.

The Public Sector Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Standards specify that the annual report must contain:

- An Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework (i.e. the control environment);
- A summary of the audit work (including organisational knowledge) from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- A statement of the extent of conformance with the Standards including progress against the improvement plan arising from any external assessments

Overall Governance Conclusion

The Head of Internal Audit's overall opinion on the Council's system of internal control is that:

Reasonable assurance can be given that there is an adequate and effective governance, risk and control framework in place, designed to meet the organisation's objectives.

All of the 10 graded assignments completed in 2023/24 resulted in an opinion of either Substantial or Reasonable assurance.

The progress made by management in implementing the actions arising from audits has been good. Follow up work completed by Internal Audit has not highlighted any overdue High or Medium priority actions. Implementation of agreed control improvement actions strengthens the organisation's framework of governance, risk management and control.

The Corporate risk register is regularly reviewed and updated, with trend analysis and good oversight by the Audit, Standards and Governance Committee. A stable governance framework is in place, which is deemed to be effective, and no significant weaknesses have been identified in 2023/24.

A summary of Internal Audit assurance opinions issued in 2023/24 is shown in Table 1 below:

Table 1 – Summary of Internal Audit Opinions in 2023/24

Assurance Area	Substantial	Reasonable	Limited	No
Financial	2	3	0	0
IT	0	1	0	0
Governance & Ethics	0	2	0	0
Strategic & Operational Risks	2	0	0	0
Totals	**4**	**6**	**0**	**0**

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:

INTERNAL AUDITORS' REPORT

Table 2 – Assurance Categories

Opinion	Definition
Substantial Assurance	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
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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:

Definition of Priority of Recommendations

Priority	Definition
H	Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.
M	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.
L	Issues of best practise where some improvement can be made.

Table 3 details the assurance levels resulting from all audits completed during the year:

INTERNAL AUDITORS' REPORT

Table 3 details the assurance levels resulting from all audits completed during the year:

Audit Area	Assurance Opinion
Financial	
Debt Management	Reasonable
Council Tax	Reasonable
Benefits	Substantial
NNDR	Substantial
Treasury Management	Reasonable
IT	
ICT – Cyber Security	Reasonable
Governance & Ethics	
Risk Management	Reasonable
Project Management	Reasonable
Strategic & Operational Risks	
Grants Assurance	Substantial
Follow up reviews	Substantial

Much internal audit work is carried out "behind the scenes" and is demand led but is not always the subject of a formal report. Examples include:

- Governance e.g. assisting with the Annual Governance Statement.
- Risk management.
- Dissemination of information regarding potential fraud cases likely to affect the Council.
- Drawing managers' attention to specific audit or risk issues.
- Internal audit recommendations: follow up review and advice.
- Day to day audit support and advice for example risk implications arising from proposed changes in controls. • Networking with audit colleagues in other Councils on professional points of practice.

QUALITY ASSURANCE AND COMPLIANCE WITH PROFESSIONAL STANDARDS

The Public Sector Internal Audit Standards (the Standards) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The Standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

The objectives of the Standards are to:

- Define the nature of internal auditing within the public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for evaluation of internal audit performance and to drive improvement planning.

The Standards require that an independent External Quality Assessment (EQA) of the service be completed every 5 years. An EQA has just been completed in May 2024, and the results confirm that the service is operating in General Conformance to the Standards. This is the highest of the three available assessment grades. The findings of the external assessment are being used to develop a continuous improvement action plan which will be presented with a new Quality Assurance policy at the next Audit, Standards and Governance Committee meeting.

INTERNAL AUDITORS' REPORT

As part of the EQA a client satisfaction survey was issued and based upon a response from 15 senior client officers and members, there was a 92% positive satisfaction score. Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit reference material and Charter which are updated regularly to reflect the requirements of the standards and the changing environment that Internal Audit operates.

ORGANISATION INDEPENDENCE

If independence or objectivity is impaired in fact or appearance, the Head of Internal Audit is required to disclose this. The Head of Internal Audit can confirm that the Internal Audit service is independent and objective, and this is currently demonstrated in a number of ways:

- The Head of Internal Audit reports directly to the S151 officer at all partner organisations in the Shared Service and the equivalent Audit Committee. He also has direct unfettered access to the Heads of Paid Service, Monitoring Officers and Chairs of the Audit Committees.
- Any attempts to unduly influence the scope of audit reviews or the contents of reports will be reported by the Head of Internal Audit to the Head of Paid Service and the Chair of the Audit Committee.
- All officers responsible for internal audit work are required to complete an annual Declaration of Interests form, which is in turn reviewed by the Head of Internal Audit. In the case of the Head of Internal Audit, the form is reviewed by the Director of Corporate Resources (s151 officer) at Worcester City Council. Auditors are required to report any interests that might compromise the impartiality of their professional judgements – or give rise to a perception that this impartiality has been compromised. Any conflicts of interest are avoided when allocating assignments.
- The Audit, Standards and Governance Committee approves any significant consultancy activity included in the Internal Audit Plan.

GLOSSARY

GLOSSARY

AAA FITCH RATING
Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk.

They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING
Extremely high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING
High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD
The period covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS
Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET
An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock).
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g., a community centre, or intangible, e.g., computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Authority's financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities, and other balances at the end of the accounting period.

BORROWING
Using cash provided by another party to pay for expenditure, based on an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

GLOSSARY

CAPITAL FINANCING
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME
The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK
Where average Council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Authority, i.e., it is "clawed-back" by the government.

CIPFA
The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND
A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS
Assets that the Authority intends to hold in perpetuity, which have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants, and other income.

CONSISTENCY
The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's accounts.

CONTINGENT LIABILITY
A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR
Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

GLOSSARY

DEBTOR
Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual, or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Authority's value of total assets fewer total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN
The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS
Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

HOUSING BENEFITS
A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT
A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

GLOSSARY

INFRASTRUCTURE ASSETS
Fixed assets belonging to the Authority that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths, and bridges.

INTANGIBLE ASSETS
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY
The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year to provide for the repayment of loans and other amounts borrowed by the Authority.

NET BOOK VALUE
The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT
The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)
The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government, and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

GLOSSARY

NON-OPERATIONAL ASSETS
Fixed assets held by the Authority but not directly occupied, used, or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS
Fixed assets held and occupied, used, or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period because of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT
The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or highly likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE
The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES
There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS
The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

GLOSSARY

RESERVES
The accumulation of surpluses, deficits, and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)
Expenditure which ordinarily would be revenue but is statutorily defined as capital.
Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT
A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS
Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Authority will derive benefits from the use of a fixed asset.

WORCESTERSHIRE PENSION FUND (WPF)
The Worcestershire Pension Fund is administered by Worcestershire County Council and consists of the County and Districts within Worcestershire together with admitted bodies such as Academy Schools.

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STATEMENT OF ACCOUNTS

2024/25



Town Hall, Walter Stranz Square, Redditch, Worcestershire B98 8AH
tel: (01527) 64252

CONTENTS

TABLE OF CONTENTS

Page

Narrative Report
Introduction....1
Our District....2
Core Priorities....2
National Position....3
Organisational Performance....4
Governance....4
Reserves, Financial Performance and Financial Position....5
Explanation of the Accounting Statements....11

Statement of Responsibilities for the Statement of Accounts....12

Comprehensive Income and Expenditure Account....13

Movement in Reserves Statement....15

Balance Sheet....16

Cashflow Statement....18

Notes to the Comprehensive Income and Expenditure Statement
B1. Expenditure and Funding Analysis....20
B2. Adjustments between Funding and Accounting Basis....21
B3. Expenditure and Income analysed by Nature....21
B4. Other Operating Income and Expenditure....22
B5. Financing and Investment Income and Expenditure....22
B6. Taxation and Non-Specific Income....22
B7. Members Allowances....23
B8. External Audit Costs....23
B9. Grant Income....23
B10. Officer Remuneration....24
B11. Termination Benefits....25

Notes to the Movement in Reserves Statement
C1. Adjustments between Accounting Basis and Funding Basis Under Regulations....26
C2. Movements in Earmarked Reserves....28
C3. Usable Reserves....28
C4. Unusable Reserves....29

Notes to the Balance Sheet
D1. Property, Plant and Equipment....33
D2. Investment Properties....36
D3. Intangible Assets....36
D4. Debtors....37
D5. Creditors....38
D6. Provisions....38
D7. Capital Expenditure and Financing....38
D8. Assets Held for Sale....39
D9. Inventories....39

Additional Disclosures – Technical Notes
E1. Defined Benefit Pension Scheme....40
E2. Financial Instruments....44
E3. Nature and Extent of Risks arising from Financial Instruments....45
E4. Leases....47
E5. Accounting Policies....50
E6. Critical Judgements in applying Accounting Policies....62
E7. Accounting Standards not yet adopted....62

CONTENTS

E8. Assumptions made about the future and other major sources of estimation uncertainty……..….63
E9. Related Parties……..…..63
E10. Events after the Balance Sheet date……..…..64
E11. Contingent Assets……64
E12. Contingent Liabilities……..….64

Notes to the Cashflow Statement
F1. Cash and Cash Equivalents……...65
F2. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements…65
F3. Adjustments for items included in the net surplus / (deficit) on the provision of service that are investing or financing activities……65
F4. Investing Activities……66
F5. Financing Activities……...66

Group Accounts
G1. Group Accounts……67

Housing Revenue Account
H1. Overview……68
H2. Movement on the HRA Statement...……...68
H3. Property, Plant and Equipment……70
H4. Housing Stock……72
H5. Housing Revenue Account Capital Expenditure……..72
H6. Rent Arrears……...72
H7. Depreciation and Impairment of Non-Current Assets……...73
H8. Retirement Benefits……...73
H9. Capital Receipts Generated……73

Collection Fund
I1. The Collection Fund Statement……...74
I2. Council Tax Income……...75
I3. Non-Domestic Rates……76

Annual Governance Statement……77
AGS 2024/25 May 2026 Update – Subsequent Governance Assurance……82

Internal Auditor's Report……..84

Glossary……....91

NARRATIVE REPORT

Introduction

Local Authority accounts, like those of any organisation, are prepared to comply with a series of rules and conventions set by the accounting profession. However, for Local Authorities there are many types of transaction where the law, which takes precedence, requires a different treatment from the accounting rules. This effectively means that local authorities are trying to simultaneously fulfil two conflicting sets of rules when preparing their accounts.

This conflict is addressed by having authorities present a set of financial statements which comply with the accounting rules, followed by a reconciliation of those statements to the accounts as prepared under the legal rules. This reconciliation essentially takes the form of a list of adjustments for items which must be in the accounts per the accounting rules but are not allowed in them under law, and vice versa. These are the legal rules that must be used when calculating budget requirements, council tax and housing rents.

As a result, all the Council's internal reporting and decision-making is based purely on accounts prepared under the legal rules. The only time it prepares accounts that comply with the accounting rules is when it prepares this document. It is crucial to bear this in mind when reading the statements.

The Statement of Accounts brings together the major financial statements for the financial year 2024/25. The statements and the notes that accompany them give a full and clear picture of the financial position of Redditch Borough Council.

The sections are:

- **Narrative Report** – An overview of the Council's financial and operational performance, main objectives, Governance, key risks, and strategies for future service delivery
- **Statement of Responsibilities** – The responsibilities of the Council and its Chief Financial Officer in respect of the Statement of Accounts
- **Movement in Reserves Statement** – The movement in the year on the different reserves held by the Council
- **Comprehensive Income and Expenditure Statement** – This shows the accounting cost in the year of providing services. It is prepared in accordance with generally accepted accounting practices. This is different from the amount to be funded from taxation
- **Balance Sheet** – The value of the assets and liabilities recognised by the Council and the Group as at 31 March 2025
- **Cash Flow Statement** – Inflows and outflows of cash or cash equivalents. The flows are revenue and capital transactions with third parties
- **Statement of Accounting Policies** – Outlines the significant accounting policies adopted by the Council
- **Notes to the Financial Accounts** – The Statements are supported by technical notes
- **The Collection Fund and Notes** – Shows the transactions of the separate fund used for the collection of Council Tax and Non-Domestic Rates (NNDR) and its distribution to local government bodies and the government
- **Group Accounts** - Sets out the income and expenditure for the year and financial position at the balance sheet date of the Council and any companies or other organisations, which the Council either controls or significantly influences
- **Housing Revenue Account** - The housing revenue account is a ring-fenced account used to manage our (council owned) housing stock of some 5,600 properties. The costs of managing and maintaining the properties, collecting rents, and meeting the interest cost of monies borrowed to pay for investment in the housing stock are all charged to the housing revenue account
- **Governance Statement -** The Annual Governance Statement is a statutory document, which explains the processes and procedures in place to enable the Council to conduct its functions effectively
- **Internal Auditors Report –** Local government audit provides transparency and accountability to both taxpayers and their local elected representatives. It provides authorities with accurate and reliable financial information with which to plan and manage their services, and finances, effectively. It also provides assurance to the wider public sector, supporting the audit of certain central government departments and the Whole of Government Accounts
- **Glossary**

These financial statements have been prepared in line with the Code of Practice on Local Authority in

NARRATIVE REPORT

Accounting the United Kingdom 2024/25 (the Code). It is the purpose of this report to explain, in an easily understandable way, the financial facts and performance in relation to Redditch Borough Council.

Our District

Redditch Borough Council sits within the West Midlands. It has a population of 87,000 over an area of 21 square miles. It has 41,000 homes and businesses and 27 Councillors over 9 Wards (following the review in May 2024).

The Borough has an above-average number of young families; is densely populated other than outlying areas such as Feckenham; has major employment in 'traditional' manufacturing; has areas of significant deprivation; and average median incomes.

Local Councillors are elected by the community to decide how the Council should carry out its various activities. Elections are held every year for three years, with up to 10 seats contested at a time with no election in fourth year. All-out elections took place in May 2024 and are likely to be the last all-out elections for the Borough Council due to Local Government Reorganisation expected to be introduced in the Worcestershire area in 2028/29. The council has a 'leader and cabinet' form of governance, which means the Council delegates authority to decide some matters to a 'cabinet' called the executive committee, which is chaired by the Leader of the Council. The executive committee manages much of the ordinary business of the Council, with the full council having the final say on matters of strategic policy, budget, and council tax.

The Council, along with Bromsgrove District Council, were one of the first councils in the country to form a shared service in 2008. This means we have a single team serving both Councils. Bromsgrove also host services such as Worcestershire Regulatory Services which is pan Worcestershire.

The Council's vision is to be "A Council which listens to and delivers quality services for our communities, residents and businesses."

Core Priorities

Redditch Borough Council has split its plan into three core priorities. Firstly, a strong focus on economic development. We want to provide job opportunities for residents, particularly young people, so they can choose to stay in their hometown. We will look to attract inward investment to achieve this, attracting new businesses to move to Redditch and supporting existing businesses to grow and thrive.

Secondly, we want to create a clean, green and safe Redditch that everyone can be proud of, starting with the basics: reducing litter dropping and dog fouling; increasing the renewable energy this Council uses, and working with communities on climate change.

Our third priority is Community and Housing. We want to provide more homes for our residents to reduce the social housing waiting list and provide affordable rental properties. Above all, it is vital that homes are safe, warm and built to a high standard. We know that damp and mold is a distinct priority to address, and we will be investing additional resources to deal with this. We are very proud of our culture and heritage and the green and open spaces the Borough is so famous for. By improving walking and cycling routes, we can encourage our residents to use and enjoy the open spaces to improve their own health and wellbeing.

Underpinning all of this is our commitment to our strategic planning and being a principle driven organisation. By prioritising financial and organisation stability, recognizing the importance of supported governance, focusing on our communities and delivering high quality services we aim to meet our residents needs whilst also being somewhere our employees can thrive.



National Position

The UK continues to navigate a complex and evolving economic environment in 2024/25. While the direct impacts of the Covid-19 pandemic have diminished, the long-term consequences on public finances and service delivery remain significant. The Council is operating in a period of recovery and adjustment, with ongoing pressures on both the demand for services and the cost of delivery.

Several key national and international developments are influencing the Council's financial planning:

- Interest Rate Reduction: In May 2025, the Bank of England reduced the Bank Rate to 4.25%, marking a shift from the previous tightening cycle. This move reflects progress in reducing inflation and a slowing UK economy.

- Inflation Trends: Inflation remains a key concern. The Consumer Prices Index (CPI) rose by 3.5% in the 12 months to April 2025, up from 2.6% in March. This uptick, despite the interest rate cut, suggests ongoing cost pressures, particularly in energy, food, and housing, which continue to affect both council budgets and residents.

- Cost of Living and Service Demand: Elevated inflation and economic uncertainty continue to impact household incomes, sustaining high demand for council services such as housing support, welfare, and social care.

- Geopolitical and Trade Uncertainty: The global economic outlook remains uncertain due to ongoing conflicts in Ukraine and the Middle East. Additionally, recent tariff actions by the United States have introduced volatility in global trade, particularly affecting supply chains and the cost of imported goods.

- Brexit Legacy: The UK's departure from the European Union continues to present challenges, particularly in relation to the cost and availability of imported goods and workforce supply in key sectors.

- Political Uncertainty: There is uncertainty around future fiscal policy, local government funding, and potential reforms to public service delivery.

These factors collectively create a challenging environment for medium-term financial planning. The Council remains committed to prudent financial management and will continue to monitor national and international developments closely, updating its financial strategies and forecasts accordingly.

NARRATIVE REPORT

Financial Performance

The following items have had an impact on the 2024/25 Financial Statements.

Organisational Performance

The Council implemented a new financial system on the 8 February 2021. This severely impacted the Council's ability to report financially during the 2021/22 financial year with the only reported financial monitoring being for Period 11. Because of this, and the impact this has had on the delivery of the 2020/21 accounts, in October 2022 the External Auditors issued a S24 Statement linked to the late delivery of the 2020/21 Accounts in November 2022 and the associated impact this had on the robustness of financial information.

This S24 Statement was updated in October 2023 to include delivery of the audited 2020/21, 2021/22 and 2022/23 accounts. Since April 2022 the Council, with Bromsgrove, have been operating a financial recovery plan to rectify this situation. This has included the correction of the underlying issue in the financial system in November 2022. This is reflected in the Governance Statement.

In September 2024, due to the number of Councils across England with unaudited accounts, the new Government implemented "backstop legislation". This meant that Council Accounts up to the 2022/23 financial year had to be presented, and the 30-day public consultation period completed by the 13 December 2024. The Council has been issued "**Disclaimer Opinions**" for the 2020/21 through to 2022/23 Accounts. This Opinion, linked to the "Backstop Legislation," has been issued to multiple Councils across the Country. It is not clear how these multiple "Disclaimer Opinions" for Councils will affect the sector and how they might impact how the Council's new Auditors workplans for their 2023/24 External Audits Report and ongoing Audit Opinions for the Council.

The 2023/24 Accounts also had a "backstop date" imposed by the Government of the 28 February 2025 to be presented and have completed the 30-day public consultation period. The Council complied with this deadline but due to its previous auditors resigning and the lengthy process of onboarding its new auditors, Ernst & Young, these accounts are yet to be audited.

The 2024/25 Accounts have a "backstop date" of 27 February 2026 and the Council has complied with the deadline of producing its accounts by 30 June 2025, with the 30-day consultation period to follow directly after this.

For the whole of the 2024/25 financial year the Council has reported on joint finance and organisational performance through a quarterly finance and performance report to Cabinet.

Governance

Redditch Borough Council recognises that it is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.

Governance is about how the Council ensures that it is doing the right things, in the right way.

- A Council Constitution which clearly sets out the roles and responsibilities for Councillors
- A transparent decision-making process through Council, Executive and Regulatory Committees
- Review and scrutiny of decisions through the Overview and Scrutiny Committee
- Behaving with integrity supported through a Code of Conduct
- Managing risk through the Corporate Management Team and Audit Governance & Standards Committee
- Clear strategic priorities linked to the needs of our communities and customers
- Regular performance management linked to strategic priorities and managed through a dashboard which is easily accessed and updated
- Having robust and regular financial management
- Having good communication with Councillors, employees, and the Community

NARRATIVE REPORT

The Council undertakes an annual review of its governance arrangements, and this is summarised in the Annual Governance Statement.

Reserves, Financial Performance and Financial Position

Financial Outlook

The Medium-Term Financial Plan 2024/25 – 2026/27 was approved by Council on 26 February 2024 and provides the framework within which spending decisions can be made. The plan addresses how the Council will provide financial funding to the Core Priorities and ensure residents receive quality services to meet their needs in the future.

When reviewing the budget projections consideration is made of the impact of demand on service and the costs associated with this demand. This may result in additional costs, associated with maintaining current service delivery, or reductions in anticipated income revenue over the next three years. This has been exacerbated by the continued cost-of-living crisis with high levels of inflation. In addition, the 2024/25 Local Government Financial Settlement was only a single year in length which makes medium term planning difficult to achieve.

There continues to be considerable pressure facing the Council over the next three years as a result of a number of issues including:

- A significant nationally negotiated Pay Award of circa 5% for which there is no central funding which impacts the Council by £928k a year. The ongoing unbudgeted impact of this is £575k. In addition, there is a further 3% pay award – the further 1% above the 2% already built in is at a cost of £100k.
- A 5% budget for inflationary increases of £125k
- Reduction in the reclaiming of Benefits Overpayments Target of from £500k to £300k

However, to offset these, several factors bring the Council back to a balanced ongoing budget position. These are:

- Release of the inflation budget of £260k a year.
- The conversion of 50% of the Utilities increase established in Tranche 1 of the 2023/24 budget as actual increases have not been of the magnitude of the additional budget established £228k
- A 7% increase in fees and charges was approved (excluding Dial a Ride where registration fees were reduced from £16.50 to £15.50, but journey fees increase by £1)

The main source of income continues to be Council tax. Councils were allowed to increase Council Tax by 2.99% or £5 per annum without a referendum in 2024/25. The medium-term financial plan assumes a further 1.99% increase per annum in future years.

A summary of the approved Medium Term Financial Plan is provided below and shows that the Council has a surplus in 2024/25 of £29k which then increases to a surplus of £165k in 2025/26 and a surplus of £166k in 2026/27.

NARRATIVE REPORT

	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Base Budget Position 22/23 MTFP				
Expenditure	10,290	10,428	10,661	10,661
Funding	-9,341	-9,595	-9,621	-9,621
Net	949	833	1,040	1,040
Revised Gap	**949**	**833**	**1,040**	**1,040**
Phase 1 Savings 2023/24 MTFP	**-1,529**	**-1,849**	**-2,221**	**-2,221**
Revised Position	**-580**	**-1,016**	**-1,181**	**-1,181**
Phase 1 Presssures 2023/24 MTFP	2,319	2,324	2,446	2,446
Phase 1 2023/24 MTFP Position	**1,739**	**1,308**	**1,265**	**1,265**
Local Governmant Settlement	-934	-700	-700	-700
Additional Savings (Phase 2)	-1,060	-1,060	-1,060	-1,060
Additional Pressures - Phase 2	566	519	432	432
Final 2023/24 MTFP Position	**311**	**67**	**-63**	**-63**
Known Changes				
23/4 Pay Award - 5% More than planned		575	575	575
Utilities Increases running at 60% - 40% Savings		-228	-228	-228
Existing Inflation Budget (unallocated)		-269	-274	-274
Inflation on Contracts - additional 5%		125	125	125
Additional 1% on 24/5 Pay Award - to 3%		100	100	100
Additional 2% pay Award for 2026/7				200
7% addition on Fees and charges		-238	-241	-243
Draft Opening Position 24/25	**311**	**132**	**-6**	**192**
Possible Adjustments				
Quarter 1 23/4 Overspend position	557			
Use of 23/4 Untilities Reserve	**-557**			
2% Council Tax 2025/6			-144	-144
2% Council Tax 2026/7				-147
Year 2 Fees and Charges Increase at 2%			-69	-71
Year 3 Fees and Charges Increase at 2%				-74
Government Grant at 23/4 Levels		-148	-148	-148
Draft Opening Position	**311**	**-16**	**-367**	**-391**
Service Adjustments				
Reduction in Benefits Overpayments Target		200	200	200
Use of HVO Fuel by 100% of Fleet		20	20	20
Increase in HR Establishment		10	10	10
PRA Housing Licence Costs		15	15	15
Garden Waste Service		20	-27	-56
Interest Charges on Updated Capital Programme		82	102	121
MRP Increases on Capital Programme		22	140	153
Revised Tranche 1 Position	**311**	**353**	**93**	**72**
Council Tax - Increase to 3%		**-67**	**-67**	**-67**
Planning Income (Base Budget £240k) at 25%		**-60**	**-60**	**-60**
22/23 Pay Award		**-100**	**-100**	**-100**
Actual Impact on budgets of Pay Award		**-150**	**-150**	**-150**
WRS Additional Food Safety		40	40	40
Planning and Environmental Enforcement		45	45	45
Play Audit - Revenue Implications		10	30	50
Housing Strategy Servivce		71	71	71
NWedR Structure		73	73	73
Changes in other Central Grants		-244	-140	-140
Updated Position Tranche 2		**-29**	**-165**	**-166**

Risks and Opportunities

The Council recognises that it has a responsibility to manage risks effectively in order to control its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives, and to maximise the opportunities to achieve its vision.

Risk management is managed through the Corporate Management Team and Audit Governance & Standards Committee. Its key corporate risks at the end of the 2024/25 financial year classified as the highest priority, as reported to this Committee were:

- Non-adherence with Statutory Inspection Policies
- Protection from Cyber Attack
- The New Customer Facing Interface
- Environment Bill
- Devolution and Local Government Reorganisation

Six other "Corporate Risks" were classified as Amber.

The most significant financial risk the Council faces are the potential reforms to public service delivery with the introduction of unitary councils, which is expected to be introduced into the Worcestershire area on 1 April 2028. In addition to this, as set out in "Organisation Performance" section above, with the implementation of "backstop legislation" for English Councils Accounts and the issuing of "Disclaimer Opinions" for significant numbers of Councils, including Redditch, the impact of this decision locally and nationally is yet to be fully understood.

Internal Audit issued a report in June 2021 with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given. The Council acknowledged that there was a risk management system in place, and there were areas of good practice. However, this was not uniform across the Council. The embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Councils. Therefore, an action plan was put in place that:

- Set up a quarterly officer Risk Board, with representatives of each service area.
- The 4Risk system (used for logging and mitigating risks) be fully updated and reviewed at these quarterly meetings.
- Ensured that the Corporate Management Team (CMT) and the Audit Committee, be updated by way of a quarterly report on progress and review the Council's Corporate and Departmental Risks.

Risk is reported to the Audit, Governance and Standards Committee on a quarterly basis.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is set out on page 20. This demonstrates to Council taxpayers and housing rent payers how the funding available to the Authority (i.e., Government grants, Council tax, rents, and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council's strategic purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. A summary of the net expenditure as reported through the management accounts compared with the budget for 2024/25 is shown below:

NARRATIVE REPORT

Service Description	2024-25 Approved Budget	2024-25 Actual Spend	2024-25 Variance
Business Transformation and Organisational Development	1,781,837	1,850,478	68,641
Community and Housing GF Services	1,742,562	1,367,045	-375,517
Corporate Services	-1,996,267	-2,834,560	-838,294
Environmental Services	2,701,088	4,082,067	1,380,979
Financial and Customer Services	2,067,408	3,169,918	1,102,509
Legal, Democratic and Property Services	2,098,369	2,399,120	300,751
Planning, Regeneration and Leisure Services	1,067,182	1,313,223	246,041
Regulatory Client	562,038	663,281	101,243
Rubicon Client	777,747	1,023,283	245,536
Grand Total	**10,801,965**	**13,033,854**	**2,231,889**

Service Description	2024-25 Approved Budget	2024-25 Actual Spend	2024-25 Variance
Corporate Financing	-10,801,965	-13,038,347	-2,236,382
Grand Total	**-10,801,965**	**-13,038,347**	**-2,236,382**
TOTALS	**0**	**-4,494**	**-4,494**

The actuals reported above are based on the management accounts for the Authority. The management accounts are prepared on controllable budgets and there is a difference to the definitions used in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis. As an example, the management accounts would record and manage any direct revenue financing of capital expenditure within the strategic priority, but this would be recorded as other income and expenditure in the Expenditure and Funding Analysis.

The main variances to budget in each strategic area are as below. Greater detail is available in the year-end outturn report.

Business Transformation & Organisational Development – outturn position £69k overspend

Within Business Transformation & Organisational Development the overspend of £69k is due to:

- Human Resources overspent by £66k due to additional costs of Professional Fees (£15k), ICT Purchases (£10k), Insurance (£6k) and a reduction in Shared Service income of £35k.
- ICT overspent by £25k due to Telephone costs.

These overspends were offset by lower-than-expected costs by £22k in those areas where the Council is charged for the Shared Service arrangements in place.

Community and Housing General Fund Services - outturn position £376k underspend

Within the Community and Housing General Fund Services the underspend of £376k is due to a number of factors:

- Community Safety underspent £460k due to savings of £22k on Furniture & Equipment Maintenance, £10k of Telephones plus additional grant income of £89k. There were also higher charges by £339k within the area where the Council is charged for the Shared Service arrangement in place.
- Housing & Enabling underspent by £592k due to additional funding of £90k received, savings of £60k on Salaries due to vacant posts and increased income of £442k due to the recharges generated from the services it operates as a Shared Services.

- Community Transport (including shop mobility) overspent by £153k due to increased Salaries of £45k, drop of income against budget of £61k, additional costs on Fleet Maintenance of £25k, Electricity Costs of £6k together with a number of smaller variances of £16k.
- Housing Options overspent by £270k due to increased Salary costs of £206k and increased Grant payments of £64k.
- Lifeline overspent by £253k due to increased Salary costs of £62k, insurance of £7k, Furniture & Equipment purchase and maintenance of £45k together with unachieved Shared Service income of £139k.

Corporate Services – outturn position £838k underspend

Within Corporate Services, there is a large underspend due to the necessary reallocation of corporate provisions on salaries, inflation, and utilities. The Council is currently undergoing an establishment exercise which will ensure the correct allocation of these provisions across all services. This will now be actioned for the 25/26 budget.

Environmental Services – outturn position £1.381m overspend

Within Environmental Services, the overspend of £1.381m is due to:

- Bereavement Services overspent by £393k due to a loss of income amounting to £192k, additional expenditure on Furniture & Equipment maintenance and purchase of £103k, spend on Materials and Others of £52k and an additional spend on Professional Fees of £46k to various suppliers.
- Car Park/Civil Enforcement overspent by £15k due to £50k additional spend with Wychavon District Council offset by additional income of £24k and lower spend on Building Maintenance of £11k.
- Depot overspent by £58k due to additional Fleet Maintenance of £16k and an overspend on Equipment Maintenance and Materials of £42k.
- Engineering overspent by £143k due to £80k in Insurance claims and £63k on Shared Service Arrangements.
- Place Teams overspent by £300k due to £72k on Fleet Maintenance and Fuel, £14k loss of Income on Bulky Waste, £35k additional spend on Insurance, £11k on Materials and £168k from recharges for the Shared Service Arrangements.
- Tree & Woodland Management overspent by £152k due to additional spend on Tree Works.
- Waste Operations overspend of £320k due to an additional spend of £170k on Fleet Fuel & Maintenance and £150k from recharges for the Shared Services.

Financial & Customer Services - outturn position £1.103m overspend

Within Financial & Customer Services, the overspend of £1.103m is due to:

- Audit Services overspent by £26k due to additional Internal Audit costs.
- Benefits underspent by £131k due to saving of £76k on salaries due to vacant posts and savings on general costs of £55k.
- Finance overspent by £853k due to the recruitment of agency staff to clear the backlog of Statement of Accounts which is now complete. There are also mitigating factors as far as there are difficulties countrywide in the recruitment of staff which has now been made more difficult due to Local Government Reform. There was also an overspend on TechOne system support of £85k together with other overspends on Asset Valuations (£47k), Professional Fees (£115k on VAT support) and ICT Costs (£295k on TechOne and E-Fin licences).
- Revenues overspent by £355k including £83k on agency costs and £272k on Civica System.

Legal, Democratic and Property Services – outturn position £301k overspend

Within Legal, Democratic and Property Services there was an overspend of £301k due to:

- Business Development had an underspend of £69k due to savings on Salaries.
- Democratic Services showed an overspend of £31k due to additional Shared Service costs charged to the Council.

- Facilities Management overspent by £339k which is made up of £218k overspend on Salaries and Agency costs, Insurance of £50k, surveyors fees of £21k, Building Maintenance of £34k and Contract Payments of £16k.

Planning, Regeneration and Leisure Services – outturn position £246k overspend

Within Planning, Regeneration and Leisure Services there is an overspend of £246k due to:

- Development Control overspent by £54k due to a drop in Planning Income.
- Economic Development overspend of £77k is due to a number of smaller variances within the service such as increased Property Income of £35k offset by increased spend on Utilities of £35k but the main overspend is due to Shared Services as a result of charges dating back over the period 2021 - 2024.
- Parks, Open Spaces and Events overspend of £81k due to £29k additional spend on Agency Costs, £27k on Insurance, £10k on Fleet Maintenance and £15k other net variations.
- Planning Policy overspend of £50k due to additional Professional Fees of £26k and Shared Services of £24k.
- Town Centre underspend of £16k due to additional Grant Income received.

Regulatory Client – outturn position £101k overspend

Within Regulatory Client, the overspend of £101k is due to additional management costs of Worcestershire Regulatory Services (WRS).

Rubicon Client – outturn position £246k overspend

Within Rubicon Client, there was an overspend of £50k on Building Maintenance due to the age of the buildings, £30k relating to VAT, £67k on Insurance and £100k in additional management charges.

Reserves

The position has resulted in the Council's General Fund position decreasing from an opening position of £7.221m to a closing balance of £6.866m. There were transfers to Earmarked Reserves of £0.771m and the balance relates to statutory adjustments.

Earmarked reserves have increased from an opening position of £17.186m to a closing position of £17.957m.

Capital

The outturn report set out that expenditure was £7.951m against capital budgets of £20.508m approved for the year. This is an £12.557m underspend which will be carried forward to 2025.

Housing Revenue Account (HRA)

The Housing Revenue Account for 2024/25 is showing break-even position.

The major variances as follows:

- Dwelling Rents – Additional weekly rental received as 49 weeks rent received in 24/25.
- Repairs & Maintenance – Overspend on materials and agency staff but offset by underspend in other areas (staffing vacancies).
- Supervision & Management – Variance is due to vacancies, posts left vacant due to the ongoing review of the Housing Services function.
- Rent, Rates, Taxes & Other Charges – Increase in insurance premiums, disrepair claims by tenants have increased.
- Provision for Bad Debts – Arrears did not increase year on year as anticipated. Reduced bad debt provision for current year.
- Depreciation & Impairment of Fixed Assets – Increase in the average price of key components of HRA dwellings.

NARRATIVE REPORT

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2025. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The Core Statements are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into "usable", which can be invested in service improvements or capital investment or reduce local taxation, and "unusable" which must be set aside for specific purposes. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movement in Reserves Statement Line 'Adjustments between accounting basis and funding basis under the regulations.

The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movements in the year following those adjustments.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2025.

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long-term liabilities).

The Supplementary Statements are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money. Business Rates is distributed to Central Government, Worcestershire County Council and Redditch Borough Council. Council Tax is distributed between Gloucestershire County Council, the Police & Crime Commissioner, Redditch Borough Council and the Town & Parish Councils within the Redditch district.

The **Housing Revenue Account**

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

The **Group Accounts**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority. In this Authority, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

The Chief Finance Officer's responsibilities

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

In preparing this statement of accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2025.

…… **Date:**

Deputy Chief Executive / S151 Officer (Chief Finance Officer)

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit, Governance and Standards Committee.

…… **Date:**
Chair

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement for the year ended 31 March 2025

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		2024/25			2023/24		
		£000	£000	£000	£000	£000	£000
	Notes	Expenditure	Income	Net	Expenditure	Income	Net
Business Transformation and Organisational Development		2,318	(420)	1,897	2,257	(426)	1,831
Community and Housing GF Services		5,765	(3,677)	2,087	6,026	(2,287)	3,739
Corporate Services		1,753	(5,241)	(3,487)	747	(5,153)	(4,407)
Environmental Services		7,872	(3,120)	4,752	7,407	(2,768)	4,639
Financial and Customer Services		20,747	(17,111)	3,635	20,148	(16,896)	3,252
Housing Revenue Account		4,910	(1,407)	3,504	24,469	(27,880)	(3,411)
Legal, Democratic and Property Services		4,264	(1,514)	2,750	4,655	(1,489)	3,165
Planning, Regeneration and Leisure Services		894	(231)	663	3,942	(1,355)	2,587
Regulatory Client		25,259	(30,435)	(5,177)	681	(231)	450
Rubicon Client		2,628	(7)	2,621	2,041	(0)	2,041
Starting Well		815	(614)	201	1,013	(720)	292
Cost of Services		**77,224**	**(63,778)**	**13,446**	**73,385**	**(59,207)**	**14,178**
Other Operating Expenditure	**B4**	60	(208)	(148)	40	(308)	(268)
Financing and Investment Income and Expenditure	**B5**	6,826	(8,707)	(1,881)	6,641	(7,184)	(543)
Taxation and Non-Specific Grant Income and Expenditure	**B6**	13,902	(33,072)	(19,170)	12,375	(24,293)	(11,918)
(Surplus) or Deficit on Provision of Services				**(7,753)**			**1,449**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	**D1**			2,879			0
Remeasurement of the net defined benefit liability/(asset)	**E1**			2,994			(2,349)
Other Comprehensive Income and Expenditure				**5,873**			**(2,349)**
Total Comprehensive Income and Expenditure				**(1,880)**			**(900)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2025

	Notes	2024/25 £000 Expenditure	2024/25 £000 Income	2024/25 £000 Net	2023/24 £000 Expenditure	2023/24 £000 Income	2023/24 £000 Net
Business Transformation and Organisational Development		2,318	(420)	1,897	2,257	(426)	1,831
Community and Housing GF Services		5,765	(3,677)	2,087	6,026	(2,287)	3,739
Corporate Services		1,753	(5,241)	(3,487)	747	(5,153)	(4,407)
Environmental Services		7,872	(3,120)	4,752	7,407	(2,768)	4,639
Financial and Customer Services		20,747	(17,111)	3,635	20,148	(16,896)	3,252
Housing Revenue Account		25,259	(30,435)	(5,177)	24,469	(27,880)	(3,411)
Legal, Democratic and Property Services		4,910	(1,407)	3,504	4,655	(1,489)	3,165
Planning, Regeneration and Leisure Services		4,264	(1,514)	2,750	3,942	(1,355)	2,587
Regulatory Client		894	(231)	663	681	(231)	450
Rubicon Client		5,594	(6,152)	(558)	6,029	(3,532)	2,496
Starting Well		815	(614)	201	1,012	(719)	292
Cost of Services		**80,190**	**(69,923)**	**10,267**	77,371	(62,738)	**14,634**
Other Operating Expenditure	**B4**	60	(208)	(148)	40	(308)	(268)
Financing and Investment Income and Expenditure	**B5**	6,826	(8,707)	(1,881)	6,641	(7,184)	(543)
Taxation and Non-Specific Grant Income and Expenditure	**B6**	13,902	(33,153)	(19,251)	12,375	(24,263)	(11,888)
(Surplus) or Deficit on Provision of Services				**(11,012)**			**1,935**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	**D1**			2,879			0
Remeasurement of the net defined benefit liability/(asset)	**E1**			2,994			(2,349)
Other Comprehensive Income and Expenditure				**5,873**			**(2,349)**
Total Comprehensive Income and Expenditure				**(5,139)**			**(414)**

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for Council and Group for the year ended 31 March 2025

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or (from) earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA Balance	Earmarked HRA Reserves	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Rubicon Leisure Limited	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2023	**8,924**	**17,818**	**26,743**	**1,976**	**11,771**	**13,747**	**14,038**	**13,241**	**3,154**	**70,922**	**223,831**	**294,754**	**2,086**	**296,839**
Movement in reserves during the year														
Total Comprehensive Income and Expenditure	823	0	**823**	626	0	**626**	0	0	0	**1,449**	**(2,349)**	**(900)**	**486**	**(414)**
Adjustments between accounting basis & funding basis under regulations	(1,550)	0	**(1,550)**	(2,387)	0	**(2,387)**	177	(2,767)	(3,154)	**(9,681)**	**2,349**	**15,263**	**(3,600)**	**11,664**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(727)**	**0**	**(727)**	**(1,761)**	**0**	**(1,761)**	**177**	**(2,767)**	**(3,154)**	**(8,232)**	**0**	**14,363**	**(3,114)**	**11,250**
Transfers to or from earmarked reserves	(976)	(632)	**(1,608)**	870	(870)	**0**	0	0	0	**(1,608)**	**0**	**0**	**1,608**	**0**
(Increase)/Decrease in Year	**(1,703)**	**(632)**	**(2,335)**	**(891)**	**(870)**	**(1,761)**	**177**	**(2,767)**	**(3,154)**	**(9,840)**	**22,596**	**14,363**	**(1,506)**	**11,250**
Balance as at 31 March 2024	**7,221**	**17,186**	**24,408**	**1,085**	**10,901**	**11,986**	**14,215**	**10,474**	**0**	**61,082**	**246,427**	**307,509**	**580**	**308,089**
Movement in reserves during the year														
Total Comprehensive Income and Expenditure	(1,880)	0	**(1,880)**	1,367	0	**1,367**	0	0	0	**(513)**	**5,342**	**4,829**	**1,022**	**5,850**
Adjustments between accounting basis & funding basis under regulations	2,296	0	**2,296**	(1,924)	0	**(1,924)**	(961)	28	375	**(186)**	**33,818**	**33,632**	**0**	**33,632**
Net Increase/Decrease before Transfers to Earmarked Reserves	**416**	**0**	**416**	**(557)**	**0**	**(557)**	**(961)**	**28**	**375**	**(699)**	**39,160**	**38,461**	**1,022**	**39,482**
Transfers to or from earmarked reserves	(771)	771	**0**	1,741	(1,741)	**0**	0	0	0	**0**	**0**	**0**	**0**	**0**
(Increase)/Decrease in Year	**(355)**	**771**	**416**	**1,184**	**(1,741)**	**(557)**	**(961)**	**28**	**375**	**(699)**	**39,160**	**38,461**	**1,022**	**39,482**
Balance as at 31 March 2025	**6,866**	**17,957**	**24,824**	**2,269**	**9,160**	**11,429**	**13,254**	**10,502**	**375**	**60,383**	**285,587**	**345,969**	**1,602**	**347,571**

BALANCE SHEET

Balance Sheet as at 31 March 2025

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide service. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets ae sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

	Notes	31st March 2025 £000	31st March 2024 £000
Property, Plant & Equipment	**D1**	393,892	397,140
Investment Property	**D2**	899	899
Intangible Assets	**D3**	2,289	1,243
Long Term Debtors	**E2**	830	906
Long Term Assets		**397,911**	**400,188**
Short Term Investments	**F1**	6,000	10,912
Inventories	**D9**	1,631	1,575
Short Term Debtors	**D4**	40,592	23,318
Cash and Cash Equivalents	**F1**	762	16,707
Current Assets		**48,985**	**52,512**
Other Short Term Liabilities	**E2**	0	(9,000)
Short Term Creditors	**D5**	(1,319)	(8,555)
Provisions	**D6**	(1,818)	(1,242)
Revenue Grants received in advance		(12,296)	(16,172)
Current Liabilities		**(15,433)**	**(34,969)**
Long Term Borrowing	**F5**	(104,063)	(104,063)
* Other Long Term Liabilities	**E2**	19,237	(5,311)
Capital Grants received in advance		(667)	(848)
Long Term Liabilities		**(85,493)**	**(110,222)**
Net Assets		**345,969**	**307,509**
Usable reserves	**C3**	60,383	61,082
Unusable Reserves	**C4**	285,587	246,427
Total Reserves		**345,969**	**307,509**

- Other Long Term Liabilities includes a newly valued Pension Asset

BALANCE SHEET

Group Balance Sheet as at 31 March 2025

	Notes	31st March 2025 £000	31st March 2024 £000
Property, Plant & Equipment	D1	394,238	397,386
Investment Property	D2	899	899
Intangible Assets	D3	2,289	1,243
Long Term Debtors	E2	830	906
Long Term Assets		**398,256**	**400,434**
Short Term Investments	F1	6,000	10,912
Inventories	D9	1,659	1,594
Short Term Debtors	D4	43,741	23,594
Cash and Cash Equivalents	F1	774	15,658
Current Assets		**52,174**	**51,757**
Short Term Creditors	E2	(3,253)	(9,073)
Other Short Term Liabilities	D5	0	(9,000)
Provisions	D6	(1,818)	(1,242)
Revenue Grants received in advance		(12,296)	(16,172)
Current Liabilities		**(17,366)**	**(35,487)**
Other Long Term Liabilities	E2	19,237	(3,703)
Capital Grants Received in advance		(667)	(848)
Long Term Borrowing	E2	(104,063)	(104,063)
Long Term Liabilities		**(85,493)**	**(108,614)**
Net Assets		**347,571**	**308,089**
Usable reserves	C3	61,984	61,662
Unusable Reserves	C4	285,587	246,427
Total Reserves		**347,571**	**308,089**

CASH FLOW STATEMENT

Cash Flow Statement at 31 March 2025

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	Notes	2024/25 £000	2023/24 £000
Net surplus or (deficit) on the provision of services		7,753	(1,449)
Adjustment to surplus or deficit on the provision of services for non-cash movements	**F2**	5,327	12,440
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**F3**	0	0
Net cash flows from Operating Activities		**13,080**	**10,991**
Investing Activities	**F4**	**(29,437)**	**(17,369)**
Financing Activities	**F5**	**412**	**7,465**
Net increase or (decrease) in cash and cash equivalents		**(15,945)**	**1,087**
Cash and cash equivalents at the beginning of the reporting period		**16,707**	**15,620**
Cash Balance at End of Period		**762**	**16,707**

CASH FLOW STATEMENT

Group Cash Flow Statement as at 31 March 2025

	Notes	2024/25 £000	2023/24 £000
Net surplus or (deficit) on the provision of services		11,012	(1,935)
Adjustment to surplus or deficit on the provision of services for non-cash movements	**F2**	3,159	8,865
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**F3**	0	0
Net cash flows from Operating Activities		**14,171**	**6,930**
Investing Activities	**F4**	**(29,437)**	**(17,369)**
Financing Activities	**F5**	**412**	**7,465**
Net increase or (decrease) in cash and cash equivalents		**(14,854)**	**(2,974)**
Cash and cash equivalents at the beginning of the reporting period		**15,628**	**18,602**
Cash Balance at End of Period		**774**	**15,628**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B1. Expenditure and Funding Analysis

Net Expenditure Chargeable to the General Fund	2024/25 Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Strategic Purpose	Net Expenditure Chargeable to the General Fund Balances	2023/24 Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
2,019	122	1,897	Business Transformation and Organisational Development	2,022	191	1,831
2,438	351	2,087	Community and Housing GF Services	4,433	694	3,739
(3,429)	59	(3,487)	Corporate Services	(4,286)	120	(4,407)
5,428	676	4,752	Environmental Services	5,429	790	4,639
4,128	493	3,635	Financial and Customer Services	4,259	1,007	3,252
11,517	8,014	3,504	Housing Revenue Account	4,673	8,084	(3,411)
3,678	929	2,750	Legal, Democratic and Property Services	4,198	1,033	3,165
1,234	570	663	Planning, Regeneration and Leisure Services	3,210	623	2,587
(5,177)	0	(5,177)	Regulatory Client	450	0	450
3,790	1,169	2,621	Rubicon Client	3,109	1,068	2,041
379	179	201	Starting Well	579	287	292
26,007	**12,561**	**13,446**	**Net Cost of Services**	**28,076**	**13,898**	**14,178**
(29,213)	(8,014)	(21,199)	Other Income and Expenditure	(29,779)	(17,050)	(12,729)
(3,206)	**4,547**	**(7,753)**	**Surplus or Deficit**	**(1,703)**	**(3,152)**	**1,449**
7,221			Opening General Fund Balance	8,924		
(3,206)			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(1,703)		
4,015			Closing General Fund Balance at 31 March	7,221		

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B2. Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total
	£000	£000	£000	£000
Business Transformation and Organisational Development	43	79	0	122
Community and Housing GF Services	39	312	0	351
Corporate Services	0	59	0	59
Environmental Services	659	17	0	676
Financial and Customer Services	0	493	0	493
Housing Revenue Account	7,278	736	0	8,014
Legal, Democratic and Property Services	769	159	0	929
Planning, Regeneration and Leisure Services	454	117	0	570
Regulatory Client	0	0	0	0
Rubicon Client	1,169	0	0	1,169
Starting Well	88	91	0	179
Net Cost of Services	**10,498**	**2,063**	**0**	**12,561**
Other Income and Expenditure from the Expenditure and Funding Analysis	0	0	0	**0**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**10,498**	**2,063**	**0**	**12,561**

B3. Expenditure and Income Analysed by Nature

Revenue from contracts with Service Recipients

The policy on fees and charges is that all services should be charged where it is appropriate to do so unless there are conflicting policies for legal reasons not to do so. The charge should (subject to market conditions) aim to maximise income from fees and charges by ensuring that the full cost of provision and enforcement is recovered, unless there are contrary policies, legal or contractual reasons.

Where the Council continues to subsidise the cost of services provided to customers, the level of subsidy should be clearly understood by the service. Charges must be linked to both service and strategic objectives and be clearly understood.

The direct implications of charging for residents, and the indirect implications for public, private and voluntary sector partners should be clearly understood. Any concessionary scheme should be based on ability to pay and be applied in a consistent and transparent approach across all Council services. Where appropriate, annual inflationary uplifts will be applied by the Council and approved through the budget setting process.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Expenditure:	2024/25 £000	2023/24 £000
Employee Benefits Expenses	19,296	18,467
Other Expenditure	59,987	58,554
Depreciation, Amortisation, Impairment	10,498	9,895
Interest Payments	5,644	6,649
Precepts and Levies	2,225	1,356

Income:	2024/25 £000	2023/24 £000
Fees, Charges and other service Income	(37,969)	(36,966)
Interest and Investment Income	(7,510)	(7,184)
Income for Council tax, non-domestic rates, district rate income	(21,694)	(20,649)
Government grants and Contributions	(32,536)	(23,516)
Gain on Disposal of Assets	(208)	(308)
Internal Recharges	(5,488)	(4,850)
(Surplus) or Deficit on the Provision of Services	**(7,753)**	**1,449**

B4. Other Operating Income and Expenditure

	2024/25 £000	2023/24 £000
Parish council precepts	60	40
(Gains)/losses on the disposal of non-current assets	(208)	(308)
Total	**(148)**	**(268)**

B5. Financing and Investment Income and Expenditure

	2024/25 £000	2023/24 £000
Interest payable and similar charges	6,826	6,641
Interest receivable and similar income	(8,707)	(7,184)
Total	**(1,881)**	**(543)**

B6. Taxation and Non-Specific Grant Income and Expenditure

	2024/25 £000	2023/24 £000
Income		
Council Tax Income	(7,138)	(6,929)
Non Domestic Rates Income and Expenditure	(654)	(1,345)
Non-ring-fenced government grants	(10,910)	(3,644)
Capital Grants and Contributions	(468)	0
Total	**(19,170)**	**(11,918)**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B7. Members Allowances

	2024/25 £000	2023/24 £000
Basic Allowances	133	136
Special Allowances	104	99
Expenses Inc. Car Allowances	1	5
Total	**238**	**240**

B8. External Audit Costs

The Council has incurred the following costs relating to the annual audit of the statement of accounts, certification of grant claims and other services provided by the Council's external auditors.

	2024/25 £000	2023/24 £000
Fee Variations agreed for External Audit	0	31
Housing Benefit Audit	45	36
Fees payable with regard to external audit services carried out by the appointed auditor for the year	164	171
Total	**209**	**238**

B9. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25.

Credited to Taxation and Non-Specific Grant Income	2024/25 £000	2023/24 £000
Revenue Support Grant	(121)	0
New Homes Bonus	(28)	(335)
Section 31	(3,212)	(627)
Capital Grants	(468)	0
Non ring-fenced Grant	(7,550)	(4,625)
Total	**(11,379)**	**(5,587)**

Credited to Services	2024/25 £000	2023/24 £000
MHCLG NNDR Cost of Collection	(105)	(105)
DWP Admin Grant	(216)	(376)
DWP Discretionary Housing	0	(77)
DWP Housing Benefit Subsidy	(14,067)	(13,535)
Total	**(14,388)**	**(14,093)**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B10. Officer Remuneration

Since 2010/11, the Management Team has been shared between Redditch Borough Council and Bromsgrove District Council, with each Authority being charged 50% of the cost of each post.

		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Redditch £	Revised Total
Officers Remuneration Redditch Borough Council (50% recharged to Bromsgrove District Council):						
Chief Executive	2023/24	83,720	13,991	97,711	48,856	**48,856**
	2024/25	179,456		179,456	89,728	**89,728**
Director of Finance & Resources	2023/24	162,685	0	162,685	81,343	**81,343**
	2024/25	170,805	0	170,805	85,402	**85,402**
Head Of Legal & Democratic Services	2023/24	102,738	17,271	120,009	60,005	**60,005**
	2024/25	105,339	17,703	123,042	61,521	**61,521**
Total	2023/24	349,143	31,262	380,405	190,203	**190,203**
	2024/25	455,599	17,703	473,303	236,651	**236,651**

Officers Remuneration Redditch Borough Council (50% recharged to Bromsgrove District Council):						
		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Bromsgrove £	Total
Deputy Chief Executive and Executive Director of Leisure, Environmental & Community	2023/24	122,756	21,323	144,079	72,040	**72,040**
	2024/25	0	0	0	0	**0**
Executive Director of Leisure Environmental & Community	2023/24	66,380	11,559	77,939	38,969	**38,969**
	2024/25	129,630	22,543	152,172	76,086	**76,086**
Total	2023/24	189,136	32,882	222,018	111,009	**111,009**
	2024/25	129,630	22,543	152,172	76,086	**76,086**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Senior Employees Remuneration

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2024/25	2023/24
£50,001 to £55,000	0	4
£55,001 to £60,000	1	6
£60,001 to £65,000	0	10
£65,001 to £70,000	14	2
£70,001 to£ 75,000	0	0
£75,001 to £80,000	0	1
£80,001 to £85,000	0	0
£85,001 to £90,000	0	2
£90,001 to £95,000	2	2
£95,001 to £100,000	0	1
£100,001 to £105,000	1	1
£105,001 to £110,000	0	1
£110,001 to £115,000	0	0
£115,001 to £120,000	1	0
£120,001 to £125,000	0	0
£125,001 to £130,000	0	0
£130,001 to £135,000	0	0
£135,001 to £140,000	0	0
£140,001 to £145,000	1	0
Total	**20**	**30**

B11. Termination Benefits

The Council had a number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0-£20,000	0	1	3	0	3	1	17,576	277
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
				Total cost included in bandings			**17,576**	**277**
				Cost to Redditch Borough Council			**17,576**	**277**
				Exit Packages undertaken by Redditch Borough Council with a shared cost to Bromsgrove District Council			**0**	**0**
				Total cost included in the CIES			**17,576**	**277**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C1. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

	Usable Reserves					
Balance Sheet as at 31 March 2025	**General Fund Balance** £000	**Housing Revenue Account** £000	**Capital Receipts Reserve** £000	**Major Repairs Reserve** £000	**Capital Grants Unapplied** £000	**Movement in Unusable Reserves** £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost (transferred to (or from) the Pensions Reserve)	2,017	0	0	0	0	(2,017)
Council tax and NDR (transfers to or from the Collection Fund)	6,217	0	0	0	0	(6,217)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,122)	0	0	0	375	5,747
Total Adjustments to Revenue Resources	**2,112**	**0**	**0**	**0**	**375**	**(2,487)**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	184	0	(184)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	(1,924)	0	0	0	0
Total Adjustments to Revenue Resources	**184**	**(1,924)**	**(184)**	**0**	**0**	**0**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(777)	0	0	777
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	28	0	(28)
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Total Adjustments to Capital Resources	**0**	**0**	**(777)**	**28**	**0**	**749**
Total Adjustments	**2,296**	**(1,924)**	**(961)**	**28**	**375**	**(1,738)**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Usable Reserves						
Balance Sheet as at 31 March 2024	**General Fund Balance** £000	**Housing Revenue Account** £000	**Capital Receipts Reserve** £000	**Major Repairs Reserve** £000	**Capital Grants Unapplied** £000	**Movement in Unusable Reserves** £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost (transferred to (or from) the Pensions Reserve)	2,349	0	0	0	0	(2,349)
Council tax and NDR (transfers to or from the Collection Fund)	(2,381)	0	0	0	0	2,381
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	4,950	0	0	0	0	(4,950)
Total Adjustments to Revenue Resources	**4,918**	**0**	**0**	**0**	**0**	**(4,918)**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(191)	0	191	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(6,277)	(2,387)	0	0	0	5,766
Total Adjustments to Revenue Resources	**(6,468)**	**(2,387)**	**191**	**0**	**0**	**5,766**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(14)	0	0	14
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(2,767)	0	2,767
Application of capital grants to finance capital expenditure	0	0	0	0	(3,154)	3,154
Total Adjustments to Capital Resources	**0**	**0**	**(14)**	**(2,767)**	**(3,154)**	**5,935**
Total Adjustments	**(1,550)**	**(2,387)**	**177**	**(2,767)**	**(3,154)**	**6,783**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C2. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24 and 2024/25.

	Balance	Transfers In	Transfers Out	Balance	Transfers In	Transfers Out	Balance
	01-Apr-23	2023/24	2023/24	31-Mar-24	2024/25	2024/25	31-Mar-25
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Business Rates Retention Scheme	4,560	0	0	4,560	0	0	**4,560**
Community Development	74	0	0	74	0	0	**74**
Community Safety	211	0	0	211	0	0	**211**
Corporate Services	4,652	0	(2,058)	2,594	0	0	**2,594**
Customer Services	183	0	0	183	0	0	**183**
Economic Growth	718	0	0	718	123	0	**841**
Electoral Services	63	0	0	63	0	0	**63**
Environmental Vehicles	29	0	0	29	0	0	**29**
Equipment replacement	25	0	0	25	0	0	**25**
Financial Services	149	0	0	149	442	(131)	**460**
General Risk reserve	45	0	0	45	0	0	**45**
Housing Benefit Implementation	270	0	0	270	0	0	**270**
Housing Support	1,535	0	0	1,535	0	(116)	**1,419**
Land Charges	9	0	0	9	0	0	**9**
Land Drainage	129	0	0	129	0	0	**129**
Parks & Open spaces	8	0	0	8	0	0	**8**
Planning Services	692	0	0	692	0	0	**692**
Sports Development	(18)	0	0	(18)	0	0	**(18)**
Town Centre	7	0	0	7	0	0	**7**
Warmer Homes	16	0	0	16	0	0	**16**
Transformational Growth	123	0	0	123	0	0	**123**
Pensions	201	0	0	201	0	0	**201**
Regeneration Income	602	0	0	602	0	0	**602**
Restart Grants	2,900	0	0	2,900	24	0	**2,924**
Covid-19 (General)	580	1,426	0	2,006	429	0	**2,435**
Covid-19 (Collection Fund)	55	0	0	55	0	0	**55**
TOTALS	**17,818**	**1,426**	**(2,058)**	**17,186**	**1,018**	**(247)**	**17,957**
HRA							
Housing Capital	**11,771**	0	(870)	**10,901**	0	(1,741)	**9,160**
Total HRA	**11,771**	**0**	**(870)**	**10,901**	**0**	**(1,741)**	**9,160**
Total Earmarked Reserves	**29,589**	**1,426**	**(2,928)**	**28,087**	**1,018**	**(1,988)**	**27,117**

C3. Usable Reserves

	31st March 2025	31st March 2024
	£000	£000
Capital Receipts Reserve	13,254	14,215
Capital Grants Unapplied	375	0
Major Repairs Reserve	10,502	10,474
HRA Balances	2,269	1,085
HRA Earmarked Reserves	9,160	10,901
General Fund Balances	6,866	7,221
Earmarked Reserves	17,957	17,186
Total Usable Reserves	**60,383**	**61,082**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Capital Receipts Reserve

These are receipts from the sale of Council assets (all relating to the Housing Revenue Account), which have not yet been used to finance capital expenditure.

	31st March 2025 £000	31st March 2024 £000
Balance 1 April	**14,215**	**14,038**
Capital Receipts in year	0	177
Sub-Total	**14,215**	**14,215**
Less:		
Capital Receipts used for financing	(961)	0
Balance 31 March	**13,254**	**14,215**

Since 1 April 2016, Local Authorities have had more flexibility in the use of capital receipts. There is greater scope to use the capital receipts to fund upfront costs that will generate ongoing savings and/or transform service delivery. All of the balance is available to be used either for financing capital investments or funding projects qualifying for the flexible use.

Capital Grants Unapplied

	31st March 2025 £000	31st March 2024 £000
Balance on 1 April	**0**	**3,154**
Unapplied Capital Grants received in year	375	0
Unapplied Capital Grants transferred to CAA in year on application	0	(3,154)
Balance 31 March	**375**	**0**

Major Repairs Reserve

The major repairs reserve receives the depreciation relating to housing revenue account assets which totalled £7.256m in year. The reserve is used to finance the Housing Investment Programme, increasing the balance held in reserves from £10.474m to £10.502m.

	31st March 2025 £000	31st March 2024 £000
Balance at 1 April	**10,474**	**13,241**
Depreciation	7,256	6,417
Capital expenditure on HRA Land, Houses and Other Property	(7,228)	(9,184)
Balance 31 March	**10,502**	**10,474**

C4. Unusable Reserves

	31st March 2025 £000	31st March 2024 £000
Revaluation Reserve	(117,643)	(106,232)
Capital Adjustment Account	(144,037)	(146,168)
Pensions Reserve	(19,237)	3,703
Collection Fund Adjustment Account	(4,798)	2,142
Accumulated Absences Account	128	128
Total Unusable Reserves	**(285,587)**	**(246,427)**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date are consolidated into the balance on the Capital Adjustment Account.

	31st March 2025	31st March 2024
	£000	£000
Balance at 1 April	**(106,232)**	**(92,486)**
Upward revaluation of assets	(11,411)	(13,746)
Balance at 31 March	**(117,643)**	**(106,232)**

Capital Adjustment Reserve

	31st March 2025	31st March 2024
	£000	£000
Balance at 1 April	**(146,168)**	**(144,794)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	5,350	9,895
Amortisation of Intangible Assets	52	53
Revenue expenditure funded from capital under statute	0	0
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	(2,008)
	5,402	**7,940**
Adjusting amounts written out of the Revaluation Reserve	(2,879)	0
Net written out amount of the cost of non current assets consumed in the year	**2,523**	**7,940**
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(777)	(14)
Use of the Major Repairs Reserve to finance new capital expenditure	28	(2,767)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0	(3,154)
Capital expenditure charged against the General Fund	357	(3,379)
	(392)	**(9,314)**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0	0
Balance at 31 March	**(144,037)**	**(146,168)**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31st March 2025 £000	31st March 2024 £000
Balance at 1 April	**3,703**	**8,617**
Remeasurements of the net defined benefit liability/(asset)	0	0
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(25,793)	(4,914)
Employers pensions contributions and direct payments to pensioners payable in the year	2,853	0
Balance at 31 March	**(19,237)**	**3,703**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31st March 2025 £000	31st March 2024 £000
Balance at 1 April	**2,142**	**4,575**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(6,940)	(2,433)
Balance at 31 March	**(4,798)**	**2,142**

Accumulated Absences Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlements carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	31st March 2025 £000	31st March 2024 £000
Balance at 1 April	**128**	**256**
Settlement or cancellation of accrual made at the end of the preceding year	(128)	(128)
Amounts accrued at the end of the current year	128	0
Balance at 31 March	**128**	**128**

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment
Current Year

	Council Dwellings / HRA Assets £000	Operational Land £000	Operational Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community assets £000	Assets under construction £000	Surplus Asset £000	Total PP&E £000
Cost or Valuation									
Balance as at 1 April 2024	**311,139**	**10,251**	**47,843**	**14,024**	**5,673**	**1,627**	**35,149**	**1,880**	**427,586**
Adjustments re prior years	-5,259	0	0	110	-175	324	-35,149	1,525	**-38,624**
Adjusted opening balance	**305,880**	**10,251**	**47,843**	**14,134**	**5,498**	**1,951**	**0**	**3,405**	**388,962**
Additions	0	0	0	424	0	0	29,221	0	**29,645**
Revaluation increases/decreases to Revaluation Reserve	0	0	2,879	0	0	0	0	0	**2,879**
Derecognition - Disposals	0	0	0	0	0	0	0	0	**0**
Other movements	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2025	**305,880**	**10,251**	**50,722**	**14,558**	**5,498**	**1,951**	**29,221**	**3,405**	**421,486**
Depreciation and Impairment									
Balance as at 1 April 2024	**(8,242)**	**0**	**(9,597)**	**(11,053)**	**(1,593)**	**40**	**0**	**0**	**(30,445)**
Adjustments re prior years	8,242	0	0	0	0	(40)	0	0	**8,202**
Adjusted opening balance	**0**	**0**	**(9,597)**	**(11,053)**	**(1,593)**	**0**	**0**	**0**	**(22,243)**
Depreciation Charge	0	0	(3,336)	(1,848)	(166)	0	0	0	**(5,350)**
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2025	**0**	**0**	**(12,933)**	**(12,901)**	**(1,759)**	**0**	**0**	**0**	**(27,593)**
Net Book Value									
Balance as at 31 March 2025	**305,880**	**10,251**	**37,789**	**1,657**	**3,739**	**1,951**	**29,221**	**3,405**	**393,892**
Balance as at 31 March 2024	**302,897**	**10,251**	**38,246**	**2,971**	**4,080**	**1,667**	**35,149**	**1,880**	**397,140**

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment

Comparative Year

	Council Dwellings £000	Operational Land £000	Operational Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community assets £000	Assets under construction £000	Surplus Asset £000	Total PP&E £000
Cost or Valuation									
Balance as at 1 April 2023	**320,783**	**10,251**	**45,275**	**13,929**	**5,154**	**1,625**	**11,425**	**1,775**	**410,217**
Adjustments re prior years	0	0	0	0	0	0	0	0	**0**
Adjusted opening balance	**320.783**	**10.251**	**45.275**	**13.929**	**5.154**	**1.625**	**11.425**	**1.775**	**410.217**
Additions	0	0	2,568	95	519	2	23,724	105	**27,013**
Revaluation increases/decreases to Revaluation Reserve	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	(9,644)	0	0	0	0	0	0	0	**(9,644)**
Other movements	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2024	**311,139**	**10,251**	**47,843**	**14,024**	**5,673**	**1,627**	**35,149**	**1,880**	**427,586**
Depreciation and Impairment									
Balance as at 1 April 2023	**(5,725)**	**0**	**(9,214)**	**(11,828)**	**(1,445)**	**0**	**0**	**0**	**(28,212)**
Adjustments re prior years	0	0	0	1,781	0	0	0	0	**1,781**
Adjusted opening balance	**(5,725)**	**0**	**(9,214)**	**(10,047)**	**(1,445)**	**0**	**0**	**0**	**(26,431)**
Depreciation Charge	(2,517)	0	(383)	(1,006)	(148)	40	0	0	**(4,014)**
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2024	**(8,242)**	**0**	**(9,597)**	**(11,053)**	**(1,593)**	**40**	**0**	**0**	**(30,445)**
Net Book Value									
Balance as at 31 March 2024	**302.897**	**10.251**	**38.246**	**2.971**	**4.080**	**1.667**	**35.149**	**1.880**	**397.140**
Balance as at 31 March 2023	**315.058**	**10.251**	**36.061**	**2.101**	**3.709**	**1.625**	**11.425**	**1.775**	**382.004**

NOTES TO THE BALANCE SHEET

Depreciation

All assets have been depreciated using a reducing balance method. For the housing revenue account, the depreciation calculation is based on the replacement cost and useful life of major components – bathroom, kitchen, roof, rewire, central heading boiler, central heating system, windows and the structure.

The Council's valuers and surveyors have determined the useful economic life of the assets. Buildings have a useful life of between 15 to 100 years. Vehicles, plant and equipment and software licences have a useful life of between 5 to 10 years.

Valuation of Property, Plant and Equipment

The basis for valuation of individual classes of asset owned by the Council is explained in the Accounting Policies. The net book value as at 31 March represents the value of the assets belonging to the Council. The Council conducts a rolling programme that ensures that all Property, Plant and Equipment is measured at current value at least every five years. Bruton Knowles have been instructed to act as the Council's valuers for 2024/25.

Valuations of land and buildings are conducted in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Refuse Authority and Central Government. The Council share of business rate assets and liabilities in 2024/25 was 40% in accordance with the Worcestershire Business Rate Pilot Pool that operated for that year. This was in line with 2023/24.

Transfers between levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 and 3 Fair Values for Surplus Assets Significant observable inputs (Level 2)

The fair value for the assets has been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the Local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable le inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and best use of surplus assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the assets is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Valuation Process for Surplus Assets

The fair value of the Authority's surplus assets is measured at £3.405m. Valuations have been conducted by Bruton Knowles, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

NOTES TO THE BALANCE SHEET

D2. INVESTMENT PROPERTIES

	2024/25 £000	2023/24 £000
Balance at start of the year	**899**	**899**
Additions:		
- Purchases	0	0
Disposals	0	0
Transfers:		
- to/from Property, Plant and Equipment	0	0
Other changes	0	0
Balance at end of the year	**899**	**899**

D3. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.052m (£0.053m in 2023/24) charged to revenue in the current year was charged to revenue cost centres who use the software which was mainly Revenues and Benefits, Cashiers and the IT service.

All software is assigned a useful life of seven years.

The movement in intangible assets for the year is as follows:

	£000
Cost or Valuation	
Balance as at 1 April 2024	**3,350**
Prior Year Adjustment	**1,032**
Adjusted Balance at 1 April 2024	**4,382**
Additions	0
Derecognition - Disposals	0
Other movements	0
Balance as at 31 March 2025	**4,382**
Depreciation and Impairment	
Balance as at 1 April 2024	**(2,107)**
Prior Year Adjustment	**66**
Adjusted Balance at 1 April 2024	**(2,041)**
Depreciation Charge	(52)
Depreciation written out on Revaluation Reserve	0
Balance as at 31 March 2025	**(2,093)**
Net Book Value	
Balance as at 31 March 2025	**2,289**
Balance as at 31 March 2024	**1,243**

NOTES TO THE BALANCE SHEET

D4. Debtors

	Long term debtors		Short term debtors	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Central Government Bodies	0	0	12,795	9,810
Other entities and individuals	830	906	12,201	4,827
Housing Rents	0	0	19,046	11,026
Less bad debt provision	0	0	(3,450)	(2,345)
Total	**830**	**906**	**40,592**	**23,318**

D5. Creditors

	Short term creditors	
	2024/25 £000	2023/24 £000
Central Government bodies	(44)	(87)
Other local authorities	(802)	(242)
Housing Rents Prepaid	(12)	(73)
Other Entities and Individuals	(461)	(8,153)
Total	**(1,319)**	**(8,555)**

D6. Provisions

2024/25

	Balance as at 1 April 2024 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2025 £000
Insurance	(471)	0	60	(411)
NNDR Appeals	(643)	(2,110)	1,474	(1,279)
Employee Benefit	(128)	0	0	(128)
Total	**(1,242)**	**(2,110)**	**1,534**	**(1,818)**

2023/24

	Balance as at 1 April 2023 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2024 £000
Insurance	(472)	0	1	(471)
NNDR Appeals	(1,198)	(2,865)	3,420	(643)
Employee Benefit	(128)	0	0	(128)
Total	**(1,798)**	**(2,865)**	**3,421**	**(1,242)**

NOTES TO THE BALANCE SHEET

Business Rates Appeals Provision

Within the Collection Fund, the Council has set aside provision for any potential liabilities because of business rates appeals against rateable value. A provision has been made for all outstanding appeals relating to the rate revaluation undertaken in 2010 and 2017 and set aside a provision for General Practitioner and Automated Teller Machines (ATMs) where there was a legal challenge in place against unsuccessful rating appeals. The challenge was upheld in May 2020 and payments have been made during the financial year.

There is no allocation of the business rates appeals to the Council because of the arrangements in place whereby Worcestershire County Council have taken the lead of a Pilot Business Rates Pool covering all of Worcestershire, securing 75% of the business rate resources to the area. The Council has continued to receive a share of the business rate resources in the General Fund based on a no detriment basis.

Insurance Provision

The Council also holds a provision for potential insurance claims. This is currently £0.411m. The Council self-insures up to the value of £0.028m per claim and this provision is calculated with regard to the level of outstanding claims.

D7. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increased in the Capital Financing Requirement (CFR) which is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The movement in the CFR is analysed in the second part of this note.

Capital Expenditure and Capital Financing	2024/25 £000	2023/24 £000
Opening Capital Financing Requirement	**152,724**	**149,086**
Capital Investment		
Property, Plant and Equipment	29,221	23,724
Intangible Assets	0	250
Revenue Expenditure Funded from Capital under Statute	0	0
Total	**29,221**	**23,974**
Sources of finance		
Capital receipts	(184)	(177)
Government grants and other contributions	(11,221)	(9,846)
Major Repairs Allowance	(7,228)	(9,443)
Sums set aside from revenue:		
Direct revenue contributions:		
General Fund	0	0
HRA	0	(870)
Minimum Revenue Provision (MRP)	(1,000)	0
	(19,633)	**(20,336)**
Closing Capital Finance Requirement	**162,312**	**152,724**
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	9,588	3,638
Increase/(decrease) in Capital Financing Requirement	**9,588**	**3,638**

NOTES TO THE BALANCE SHEET

D8. Assets Held for Sale

There were no assets held for sale as at 31 March 2025. To be an asset held for sale, it requires the Council to be committed to plan to sell the asset which is available for immediate sale, being actively marketed and a sale is highly probable within twelve months.

D9. Inventories

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2025 and 2024 are as follows:

	Consumable Stores	
	2024/25	2023/24
	£000	£000
Balance outstanding at start of year	1,575	2,374
Purchases	1,282	1,126
Recognised as an expense in year	(1,226)	(1,925)
Balance outstanding at year end	**1,631**	**1,575**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E1. Defined Benefit Pension Scheme

Retirement Benefits

Discretionary post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no planned assets built up to meet these pension liabilities.

Transactions relating to post-employment Benefits.

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme		Discretionary Benefits	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Comprehensive Income and Expenditure Statement				
Cost of services:				
Service cost comprising:				
Current service cost	2,063	1,939	0	0
Past service cost	0	12	0	0
Financing and Investment Income and Expenditure:				
Net Interest expense	46	398	0	0
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	**2,109**	**2,349**	**0**	**0**

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(4,098)	(9,387)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(241)	(2,265)	0	0
Actuarial gains and losses arising on changes in financial assumptions	(19,872)	48	0	0
Actuarial gains and losses arising on changes in Experience	(1,470)	1,697	0	0
Other	0	(265)	0	0
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	**(23,572)**	**(7,823)**	**0**	**0**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(2,109)	0	0	0
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	2,853	2,682	0	0
Retirement benefits payable to pensioners	0	0	0	0

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Present value of the defined obligation	(120,074)	(138,209)	0	(3,351)
Fair value of plan assets	137,090	136,727	0	0
Net liability arising from the defined benefit obligation	**17,016**	**(1,482)**	**0**	**(3,351)**

The present value of the defined obligations includes as an estimated cost following the decision of the Sargeant/McCloud cases (generally referred to as McCloud), which rules that the transitional protections offered to older members of the Public Service Pension Schemes were amended, constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes including the Local Government Pension Scheme. However, whilst it is highly unlikely that the exact form of the remedy will be known in the immediate future, and therefore any cost at this stage can only be an estimate.

	Local Government Pension Scheme		Discretionary Benefits	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Opening fair value of scheme assets	136,727	123,625	0	0
Interest income	6,510	5,883	0	0
Remeasurement gain/(loss):				
the return on plan assets, excluding the amount included in the net interest expense	(4,098)	9,387	0	0
Contributions from employer	2,853	2,682	0	269
Contributions from employees into the scheme	742	689	0	0
Benefits/transfers paid	(5,644)	(5,539)	0	(269)
Closing value of scheme assets	**137,090**	**136,727**	**0**	**0**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Reconciliation of the present value of the scheme liabilities

		Local Government Pension Scheme		Discretionary Benefits	
		2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Opening balance at 1 April		(138,209)	(135,612)	0	0
Current service cost		(2,063)	(1,939)	0	0
Interest cost		(6,556)	(6,281)	0	0
Contributions from scheme participants		(742)	(689)	0	0
Remeasurement (gains) and losses:					
	Experience (gains/losses)	1,470	(1,697)	0	0
	Financial Assumptions (gains/losses)	19,872	(48)	0	0
	Demographic Assumptions (gains/losses)	241	2,265	0	0
Past service cost		0	(12)	0	0
Benefits/transfers paid		5,913	5,804	0	0
Balance as at 31 March		**(120,074)**	**(138,209)**	**0**	**0**

Local government pension scheme assets comprised:

All scheme assets have quoted prices in active markets.

	Fair value of scheme assets	
	31st March 2025	31st March 2024
Cash and cash equivalents	2,258	2,328
Equities:		
UK quoted	75,705	80,901
Securities	14,711	14,428
Private	59	62
Sub-total equity	**90,475**	**95,392**
Bonds:		
UK Corporate	3,764	2,700
UK Government Fixed	4,322	0
Sub-total bonds	**8,086**	**2,700**
Property:		
Overseas Property Debt	3,189	3,605
UK Property Funds	7,541	7,321
Sub-total property	**10,729**	**10,926**
Alternatives		
UK Infrastructure	23,051	23,889
European Infrastructure	2,491	1,493
Sub-total alternative funds	**25,542**	**25,382**
Total assets	**137,090**	**136,727**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2023.

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2024/25	2023/24	2024/25	2023/24
Mortality assumptions:				
Longevity at 65 current pensioners:				
Men	21.2	21.3	21.2	21.3
Women	23.6	23.6	23.6	23.6
Longevity at 65 for future pensioners:				
Men	22.5	22.6	22.5	22.6
Women	25.4	25.5	25.4	25.5
Financial assumptions:				
Rate of inflation	2.8%	2.8%	2.8%	2.8%
Rate of increase in salaries	4.3%	4.3%	4.3%	4.3%
Rate of increase in pensions	2.8%	2.8%	2.8%	2.8%
Discount Rate	5.8%	4.8%	5.8%	4.8%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The longevity assumption, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E2. Financial Instruments

	Current						Non-Current					
	Investments		Debtors		Total		Investments		Debtors		Total	
	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Assets												
Cash not falling into the following categories	0	0	0	0	0	0	0	0	0	0	0	0
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised cost	6,000	10,912	40,592	23,318	46,592	34,230	0	0	830	906	830	906
Total Financial Assets	**6,000**	**10,912**	**40,592**	**23,318**	**46,592**	**34,230**	**0**	**0**	**830**	**906**	**830**	**906**
Non-Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total	**6,000**	**10,912**	**40,592**	**23,318**	**46,592**	**34,230**	**0**	**0**	**830**	**906**	**830**	**906**

	Current						Non-Current					
	Borrowing		Creditors		Total		Borrowing		Creditors		Total	
	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Liabilities												
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised Cost	0	(9,000)	(1,319)	(8,555)	(1,319)	(17,555)	(104,064)	(104,064)	19,237	(5,311)	(84,827)	(109,375)
Total Financial Liabilities	**0**	**(9,000)**	**(1,319)**	**(8,555)**	**(1,319)**	**(17,555)**	**(104,064)**	**(104,064)**	**19,237**	**(5,311)**	**(84,827)**	**(109,375)**
Non-Financial Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**(9,000)**	**(1,319)**	**(8,555)**	**(1,319)**	**(17,555)**	**(104,064)**	**(104,064)**	**19,237**	**(5,311)**	**(84,827)**	**(109,375)**

The new advances are lifetime loans granted to owner occupiers which will be repaid on the sale of the property. The reclassification relates to lifetime loans granted to owner occupiers and loans to owners of homes of multiple occupation in previous years, which will be repaid on the sale of the property. In all cases, no interest is charged on the loans and a fair value adjustment has been made assuming the loan is repaid after 10 years.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E3. Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council within the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch Ratings Services.

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used (for example the rating assigned to a secured investment), otherwise the counterparty credit rating is used. Credit ratings are obtained and monitored by the Council's Treasury Advisors, who will notify changes in the ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investment will be made,
- Any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

The Council defines 'high credit quality' organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For Money Market Funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher.

The credit criteria in respect of financial assets held by the Council are detailed below:

	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2.5m 5 years	£2.5m 20 years	£2.5m 50 years	£2.5m 20 years	£1m 20 years

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

AA+	£2.5m 5 years	£2.5m 10 years	£2.5m 25 years	£2.5m 10 years	£1m 10 years
AA	£2.5m 4 years	£2.5m 5 years	£2.5m 15 years	£2.5m 5 years	£1m 10 years
AA-	£2.5m 3 years	£2.5m 4 years	£2.5m 10 years	£2.5m 4 years	£1m 10 years
A+	£2.5m 2 years	£2.5m 3 years	£2.5m 5 years	£2.5m 3 years	£1m 5 years
A	£2.5m 13 months	£2.5m 2 years	£2.5m 5 years	£2.5m 2 years	£1m 5 years
A-	£2.5m 6 months	£2.5m 13 months	£2.5m 5 years	£2.5m 13 months	£1m 5 years
None	£1m 6 months	n/a	£3m 25 years	£1m 5 years	£500k 5 years
Pooled funds	£2.5m per fund or trust				

Banks Unsecured: call and notice accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the banking regulator determine that the bank/building society is failing or likely to fail.

Banks Secured: covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are exempt from bail-in and are secured on the financial institution's assets, which limits the potential losses in the unlikely event of insolvency.

Government: Investments with local authorities or guaranteed by national governments, investments with multilateral development banks. These are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years. Investments with the Debt Management Account Deposit Facility (DMADF) are guaranteed by HM Treasury. Following advice from the Council's treasury advisors, no upper limit was imposed on investments with the DMADF.

Corporates: Loans, bonds, and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

Pooled Funds: Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing a wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and extremely low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charges to the Surplus / Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus / Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus / Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus / Deficit on the Provision of Services and affect the General Fund Balance.

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. It has a number of strategies for managing interest rate risk and these are addressed in the Treasury Management Strategy. In 2024/25, the Council had no variable long-term investments or borrowings.

Price Risk

The Council, excluding its exposure to the Pension Fund, does not invest in equity shares.

E4. Leases

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

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

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

The Authority as Lessee – Finance Leases

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

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Lease payments are apportioned between:

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

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

Lease payments are apportioned between:

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

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

The Authority is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairments losses are therefore substituted by a revenue 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 between the two.

The Council has no finance leases.

Operating Leases

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

The Council leases multifunctional devises (MFDs) through a lease that commenced in 2023/24 for an initial period until 31 July 2028. The future minimum payments under non-cancellable operating leases in future years are set out below:

	2024/25 £000	2023/24 £000
Minimum lease rentals payable:		
No later than 1 year	23	14
Later than 1 year and no later than 5 years	92	0
Later than 5 years	0	0
Total	**115**	**14**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The Authority as a Lessor – Finance Leases

When the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable is apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of the rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve (England and Wales).

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

The Council has no finance leases.

Operating Leases

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

The Authority, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports and community facilities
- For the economic development purposes to provide suitable affordable accommodation for small local businesses
- Any other purpose

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2024/25 £000	2023/24 £000
Minimum lease rentals payable:		
No later than 1 year	363	363
Later than 1 year and no later than 5 years	1,263	1,263
Later than 5 years	579	942
Total	**2,205**	**2,568**

E5. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. 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 2024/25, 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. 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.

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.

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 re cognised 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.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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 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.

Discretionary Benefits

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

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 and 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.

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.

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.

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.

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.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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.

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.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an assert 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.

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.

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.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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.

xxi) Shared Services

Redditch Borough Council provides the hosting for a number of shared service arrangements with Bromsgrove District 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.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in **Note E5**, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are outlined below.

There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to prove an indication that the assets of the Authority might be impaired because of a need to close facilities and reduce levels of service provision. The Council holds earmarked General Fund balance of £6.866m and a General Fund reserve of £17.957m.

The Council participates in a number of Shared Services under contractual arrangements with other Councils and is a partner in the Worcestershire Regulatory Services Board. These arrangements are accounted for as Jointly Controlled Operations. A Jointly Controlled operation uses the assets and resources of the partner authorities without the establishment of a separate entity. Under these arrangements, each participant in the arrangement accounts separately for its own transactions including the use of assets, liabilities, income, expenditure and cashflows.

The Council has determined that a Group Accounting relationship exists with Rubicon Leisure Limited which was formed in December 2018. Rubicon Leisure Limited is a company limited by guarantee and is 100% controlled by the Council. Where material, the Group position is disclosed on the face of the applicable Core Statements. All other notes relate to the Council rather than the Group.

The Council has made a 100% provision against the potential cost of business rates appeals arising from the 2010 and 2017 rating list based on indicative information from Analyse Local informed by data from the Valuation Office. In addition, the Council has proved for the cost of the successful appeal to the Supreme Court concluded on 20 May 2020, which ruled that Automated Teller Machines (ATMs) should not be rated separately to the building and the cost of a challenge relating to the business rates of purpose-built General Practice (GP) Surgeries, where there have been reductions in the rateable value from the 2017 rating list. Both the ATM and GP Surgeries outcome was concluded after 31 March 2020 but full provision was made in the provision for business rate appeals. The level of the 2017 rating list provision for appeals has contributed £2.110m and utilised £1.474m in 2024/25. Previously the Council held 4.7% of rating income as a potential provision linked to the level of appeals against the 2010 rating list. Further information on these appeals is provided in **Note D6.**

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcestershire Fire and Rescue Authority and Central Government. The Council share of the business rate assets and liabilities was 40%.

E7. Accounting Standards not yet adopted.

The Code requires that the Council disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of
paragraph 3.3.4.3 of the Code, are:

- **IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023**

  The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.:

  This accounting standard is not expected to have any significant impact for the Council.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

- **IFRS 17 Insurance Contracts issued in May 2017**

  IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

  This accounting standard is not expected to have any significant impact for the Council.

- **IAS 16 Property, Plant and Equipment & IAS 38 Intangible Assets**

  The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment in standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8.

  This accounting standard is not expected to have any significant impact for the Council.

E8. Assumptions made about the future and other major sources of estimation uncertainty.

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

E9. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. The Council have considered the materiality of the transactions from both the Council's and the related parties perspective.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in **Note B9.**

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2024/25 is shown in **Note B7.**

Many Redditch Borough Councillors are also County Councillors and / or elected members of the Parish Council.

In 2024/25, all members have completed a register of members' disclosable pecuniary interest.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Officers

There were no disclosures made by officers in 2024/25.

Entities Controlled or Significantly Influenced by the Authority

The Council has a wholly owned leisure company called Rubicon Leisure to run its leisure services for it.

As part of the shared services with Bromsgrove District Council, Redditch paid £8.106m (£7.457m in 2023/24) for Bromsgrove hosted services and received £4.715m (£4.065m in 2023/24) for services hosted at Redditch.

The Councils has been involved in shared service arrangements for Economic Development, Land Drainage and Shared Emergency Planning with Wyre Forest District Council. The Council has paid £0.134m to Wyre Forest District Council for services hosted by them.

A shared service arrangement has also been set up between the Council, Bromsgrove District and Wyre Forest for the provision of Building Control. Redditch paid £0.104m to Bromsgrove (this figure is included in the shared services figure above).

For the provision of Car Park services, the Council paid £0.112m to Wychavon District Council.

Under the Internal Audit Shared Service, the Council paid £0.116m to Worcester City Council.

The Council paid Bromsgrove District Council £0.861m for Worcestershire Regulatory Shared Service for hosting Environmental Health and Licencing.

In total, the Council received £0.584m in 2024/25 (£0.604m 2023/24) from Worcestershire County Council for running the Early Help services.

E10. Events after the Balance Sheet date

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Rescue Authority and Central Government. The Council's share of the business rates assets and liabilities in 2024/25 was £1,364,103.

E11. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Council's control.

There are no contingent assets as at 31 March 2025.

E12. Contingent Liabilities

A contingent liability is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Council's control.

There are no contingent liabilities as at 31 March 2025.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

F1. Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Balance Sheet as follows:

	2024/25 £000	2023/24 £000
Cash and Bank balances	762	16,707
Short Term Investments	6,000	10,912
Total	**6,762**	**27,619**

F2. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2024/25 £000	2023/24 £000
Depreciation	5,350	4,014
Amortisation	52	53
(Increase)/Decrease in Debtors	(17,274)	10,053
Increase/(Decrease) in Creditors	(7,236)	(30,449)
Increase in Inventories	56	(799)
Movement in pension liability	19,230	7,424
Carrying amount of non-current assets, and non-current assets held for sale, sold or de-recognised	0	9,644
Other items charged to the net surplus or deficit on provision of services	5,149	12,500
Total	**5,327**	**12,440**

F3. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing for financing activities.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	0	0
Any other items	0	0
Total	**0**	**0**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

F4. Investing Activities

	2024/25 £000	2023/24 £000
Purchase of PP&E, investment property and intangible assets	(29,645)	(27,013)
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	208	9,644
Proceeds from Long Term Investments	0	0
Net Cash flows from Investing Activities	**(29,437)**	**(17,369)**

F5. Financing Activities

	2024/25 £000	2023/24 £000
Cash Receipts from Short and Long Term Borrowing	44,412	45,465
Repayment of Short and Long Term Borrowing	(44,000)	(38,000)
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	**412**	**7,465**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

G1. Group Accounts

Rubicon Leisure Limited

Rubicon Leisure Limited was created in 2018/19 and commenced trading on 1 December 2018 through a management agreement with the Council. Rubicon Leisure Limited is a company limited by guarantee and the Guarantor and 100% owner is Redditch Borough Council.

The Council continues to own the buildings and Rubicon operate services at the following sites:

- Abbey Stadium
- Palace Theatre
- Pitcheroak Golf Course
- Pitcheroak Golf Course Café
- Forge Mill Museum
- Batchley, Oakenshaw, Windmill and Winvates Green Meeting Rooms
- Arrow Valley Visitor Centre

The company activity is included in the Group Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet. The Group Balance Sheet nets off transactions between the Council and Rubicon which impacts on debtors and creditors. This is to avoid a double count. In addition, the Company inventory, cash and reserves are reflected in the Group Balance Sheet.

There is no goodwill as the group did not arise through a purchase.

The Group CIES reflects expenditure of £2,966k and income of £6,145k for Rubicon, reflecting a net position of £3,179k. There is also £81k reflected on the Taxation and Non-Specific Grant Income and Expenditure line for a grant relating to Forge Mill.

The Group Balance Sheet reflects an increase in Rubicon usable reserves at £1,601k. This is made up of a number of items including £28k on inventories, PPE at £345k and cash and cash equivalents of £12k, £3,149k on short term debtors of £3,149k offset by £1,935k on short term creditors.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account included is a ring-fenced account within the council's budget used to record income and expenditure related to the housing services provided to council tenants.

H1. Overview

	2024/25 £000	2023/24 £000
Expenditure		
Repairs & Maintenance	(7,571)	(7,243)
Supervision & Management	(7,963)	(7,613)
Rents, Rates, Taxes and other charges	(769)	(399)
Depreciation, impairments and revaluation losses of non-current assets	(7,256)	(6,417)
Debt Management Costs	(8)	(8)
Movement in the allowance for bad debts	(152)	(228)
Total Expenditure	**(23,719)**	**(21,909)**
Income		
Dwelling rents	28,044	25,753
Non-dwelling rents	506	522
Charges for services and facilities	794	630
Capitalisation of System Implementation Team	49	45
Contributions towards Supported Housing	261	130
Other	38	34
Total Income	**29,692**	**27,115**
Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	**5,973**	**5,207**
HRA Services Share of Corporate & Democratic Core	(745)	(723)
Net Expenditure of HRA Services	**5,228**	**4,483**
Gains/(loss) on sale of HRA Fixed Assets	184	191
Interest Payable and Similar Charges	(4,175)	(4,174)
HRA Interest and Investment Income	130	125
Surplus or (Deficit for Year) on HRA Services	**1,367**	**626**

H2. Movement on the HRA Statement

	2024/25 £000	2023/24 £000
Balance on the HRA at the end of the previous year	2,410	1,976
Surplus or (Deficit) on the HRA Income and Expenditure Statement	1,367	626
Adjustments between accounting basis and funding basis under statute	(184)	(1,061)
Net Increase or (Decrease) before transfers to or from reserves	1,184	(436)
Transfers (to)/from Reserves	0	870
Increase or (decrease) on the HRA for the year	**1,184**	**435**
Balance on the HRA at the end of the current year	**3,594**	**2,410**

HOUSING REVENUE ACCOUNT

	2024/25 £000	2023/24 £000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	7,256	6,417
Gain or loss on sale of HRA non current assets	(184)	(191)
Transfers to/(from) Major Repairs Reserve	(7,256)	(6,417)
Capital expenditure funded by the HRA	0	(870)
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	**(184)**	**(1,061)**

	2024/25 £000	2023/24 £000
Transfers (to)/from earmarked reserves	0	0
Transfers (to)/from Capital Grants Unapplied	0	0
Total Transfers	**0**	**0**

H3. Property, Plant and Equipment

Property, Plant & Equipment (PP&E)	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Surplus Assets	**Total PP&E**	**Intangible Assets**	**TOTAL**
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1 April 2024	**311,139**	**4,106**	**534**	**1,520**	**317,299**	**1,378**	**318,677**
Adjustments re prior years	0	0	0	0	**0**	0	**0**
Adjusted opening balance	**311,139**	**4,106**	**534**	**1,520**	**317,299**	**1,378**	**318,677**
Additions	2,971	0	0	0	**2,971**	0	**2,971**
Revaluation increases to Revaluation Reserve	0	0	0	0	**0**	0	**0**
Derecognition - Disposals	(184)	0	0	0	**(184)**	0	**(184)**
Balance as at 31 March 2025	**313,926**	**4,106**	**534**	**1,520**	**320,086**	**1,378**	**321,464**
Depreciation and Impairment							
Balance as at 1 April 2024	**(8,242)**	**0**	**0**	**0**	**(8,241)**	**(87)**	**(8,328)**
Adjustments re prior years	0	0	0	0	**0**	0	**0**
Adjusted opening balance	**(8,242)**	**0**	**0**	**0**	**(8,241)**	**(87)**	**(8,328)**
Depreciation Charge	(7,256)	0	0	0	**(7,256)**	0	**(7,256)**
Depreciation written out on Revaluation Reserve	0	0	0	0	**0**	0	**0**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	**0**	0	**0**
Balance as at 31 March 2025	**(15,498)**	**0**	**0**	**0**	**(15,497)**	**(87)**	**(15,584)**
Net Book Value							
Balance as at 31 March 2025	**298,428**	**4,106**	**534**	**1,520**	**304,589**	**1,291**	**305,880**
Balance as at 31 March 2024	**302,897**	**4,106**	**534**	**1,520**	**309,058**	**1,291**	**310,349**

Prior year

Property, Plant & Equipment (PP&E)	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Surplus Assets	**Total PP&E**	**Intangible Assets**	**TOTAL**
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1 April 2023	**352,786**	**4,106**	**534**	**1,520**	**358,946**	**1,378**	**360,324**
Adjustments re prior years	(32,003)	0	0	0	**(32,003)**	0	**(32,003)**
Adjusted opening balance	**320,783**	**4,106**	**534**	**1,520**	**326,943**	**1,378**	**328,321**
Additions	0	0	0	0	**0**	0	**0**
Revaluation increases to Revaluation Reserve	0	0	0	0	**0**	0	**0**
Derecognition - Disposals	(9,644)	0	0	0	**(9,644)**	0	**(9,644)**
Balance as at 31 March 2024	**311,139**	**4,106**	**534**	**1,520**	**317,299**	**1,378**	**318,677**
Depreciation and Impairment							
Balance as at 1 April 2023	**(12)**	**0**	**(714)**	**0**	**(725)**	**(87)**	**(812)**
Adjustments re prior years	(8,230)	0	714	0	**(7,516)**	0	**(7,516)**
Adjusted opening balance	**(8,242)**	**0**	**0**	**0**	**(8,241)**	**(87)**	**(8,328)**
Depreciation Charge	(6,171)	(199)	(30)	0	**(6,400)**	(17)	**(6,417)**
Depreciation written out on Revaluation Reserve	6,171	199	30	0	**6,400**	17	**6,417**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	**0**	0	**0**
Balance as at 31 March 2024	**(8,242)**	**0**	**0**	**0**	**(8,241)**	**(87)**	**(8,328)**
Net Book Value							
Balance as at 31 March 2024	**302,897**	**4,106**	**534**	**1,520**	**309,058**	**1,291**	**310,349**
Balance as at 31 March 2023	**352,774**	**4,106**	**(180)**	**1,520**	**358,221**	**1,291**	**359,512**

Dwellings within the Housing Revenue Account are valued in accordance with the RICS Appraisal and Valuation Manual, as published by the Royal Institution of Chartered Surveyors, and DCLG guidance. Accordingly, the Existing Use Value for Social Housing (EUV-SH) has been used as the basis of valuation. The beacon approach to valuation of the housing stock has been adopted as recommended by the DCLG, including the regional adjustment to be adopted within the EUV-SH valuation. Valuations of dwellings are carried out annually, valued at 1 April each year.

HOUSING REVENUE ACCOUNT

H4. Housing Stock

The number of dwellings in the Authority's housing stock as at 31 March 2025 totalled 5,533 properties. The types of properties are analysed below:

	2024/25	2023/24
	Number	Number
Property Type		
Flats and Maisonettes		
(Blocks up to and incl. 2 Storey)		
1 Bed	1,518	1,521
2 Bed	523	531
3 Bed	29	28
Sub-Total	**2,070**	**2,080**
Non Permanent	41	41
Sub-Total	**41**	**41**
Houses / Bungalows		
1 Bed	652	652
2 Bed	841	847
3 Bed	1,768	1,774
4 or More	161	160
Sub-Total	**3,422**	**3,433**
Total Dwellings 31 March	**5,533**	**5,554**

H5. Housing Revenue Account Capital Expenditure

	2024/25	2023/24
	£000	£000
Capital investment		
Operational assets	14,555	11,570
Intangible Assets	332	336
Totals	**14,887**	**11,906**
Sources of funding		
Capital Receipts	3,651	1,495
Major Repairs Reserve	10,399	9,223
Government grants and other contributions	837	318
Direct Revenue Financing	0	870
Totals	**14,887**	**11,906**

H6. Rent Arrears

During 2024/25, total rent arrears remained broadly the same. A summary of rent arrears and prepayments are shown in the following table:

	2024/25	2023/24
	£000	£000
Current Tenant Arrears	1,251	1,438
Former Tenant Arrears	899	690
Total Rent Arrears	**2,150**	**2,128**
Prepayments	0	0
Net Rent Arrears	**2,150**	**2,128**

The rent arrears and prepayments exclude supporting people balances.

HOUSING REVENUE ACCOUNT

H7. Depreciation and Impairment of Non-Current Assets

	2024/25 £000		2023/24 £000	
	Depreciation	Impairment	Depreciation	Impairment
Council Dwellings	7,026	0	6,171	0
Other Land and Buildings	230	0	199	0
Vehicles, Plant, Furniture and Equipment	0	0	30	0
Intangible Assets	0	0	17	0
Total	**7,256**	**0**	**6,417**	**0**

H8. Retirement Benefits

As part of terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Worcestershire Local Government Pension Fund administered by Worcestershire County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year.

Pension costs for the Housing Revenue Account are charged to the Council and recharged to the HRA.

H9. Total Capital Receipts Generated during the year.

	2024/25 £000	2023/24 £000
Council Houses	2,549	2,331
Sub Total	**2,549**	**2,331**
Disposal Costs	(44)	(42)
Total HRA capital receipts	**2,505**	**2,289**

COLLECTION FUND

COLLECTION FUND

I1. The Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligations for billing Authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to Local Authorities and the Government of council tax and non-domestic rates.

Due to the Collection Fund accounting treatment, the deficit on the fund will not be passed to the Council's General Fund until 2025/26 and later years. The Government have confirmed that the in-year deficit on the Collection Fund in 2024/25 can be spread over three years from 2025/26 to 2027/28.

2023/24			Collection Fund	2024/25		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
			INCOME			
	(55,903)	(55,903)	Council Tax Receivable		(58,986)	(58,986)
(32,390)		(32,390)	Business Rates Receivable	(36,348)		(36,348)
(32,390)	**(55,903)**	**(88,292)**	**Total amounts to be credited**	**(36,348)**	**(58,986)**	**(95,334)**
			EXPENDITURE			
			Apportionment of Previous Year Surplus/Deficit			
(2,626)		(2,626)	Central Government	(7,768)		(7,768)
(2,101)	(182)	(2,282)	Redditch Borough Council	(6,214)	94	(6,120)
(473)	(1,000)	(1,472)	Worcestershire County Council	(1,398)	523	(875)
(53)	(64)	(116)	Hereford and Worcestershire Fire and Rescue	(155)	34	(121)
	(179)	(179)	Police and Crime Commissioner for West Mercia		94	94
			Precepts, demands and shares			
18,201		18,201	Central Government	18,049		18,049
14,561	6,905	21,466	Redditch Borough Council	14,440	7,154	21,594
3,276	38,557	41,834	Worcestershire County Council	3,249	40,500	43,749
364	2,483	2,847	Hereford and Worcestershire Fire and Rescue	361	2,559	2,920
	6,958	6,958	Police and Crime Commissioner for West Mercia		7,303	7,303
			Charges to Collection Fund			
(3)	(116)	(119)	Write-offs of uncollectable amounts	(147)	0	(147)
43	0	43	Interest	81	0	81
4	0	4	Disregarded amounts	(3)	0	(3)
163	538	701	Increase/(decrease) in allowance for impairment	284	1,658	1,942
(1,386)		(1,386)	Increase/(decrease) in allowance for appeals	(191)		(191)
(3,085)		(3,085)	Transitional Protection Payments Payable	(177)		(177)
			Charges to General Fund			
105	(27)	78	Charge to General Fund for allowable collection costs for non-domestic rates	105	(23)	82
26,992	**53,874**	**80,866**	**Total amounts to be debited**	**20,516**	**59,896**	**80,412**
(5,397)	**(2,029)**	**(7,426)**	**(Surplus) /deficit arising during the year**	**(15,832)**	**910**	**(14,922)**
9,076	1,606	10,683	(Surplus)/deficit b/f at 1 April	3,679	(422)	3,257
3,679	**(422)**	**3,257**	**(Surplus)/deficit c/f at 31 March**	**(12,153)**	**488**	**(11,665)**

COLLECTION FUND

I2. Council Tax Income

The amount of Council tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined, the Council tax payable for each band is established as follows (the actual amount payable for each property is also subject to discounts where applicable):

FOR THE YEAR ENDED 31st MARCH 2025

Band		Valuation band limits £		£	Calculated number of dwellings	Adjusted for discounts	Ratio to Band D	Equated number of dwellings	Council Tax Payable
					16	10.84	5/9	6.02	149.77
A	Up to & including	40,000			6,572	4,525.37	6/9	3,016.91	179.72
B		40,001	-	52,000	10,901	9,347.58	7/9	7,270.34	209.67
C		52,001	-	68,000	7,264	6,830.32	8/9	6,071.40	239.63
D		68,001	-	88,000	4,168	4,052.70	9/9	4,052.70	269.58
E		88,001	-	120,000	3,223	3,183.20	11/9	3,890.58	329.49
F		120,001	-	160,000	1,224	1,211.51	13/9	1,749.96	389.39
G		160,001	-	320,000	446	441.77	15/9	736.28	449.30
H	More Than			320,001	19	18.75	18/9	37.50	539.16
							Adjustment		0.98
							Council tax base		**26,317.10**

FOR THE YEAR ENDED 31st MARCH 2024

Band		Valuation band limits £		£	Calculated number of dwellings	Adjusted for discounts	Ratio to Band D	Equated number of dwellings	Council Tax Payable
					16	9.80	5/9	5.44	145.42
A	Up to & including	40,000			7,826	4,528.50	6/9	3,019.00	174.50
B		40,001	-	52,000	12,059	9,364.00	7/9	7,283.11	203.58
C		52,001	-	68,000	7,870	6,830.30	8/9	6,071.38	232.67
D		68,001	-	88,000	4,438	4,058.40	9/9	4,058.40	261.75
E		88,001	-	120,000	3,375	3,183.80	11/9	3,891.31	319.92
F		120,001	-	160,000	1,273	1,215.70	13/9	1,756.01	378.08
G		160,001	-	320,000	465	438.30	15/9	730.50	436.25
H	More Than			320,001	19	18.80	18/9	37.60	523.50
							Adjustment		0.98
							Council tax base		**26,304.94**

The breakdown above is for Redditch Borough Council only. Below is the total payable for Band D equivalent for all preceptors:

	2024/25 £	2023/24 £
Redditch Borough Council	269.58	261.75
Worcestershire County Council	1,538.92	1,465.78
Police and Crime Commissioner for West Mercia	277.50	264.50
Hereford and Worcestershire Fire and Rescue	97.22	94.40
Total Council Tax for non parish areas	**2,183.22**	**2,086.43**
Feckenham Parish Council	2.28	0.76
Total Council Tax for Feckenham	**2,185.50**	**2,088.71**

I3. Non-Domestic Rates

Non-Domestic Rates are organised on a local basis. The Government specifies a rate poundage and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2024/25 the rate poundage was 54.6p for standard multiplier and 49.9p for small rate multiplier. The multiplier rate for 2023/24 was 51.2p. The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. The Council share is shown in the Comprehensive Income and Expenditure Statement and analysed at **Note B7**.

The total rateable value at 31 March 2025 was £91,170,192 (2023/24 £91,833,251).

For 2024/25, the Council was part of the Worcestershire Business Rates Pool where it received a no detriment payment from Worcestershire County Council which is why there is no precept amount reflected in the Collection Fund Statement.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Redditch Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and provides value for money. Redditch Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, Redditch Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level, consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Redditch Borough Council's policies and Strategic Purposes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place at Redditch Borough Council for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The framework to deliver good governance across the Council's services in delivering the Core Purposes encompasses a number of elements.

- The Core Purposes have been developed in line with the needs of our communities and customers and the Council Plan has been approved to reflect the activities that need to be undertaken by the Council to further support the delivery of these purposes.
- Strategic Partnership meetings are held on a regular basis to ensure that all partners and agencies are engaged in supporting the Councils aims to deliver the purposes to our community. Liaison between officers to deliver joint working arrangements in encouraged and actively undertaken by the Council.
- A performance dashboard is in place, and integrated quarterly finance and performance reporting, for members and officers to review the performance of key measures, both strategic and operational across the organisation. This includes national statistics where relevant to the community of the Borough.
- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Executive and the other Committees operated by the Council.
- Terms of reference for member working groups (e.g., Scrutiny Task Groups) are clearly defined.
- Council has approved financial Regulations and Contract Procedure Rules. A full training programme is in place to ensure all relevant officers comply and understand the regulations in place. In addition, an officer contract working group has been established with the aim to improve efficiencies in relation to contract management arrangements.

- A clear scheme of Councillor/Officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council. A Member / Officer protocol is also set out in the Constitution.
- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training. This is developed by the cross-party Member Development Steering Group and includes induction, chair and specific Committee based training.
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- A review of the Constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions. This includes the Scheme of Delegation to officers.
- Decision making is carried out through Executive, Planning Committee and Audit, Governance and Standards Committee. Overview and Scrutiny Committee has responsibility to review and scrutinise the activities of the Council.
- Regular staff briefings and fourth tier manager forums are held to ensure staff are aware of changes and are engaged in the systems thinking methodology of supporting service changes across the Council. In addition, a commercial approach to fees and charges and other income generation has been adopted. A framework of culture change is in place, through the Workforce Strategy, and managers are working with their teams to build up actions plans to support culture change in the Council.
- Financial management arrangements have been in place during the year through regular quarterly combined finance and performance monitoring reports, online purchase ordering systems and robust financial internal controls that ensure that the Council complies with statutory legislation. This has included resolving the financial systems issues linked to the enterprise system implemented on 8 February 2021 which resulted in S24 Recommendations to be issued by the Council's External Auditors for non-delivery of Statement of Accounts. A financial recovery process has been in place to rectify this position, and this is regularly reported to both Cabinet and the Audit, Standards and Performance Committee. This has delivered in terms of planned outcomes and will now be replaced by a Financial Stability Plan. In addition, Backstop Legislation implemented by the Government in September 2024 has also impacted the delivery of outstanding accounts.
- There is a clear procurement code and policy in place to ensure that purchases are made in a compliant and transparent manner.
- Assistant Directors are responsible for establishing and maintaining an adequate system of internal control arrangements when within their own services. They are required to sign off annual Governance and Internal Control returns where they can raise any items of concern. There were no new issues raised during 2024/25.
- The Constitution clearly defines the roles of Monitoring Officer, S151 and Head of Paid Service
- Regular press releases are submitted and online information about the Council is sent to residents to inform them of the Councils activities and services provided. In addition, information on the commercial services provided by the Council was sent out to enable residents to utilise the services offered.

Review of Effectiveness

Redditch has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Assistant Directors within Redditch Borough who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors.

The Constitution clearly identifies the terms of reference, roles and responsibilities of Full Council, Executive, Overview and Scrutiny Committee and Audit, Governance and Standards Committee, all of which have fully understood governance responsibilities.

Throughout 2024/25, the Council adopted a robust approach to corporate governance, which has been advised through the work of the Audit, Governance and Standards Committee, Overview and Scrutiny as well as the statutory roles of the S151 Officer and the Monitoring Officer. As in 2023/24, the Audit Governance and Standards Committee has continued to meet six times a year and, despite the accounts issues being resolved,

will only revert to quarterly meetings once the new Deputy Chief Executive / Section 151 Officer has settled into the post.

Audit, Governance and Standards Committee

The Committee played a role by reviewing and monitoring internal control issues throughout the year. This included approval of the treasury management strategy, savings reports, regular progress reports from Internal Audit and reports and updates from the External Auditors.

Internal Audit

RBC's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2015.

The Worcestershire Internal Audit Shared Service Team operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews on a continuous basis the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient, and effective use of resources.

During 2024/25 the Internal Audit team delivered a comprehensive programme including:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
- a number of operational systems, for example, procurement and business continuity were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.

Internal Audits' work programme helps to assure Audit, Governance and Standards Committee that the framework and statement can be relied upon based on the following:

- Evidence streams which were verifiable and could be relied upon
- Monitoring and reporting mechanisms were in place to report issues,
- These streams and reporting mechanisms are embedded in the RBC governance process

Internal Audit reports are considered by the relevant Assistant Director and Deputy Chief Executive / S151 Officer, before submission to the Audit, Governance and Standards Committee for further scrutiny.

There were three Audit returned with an assurance level of 'limited". One related to Corporate Credit Cards and was undertaken at the request of the Assistant Director of Finance and Customer Services during the year. A full review of the existing processes has already been undertaken, and Financial Rules are being rewritten to reflect these changes. The second review related to Procurement and Contract Management which identified that a number of improvements had been made in this area, but further improvement was still required in terms of compliance deadlines and record retention. A follow-up review will take place in 2025/26. The final one is related to Accounts Payable. There were no major gaps identified in control – however as the audit could not be fully completed due to capacity issues within the Accounts Payable team, the Internal Audit Team could not provide assurance across all areas.

Significant Governance Issues

The Annual Governance Statement identifies governance issues and risks for the Council to address, and these are linked to the following two external documents: External Auditors Draft Annual Report for 2020/21 and the External Auditors Draft Report for 2021/22 and 2022/23. These include that the Council in November 2023 received a Report from the Council's External Auditor setting out that the Council had received a S24 Statement for non-delivery of the 2020/21 to 2022/23 Accounts within the required timescales due to the

implementation of a new financial ledger and the inherent financial risks associated with this. In respect of Governance Arrangements relating to the 2021/22 financial year:

Actions in these reports have been updated following the issuing by the Government in September 2024 of "Backstop Legislation" to close accounts up to the 2022/23 financial year by the 13th December 2024 and the 2023/24 financial year by the 28th February 2025.

- The Section 24 Recommendation around the delivery of the 2020/21 accounts is still in place and has been extended to the subsequent accounting periods now outstanding. The "Backstop Legislation" has resulted in accounts up to 2022/23 being given "Disclaimer Opinions".
- Of the 6 Key Recommendations in the 2020/21 report, all have either been resolved or linked to Improvement Recommendations (of which there were 10 in the report).
- There is one new Key Recommendation linked to Organisational Capability and Capacity. The Council is mitigating this in the main through the rollout of the Workforce Strategy.
- Of the 13 2020/21 Improvement Recommendations, 9 have been fully or partially addressed and 4 are yet to be addressed. Again, ongoing improvements are linked to the 10 new Improvement Recommendations set out in the External Auditors report of which 7 have now been met.

The 2021/22 and 2022/23 External Audit Report highlights the following key recommendations in the Draft 2020/21 External Audit Report:

- The 2020/21 to 2022/23 Account must be completed and Audited by the date of the next Audit report to ensure there is full confidence in the Council's finances.
- The Council should direct effort toward embedding and stepping up the Workforce Strategy objectives. In line with the recommendations of the LGA Peer Review (March 2023), the Council should ensure that there is commitment at all levels of the organisation to enact succession planning, creative recruitment and development of the workforce. The Council should also ensure that existing staff are utilised in the most effective way possible to ensure delivery of key Council programmes (such as the finance recovery programme) and the strategic priorities
- The Council needs to ensure that the Medium-The Council should Term Financial Plan (MTFP) presented to members and Stakeholders is completely transparent regarding the financial challenge and that any savings schemes included are fully worked up and approved by Members in advance.
- The Council needs to improve the management of Key projects, such as the financial ledger implementation, to ensure that the expected benefits are realised. As part of this the Council needs to undertake a comprehensive review of the financial ledger implementation and ensure that lessons are learned for future key projects.

In response to these issues

- Now that the Government have imposed a backstop date of the 13 December 2024 for Draft Statement of Accounts to be produced, 2020/21 and 2021/22 have been delivered by the backstop date with "Disclaimer Opinions". 2022/23 was delivered by the 22nd January 2025, also with a "Disclaimer Opinion. 2023/24 was published in draft in line with the timetable and requirements of the inspection notice for the accounts but could not be signed off due to the lack of an auditor (after the previous auditor, Bishop Fleming resigned). Work is now being undertaken with the Council's new auditor, Ernst & Young on the 2023/24, with an expectation that a "Disclaimer Opinion" will be issued.
- There is a Country wide issue of what the impact of "Disclaimer Opinions" mean for the wider Local Government Sector and Redditch Council in particular.
- The Council put in place a Financial Recovery process to get accounts up to date. These have now been fully completed by the Council. Since Q1 2023 the Audit Standards and Governance Committee have met six times a year to ensure financial compliance is being delivered. This frequency will remain until the new Deputy Chief Executive / S151 Officer is fully settled into post.
- The MTFP, from 2023/4 onwards is now a 2 Stage process within Stage 1 for wider descriptions on savings and growth items and the time for Members to properly debate all the contents of the reports, including base underlying assumptions. Wider consultation has been undertaken in Q3 2024 for the 2025/26 budget.

- Joint finance and performance monitoring has taken place since Q1 2022/23 with reports going to the Corporate Management Team and then Cabinet.
- An updated Risk Management process has been implemented with reports coming quarterly to the Corporate Management Team and Audit Standards and Governance Committee for review and comment. This regime also includes how formal project monitoring is delivered.
- The Workforce Strategy is moving forward with monthly meetings reviewing the action plan and delivery against it.

An opinion from the Head of Worcestershire Internal Audit is provided in the Accounts on page 82.

Conclusion and Evaluation

As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We are also satisfied that over the coming year, the Council will take appropriate steps to address any significant governance issues, and we will monitor their implementation and operation as part of our next annual review.

Signed …….

Signed …….

Leader of the Council & Chief Executive on behalf of Redditch Borough Council

AGS 2024/25 May 2026 Update - Subsequent Governance Assurance

External Audit and Financial Reporting Assurance

The Statement of Accounts for the year ended 31 March 2025 is due to be presented for approval in June 2026 and receive a disclaimer of audit opinion from the Council's external auditor, Ernst & Young LLP. The disclaimer did not arise from identified misstatements within the financial statements, but from the auditor's inability to obtain sufficient appropriate audit evidence. This primarily reflected historical weaknesses in financial reporting processes, capacity constraints, and the cumulative impact of delays in the production and audit of prior years' accounts, which continued to affect audit assurance during 2024/25.

The Council recognises that the circumstances leading to the disclaimer indicate a significant weakness in financial governance and assurance arrangements during 2024/25. In response, the Council has strengthened its financial management capacity, improved the timeliness and quality of working papers, enhanced senior management and Audit, Governance and Standards Committee oversight, and implemented a recovery plan to support the timely production and audit of future statements of accounts. These actions are intended to restore assurance over the effectiveness of the Council's financial reporting framework.

Statutory Recommendation and Governance Response

The Council received a statutory recommendation under section 24 of the Local Audit and Accountability Act 2014, reflecting the auditor's concerns regarding the effectiveness of the Council's arrangements for financial reporting, governance and the timely production of audited accounts. The Council has formally considered the recommendation in accordance with statutory requirements, including reporting to Members, publishing its response, and agreeing a clear action plan within the prescribed timescales.

The Council accepts the findings of the section 24 recommendation and recognises that the issues identified represent a significant governance weakness relevant to the 2024/25 financial year. In response, the Council committed to a programme of corrective action overseen by senior management, including strengthened capacity and capability within the finance function, clearer accountability for financial reporting, enhanced audit liaison arrangements, and improved member oversight, primarily through the Audit, Governance and Standards Committee. Progress against the agreed actions is monitored through formal governance arrangements to provide assurance that the weaknesses identified are being addressed and that sustainable improvements to financial governance and assurance are being delivered.

Housing Services

In July 2025, the Council's housing landlord service was subject to an inspection by the Regulator of Social Housing under the revised Consumer Standards introduced in April 2024. The inspection resulted in a C3 regulatory judgement, identifying serious failings in the delivery of certain Consumer Standards, particularly in relation to safety and quality compliance, repairs and maintenance, tenant engagement, and transparency and accountability.

Although the inspection took place after the end of the 2024/25 financial year, the findings highlighted weaknesses in governance oversight, assurance frameworks, performance monitoring and internal control arrangements which were present during and prior to 2024/25. These included limitations in assurance over statutory health and safety compliance, stock condition information, repairs performance data, and arrangements for tenant influence and scrutiny.

The Council acknowledges that these matters constitute a significant governance issue for the purposes of this Annual Governance Statement. Members and senior officers have strengthened governance arrangements, approved a comprehensive Housing Improvement Plan, enhanced oversight and reporting structures, and committed additional resources to address identified weaknesses. Delivery of the Improvement Plan is subject

to regular executive scrutiny and ongoing engagement with the Regulator of Social Housing to provide assurance that risks to tenants and the Council are being appropriately managed.

VAT Accounting and Compliance

Subsequent to the end of the 2024/25 financial year, the Council concluded its review and resolution of historic VAT accounting and compliance matters relating to periods from April 2021 to October 2024. These matters arose primarily from weaknesses in system configuration following the implementation of the TechnologyOne ERP system, compounded by staffing changes, loss of internal VAT expertise, and ineffective reconciliations and assurance processes. As a result, VAT returns were not submitted in a timely manner and the Council was unable to demonstrate adequate management oversight and internal control over VAT reporting during this period, including 2023/24.

A VAT repayment was received from HMRC in March 2026, which did not result in an adjustment to the 2024/25 financial statements. The underlying causes, however, represent a significant governance issue for the purposes of this Annual Governance Statement. The Council acknowledges that the arrangements in place during 2024/25 did not provide sufficient assurance over statutory VAT compliance, financial reporting accuracy or escalation of emerging issues.

In response, the Council strengthened its governance and control environment through the establishment of enhanced quality assurance arrangements for VAT returns, mandatory staff training, clearer accountability and escalation processes, and stronger management oversight by the Section 151 Officer. Penalty suspension conditions agreed with HMRC are being actively monitored, and Audit, Governance and Standards Committee oversight will be reinforced to support continued compliance and sustainable improvement in financial governance.

Future Annual Governance Statement Considerations

The Council recognises that several of the governance weaknesses identified through the external audit process, the section 24 statutory recommendation, and reviews of VAT compliance and housing governance arrangements were not fully resolved within the 2024/25 financial year. Accordingly, this has been prepared to reflect these matters within the 2024/25 Annual Governance Statement.

The Annual Governance Statement for 2025/26 is scheduled to be published later in 2026 and will reflect the most up to date position in relation to the issues set out above. It will provide an updated assessment of the effectiveness of the Council's governance arrangements, taking account of progress made and any residual risks identified during the year.

Signed …….

Signed …….

Leader of the Council & Chief Executive on behalf of Redditch Borough Council

INTERNAL AUDITORS' REPORT

Head of Internal Audit Opinion

Redditch District Council has a responsibility for maintaining an adequate and effective internal audit function which is set out in the Accounts and Audit (England) Regulations 2018.

Internal Audit Services are delivered by the Worcestershire Internal Audit Service.

The Public Sector Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Standards specify that the annual report must contain:

- An Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework (i.e. the control environment);
- A summary of the audit work (including organisational knowledge) from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- A statement of the extent of conformance with the Standards including progress against the improvement plan arising from any external assessments

Overall Governance Conclusion

The Head of Internal Audit's overall opinion on the Council's system of internal control is that:

Reasonable assurance can be given that there is an adequate and effective governance, risk and control framework in place, designed to meet the organisation's objectives.

Of the 13 graded assignments completed in 2024/25, 10 (77%) resulted in an opinion of either Substantial or Reasonable assurance.

The progress made by management in implementing the actions arising from audits has been good. Follow up work completed by Internal Audit has not highlighted any overdue High or Medium priority actions.

The Corporate risk register is regularly reviewed and updated, with trend analysis and good oversight by the Audit, Standards and Governance Committee. However, an internal audit review highlighted that the Risk Management Strategy requires updating and there is scope to improve monitoring of the system including mitigating actions.

The governance framework is deemed to be generally effective, although internal audit work highlighted scope to mandate compliance with Procurement rules, and a need to improve controls around the use and administration of General Purchasing Cards. Management action is in progress to address these issues.

A summary of Internal Audit assurance opinions issued in 2024/25 is shown in Table 1 below:

Table 1 – Summary of Internal Audit Opinions in 2024/25

Assurance Area	Substantial	Reasonable	Limited	No
Financial	1	2	1	0
Governance & Ethics	0	1	1	0
Strategic & Operational Risks	2	4	1	0
Totals	**3**	**7**	**3**	**0**

INTERNAL AUDITORS' REPORT

REVIEW OF AUDIT COVERAGE

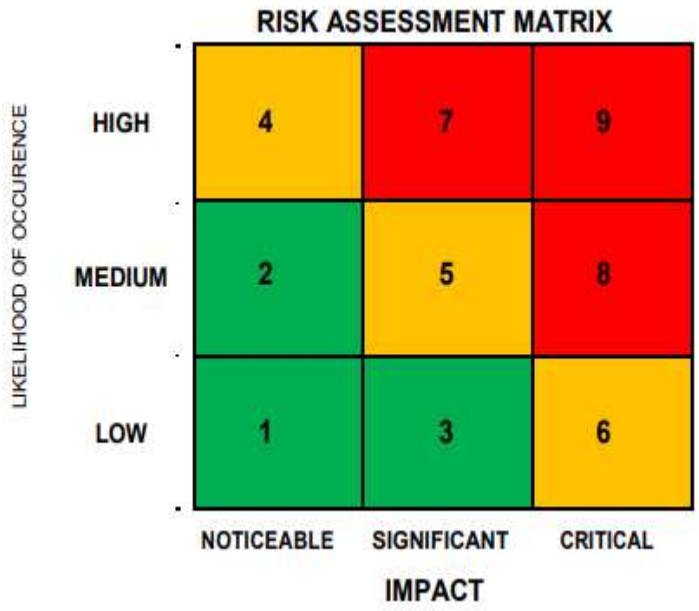
The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

Table 2 – Assurance Categories

Opinion	Definition
Substantial Assurance	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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 3 - Definition of Priority of Recommendations

Risk Level	Definition	Matrix
H (7-9)	Immediate control improvement required. Fundamental control weaknesses present a significant material risk to the function or system objectives and require immediate attention from Senior Management.	
M (4-6)	To be monitored closely and cost-effective controls sought. 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.	
L (1-3)	To be reviewed regularly and seek low-cost control improvements. Issues of best practice where some improvement can be made.	

Summary of Internal Audit Work

Table 4 details the assurance levels resulting from all audits completed during the year:

Audit Area	Assurance Opinion
Financial	
Accounts Payable	Limited
Council Tax	Reasonable
Benefits	Substantial
NNDR	Reasonable
Governance & Ethics	
Risk Management	Reasonable
Procurement & Contract Management	Limited

INTERNAL AUDITORS' REPORT

Strategic & Operational Risks	
Business Continuity & Emergency Planning	Reasonable
Cyber Security	Reasonable
Statutory Inspections	Reasonable
Corporate Credit Cards	Limited
Housing Revenue Account	Reasonable
Right to Buy	Substantial
Follow up reviews	Substantial

Adding Value

Much internal audit work is carried out "behind the scenes" and is demand led but is not always the subject of a formal report. Examples include:

- Governance e.g. assisting with the Annual Governance Statement,
- Risk management.
- Completion of certification work for the Bus Operators' Grant claim.
- Dissemination of information regarding potential fraud cases likely to affect the Council.
- Drawing managers' attention to specific audit or risk issues.
- Internal audit recommendations: follow up review and advice.
- Day to day audit support and advice for example risk implications arising from proposed changes in controls.
- Networking with audit colleagues in other Councils on professional points of practice.

Service Performance in 2024/25

Description	Narrative	Target	Actual
Delivery	% of audit days delivered by Year End	90%	90% (55% last year)
Productivity	% of available time spent on productive audit work	80%	81% (66% last year)
Effectiveness	% of agreed recommendations implemented by the agreed date	75%	100%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as "Very Good" or "Good"	80%	100% (post audit questionnaires) 92% (result of client survey issued during External Quality Assessment)

QUALITY ASSURANCE AND COMPLIANCE WITH PROFESSIONAL STANDARDS

The Public Sector Internal Audit Standards (the Standards) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The Standards were intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

The objectives of the Standards, which applied until 31st March 2025, were to:

- Define the nature of internal auditing within the public sector;

- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for evaluation of internal audit performance and to drive improvement planning.

The Standards required that an independent External Quality Assessment (EQA) of the service be completed every 5 years. An EQA was completed in the 2024/25 financial year, and the results confirmed that the service is operating **in General Conformance to the Standards.** This is the highest of the three available assessment grades. The findings of the external assessment were used to develop a continuous improvement action plan which was presented with a new Quality Assurance policy at the Audit Governance and Standards Committee meeting in September 2024.

As part of the EQA a client satisfaction survey was issued and based upon a response from 15 senior client officers and members, there was a 92% positive satisfaction score. Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit reference material and Charter which are updated regularly to reflect the requirements of the standards and the changing environment that Internal Audit operates in. On-going dialogue is maintained with the s151 Officer and the Client Officer Group which governs the shared service. The Client Officer Group for the Internal Audit Shared Service comprises all the partners' s151 Officers all whom actively encourage and support the on-going development of the service.

A new Quality Assurance policy was approved in September 2024. In accordance with the standards, the Head of Internal Audit is required to include a statement on compliance with the policy within this annual report. The Head of Internal Audit can confirm that the service operated in compliance with the policy from the date of its approval to the end of the financial year.

Continuous Improvement in 2024/25

In addition to implementation of the Quality Assurance policy, the following continuous improvements have been implemented by the Service during 2024/25:

- Introduction of a formal set of Key Performance Indicators for the service, with the results reported to the Audit Governance & Standards Committee.
- Completion of an auditor skills review.
- Development of the new internal audit 'universe', aligned with risk registers and corporate objectives. This meets the requirements of the new Standards outlined below and will enable a more strategic approach to audit planning.
- Documented evaluation of fraud risks as a standard requirement for all audits.
- Aligning the grading of internal audit recommendations with those impact definitions used within the Council's risk management process.
- Team training in environmental sustainability audit, and appointment of a service champion for this area.

New Global Internal Audit Standards and 2025/26 Improvement Plan

There are new Global Internal Audit Standards which apply for the 2025/26 financial year onwards. The new Standards cover five key areas (domains):

- The purpose of internal auditing
- Ethics and Professionalism
- Governing the Internal Audit function
- Managing the Internal Audit function
- Performing Internal Audit services

INTERNAL AUDITORS' REPORT

The Head of Internal Audit has reviewed the new Standards with the team and the following actions are planned to ensure compliance with the additional requirements:

Improvement Action	Planned Implementation Date
Ensure all members of the team are reminded of the requirements of the Code of Ethics. This covers integrity, objectivity, confidentiality, due care, professional conduct, conflicts of interest, use of information, and professional development.	September 2025
Ensure that additional professional development over and above mandatory corporate training is recorded on individual learning plans.	September 2025
Update the Internal Audit Charter to incorporate a mandate. The mandate will define why internal audit exists within the organisation. It will also specify the authority, role and responsibilities.	October 2025. The document will be submitted to the Audit Governance & Standards Committee for approval.
Develop a formal Internal Audit Strategy setting out its vision, strategic objectives and supporting initiatives.	November 2025. The document will be submitted to the Audit Governance & Standards Committee for approval.
As part of audit planning, consider how data analytics and Artificial Intelligence may be used to create more efficient and effective workflows.	November 2025. This will be considered alongside the development of the Internal Audit Strategy.
Review communications to ensure the Service adopts the use of conclusions rather than opinions.	August 2025

ORGANISATION INDEPENDENCE

If independence or objectivity is impaired in fact or appearance, the Head of Internal Audit is required to disclose this. The Head of Internal Audit can confirm that the Internal Audit service is independent and objective, and this is currently demonstrated in a number of ways:

- The Head of Internal Audit reports directly to the s151 officer at all partner organisations in the Shared Service and the equivalent Audit Committee. He also has direct unfettered access to the Heads of Paid Service, Monitoring Officers and Chairs of the Audit Committees.
- Any attempts to unduly influence the scope of audit reviews or the contents of reports will be reported by the Head of Internal Audit to the Head of Paid Service and the Chair of the Audit Committee.
- All officers responsible for internal audit work are required to complete an annual Declaration of Interests form, which is in turn reviewed by the Head of Internal Audit. In the case of the Head of Internal Audit, the form is reviewed by the Director of Finance & Resources (s151 officer) at Worcester City Council. Auditors are required to report any interests that might compromise the impartiality of their professional judgements – or give rise to a perception that this impartiality has been compromised. Any conflicts of interest are avoided when allocating assignments.
- The Audit Governance & Standards Committee approves any significant consultancy activity included in the Internal Audit Plan.

LIMITATIONS INHERENT TO THE WORK OF INTERNAL AUDIT

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

INTERNAL AUDITORS' REPORT

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 Governance & Standards 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.

GLOSSARY

GLOSSARY

AAA FITCH RATING
Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk.

They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING
Extremely high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING
High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD
The period covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS
Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET
An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock).
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g., a community centre, or intangible, e.g., computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Authority's financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities, and other balances at the end of the accounting period.

BORROWING
Using cash provided by another party to pay for expenditure, based on an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

GLOSSARY

CAPITAL FINANCING
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME
The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK
Where average Council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Authority, i.e., it is "clawed-back" by the government.

CIPFA
The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND
A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS
Assets that the Authority intends to hold in perpetuity, which have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants, and other income.

CONSISTENCY
The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's accounts.

CONTINGENT LIABILITY
A contingent liability is either:
- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

GLOSSARY

CREDITOR
Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR
Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual, or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Authority's value of total assets fewer total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN
The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS
Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

HOUSING BENEFITS
A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

GLOSSARY

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT
A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS
Fixed assets belonging to the Authority that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths, and bridges.

INTANGIBLE ASSETS
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY
The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year to provide for the repayment of loans and other amounts borrowed by the Authority.

GLOSSARY

NET BOOK VALUE
The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT
The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)
The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government, and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS
Fixed assets held by the Authority but not directly occupied, used, or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS
Fixed assets held and occupied, used, or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period because of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT
The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or highly likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

GLOSSARY

RATEABLE VALUE
The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES
There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS
The Statement of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES
The accumulation of surpluses, deficits, and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)
Expenditure which ordinarily would be revenue but is statutorily defined as capital.
Examples of REFCUS include grants of a capital nature to voluntary organisations and backpay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT
A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS
Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Authority will derive benefits from the use of a fixed asset.

WORCESTERSHIRE PENSION FUND (WPF)
The Worcestershire Pension Fund is administered by Worcestershire County Council and consists of the County and Districts within Worcestershire together with admitted bodies such as Academy Schools.

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REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

Corporate Risk Update Quarter 1 2026/27

Relevant Portfolio Holder		Councillor Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Debra Goodall
Report Author: James Walton	Job Title: Director of Finance and Section 151 Officer. Contact email: James.walton@bromsgroveandredditch.gov.uk Contact Tel: 07990 840078	
Wards Affected		All
Ward Councillor(s) consulted		N/A
Relevant Strategic Purpose(s)		Aspiration, work and financial independence
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 to:

1.1 Consider, with appropriate comment, the strategic risks and mitigations detailed in the Corporate Risk Register.

1.2 Consider, with appropriate comment, the changes to risk scores, owners, leads and the removal or addition of risks over the period.

2. BACKGROUND

2.1 Opportunity Risk Management is the Council's approach to making informed decisions that both manage uncertainty and maximise positive outcomes for our communities, services and organisation.

2.2 The Corporate Risk Register collates, and helps officers manage, monitor and report on, the Council's most significant strategic risks in relation to achievement of corporate priorities. The Council is seeking to improve risk management activities and will continue to review all corporate risks and the wider systems of internal governance.

2.3 An officer-led Strategic Risk Management Group is in place and initial meetings with the Member Risk Champion are being diarised. Regular consideration of corporate risks at an Executive level will be instigated on a more formal basis over the coming months. The Strategic Risk

Management Group provides strategic, cross-organisational oversight of the Corporate Risk Register, providing support and appropriate challenge to risk owners. The aim is to improve awareness of interdependencies between corporate and service-level risks, and to ensure that strategic risks effectively inform reporting to SLT, Cabinet, and the Audit, Governance and Standards Committee**.**

2.4 An audit of the Council's improved risk management arrangements is expected in January 2027.

Corporate Risks

2.5 Corporate Risks represent those issues that are likely to require consideration on a cross-organisational basis. The following definition of how risks move from being "departmental" to being "corporate" in nature has been adopted:

"*For a Risk to move from being 'departmental' in nature to being 'corporate' in nature it must have significant impact on Council's finances, be cross-departmental in nature, and/or result in serious reputational damage. The Officer Risk Board will vet departmental risks using this definition to move them to Corporate Risks at their quarterly meetings."*

2.6 Corporate Risks identified in the risk register are summarised below in table 1.

Table 1: Corporate Risk Register

Corporate Risk Ref	Risk	Owner	Risk Lead	Inherent	Residual	Last Updated (Type/Date)
COR001	Non-Compliance with Health and Safety Legislation	Guy Revans	Hannah Corredor	20	9	Scores changed 02/02/26
COR002	Financial Resilience of the Council and ability to manage financial shocks	James Walton	Debra Goodall	16	6	None
COR003	Failure to meet requirements of Regulator for Social Housing	Guy Revans	Simon Parry	15	12	Scores changed 03/02/26
COR006	Protection from Cyber Attack	John Leach	Mark Hanwell	25	16	Scores changed 03/02/26

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

COR007	Adequate Workforce Planning	Hannah Corredor	Becky Talbot	12	9	Scores changed 03/07/25
COR008	Resolution of Section 24 Notice	James Walton	Debra Goodall	6	6	None
COR011	Cost of Living Crisis	Judith Willis	Lisa Devey	12	9	Risk review 25/03/26
COR013	Failure to meet waste requirements of the Environment Act 2021	Simon Parry	Matthew Austin	16	9	Scores changed 25/03/26
COR014	Local Government Reorganisation (LGR) prevents the Council from delivering business as usual and work associated with LGR is also ineffective	John Leach	Hannah Corredor	20	12	Scores changed 21/01/26
COR019	Risk of Terrorist Attack	Judith Willis	Bev Houghton	8	8	Scores changed 11/12/25
COR021	Town Deal Programme	Rachel Egan	Neil Batt	12	8	Scores changed 12/12/25
COR022	Compliance with the Procurement Act 2023	Claire Felton	Claire Green	9	4	Scores changed 03/02/26
COR024	Non-implementation of the Renters Rights Act 2025 (New)	Judith Willis	Matthew Bough	6	4	Scores changed 11/12/25
COR027	Remedial Fire Safety Actions	James Walton	Debra Goodall	9	9	Scores changed 27/02/26
COR028	LGR ICT changes increase the risk of successful Cyber Attacks	Mark Hanwell	Mark Hanwell	16	12	New Risk

2.7 A new Opportunity Risk Strategy (ORMS) is being developed in conjunction with Risk Champions and will be considered for approval at a future Audit, Governance and Standards Committee Meeting. A review of all corporate risks will be completed over the coming months

aligned to the new ORMS and in consideration of prevailing local, national and global risk environment.

2.8 To help inform this review at an early stage, a narrative of each risk and current understanding of the risk score has been completed and summarised in table 2 below.

2.9 A request by Audit, Governance and Standards Committee for a specific review of remedial fire actions in response to Corporate Risk COR027 is subject to a separate report, attached at Appendix 1, with a summary included in Table 2 below.

Table 2: Corporate Risk Narrative and Detailed Scoring

Corporate Risk Ref	Risk	Narrative
COR001	Non-Compliance with Health and Safety Legislation	The risk relates to health and safety which is overseen through a formally established Health and Safety Committee, where key areas of concern are discussed. Risk assessments are now in place, and the area is being managed. As health and safety spans the whole council, it remains a significant area of risk and requires regular review. At the point when the risk was last assessed, not all risk assessments were readily available for review, and the current scoring will continue to be updated. SCORING Impact / Likelihood / Priority Inherent: 5 / 4 / 20 Residual: 3 / 3 / 9 The inherent risk score reflects the position if no controls were in place. A high inherent risk for health and safety is appropriate due to the nature of the subject area. The residual risk score reflects the risk after controls have been applied. Various controls are in place across several areas, reducing the risk to a residual score of 9. It was further observed that, given the nature of some council services, there will always be an inherent level of health and safety risk, and it unlikely that the residual risk could be reduced significantly below its current level.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

COR002	Financial Resilience of the Council and ability to manage financial shocks	This risk relates to the ability of the Council to set a legal and sustainable budget over the life of the medium term financial plan (3 years). To manage this risk, the s151 Officer must ensure the budget is robust and the reserves are adequate. SCORING |	Impact	Likelihood	Priority | |---|---|---|---| | Inherent | 4 | 4 | 16 | | Residual | 3 | 2 | 6 | The impact and likelihood score for the inherent risk reflect underlying fragility in the current planning process, linked to turnover within the senior management and within the finance team. A revised s25 statement (the s151 Officers assessment of the Robustness of Estimates and Adequacy of Reserves) will be completed in February 2027 ahead of the 2027/28 budget and, alongside the budget, will be the culmination of the work completed to manage this risk.
COR003	Failure to meet requirements of Regulator for Social Housing	Risk COR0003 relates to Redditch Borough Council's compliance with the Regulator of Social Housing's Consumer Standards and the improvement requirements arising from the Regulatory Inspection Report issued in July 2025. The risk reflects the potential impact of not fully meeting the required standards, including adverse outcomes for tenants, reputational damage to the Council and possible regulatory or financial consequences. The underlying causes include the need to strengthen monitoring arrangements, ensure sufficient capacity and resources, and respond effectively to changes in legislation and regulatory expectations. SCORING |	Impact	Likelihood	Priority | |---|---|---|---| | Inherent | 5 | 3 | 15 | | Residual | 4 | 3 | 12 | The residual risk is currently scored as Impact 4 and Likelihood 3. This reflects the seriousness of the

		potential consequences should compliance not be achieved, while recognising that improvement activity is already underway. The likelihood score may reduce over time as the Housing Improvement Plan is delivered, evidence of progress is strengthened, and the Council is able to demonstrate sustained compliance with the Consumer Standards. Key controls include the Housing Improvement Plan, approved by Executive in September 2025 and refreshed in June 2026, monthly engagement with the Regulator of Social Housing, and strengthened governance arrangements to oversee delivery, monitor progress, manage risks and provide senior officer challenge. Progress is reported quarterly to Executive, supporting transparency and member oversight. The annual tenant perception survey required by the Regulator has also shown year-on-year improvements in performance and satisfaction over the last three years, providing further evidence of progress and ongoing assurance.
COR006	Protection from Cyber Attack	Work has been underway for some time to identify and implement automated cyber security monitoring tools, specifically a Security Information and Event Management (SIEM) solution. The proposed solution would analyse the large volume of security logs generated each day, which would be impractical to review manually. Next steps are due to be discussed by the Cyber Security Group, to finalise requirements, develop a business case, secure funding and implement the solution. This work is expected to help reduce the residual risk over time, although implementation and embedding of the controls will take time and the risk will not reduce immediately. SCORING Impact / Likelihood / Priority Inherent: 5 / 5 / 25 Residual: 4 / 4 / 16 The risk remains high because cyber attacks are occurring continually and represent an ongoing threat. Although many attacks may have little or no impact because existing controls prevent them from

		succeeding, there remains a risk that a successful attack could have a significant impact. Cyber security is a risk that is unlikely ever to be eliminated entirely. Large organisations with substantial investment in cyber security, continue to experience successful attacks and while additional controls are being implemented to improve the current position, this is expected to remain a high risk area.
COR007	Adequate Workforce Planning	Workforce planning remains a Corporate Risk due to its fundamental importance in ensuring the Council can deliver its statutory functions and services effectively. The availability of a suitably skilled and appropriately resourced workforce underpins service continuity, operational resilience, and the quality of decision-making across the organisation. As this risk impacts multiple service areas and is directly linked to several departmental risks, it continues to be appropriately managed at a corporate level. SCORING Impact / Likelihood / Priority Inherent: 4 / 3 / 12 Residual: 3 / 3 / 9 The risk is primarily associated with the need to ensure sufficient capacity, capability, and resilience within the workforce to meet current and future service demands. Where workforce planning is not effectively managed, there is a potential impact on service delivery, increased financial pressures through reliance on temporary staffing, and risks associated with loss of organisational knowledge and insufficient succession planning. It is important to note, however, that current workforce indicators do not suggest a systemic issue in relation to recruitment or retention. Staff turnover remains low and stable at 8.2% for 2025/26, which is significantly below the national local government average of 13.4%. This demonstrates strong organisational retention and stability, particularly following a period of increased labour market movement after the COVID-19 pandemic. Similarly, recruitment activity has been positive, with 166 vacancies advertised over the past

		12 months, of which 153 roles were successfully filled, representing a 92% success rate. A total of 4,081 applications were received, indicating strong market interest in roles. This level of success suggests that roles are appropriately designed, and that the organisation remains attractive to candidates. Several key controls and mitigating actions are in place to manage this risk and provide assurance. Establishment control arrangements are now embedded within management processes, with regular review of workforce data including vacancies and agency usage. Managers have clear and consistent access to establishment information on a monthly basis, enabling informed workforce decisions and improved oversight. Workforce planning has also been embedded within the Service Business Planning process, ensuring that staffing requirements are considered as part of wider service delivery planning and financial management. In addition, organisational development processes further support workforce sustainability. A strengthened, mandatory appraisal framework has been introduced, including defined appraisal windows and a clear focus on individual training and development requirements. This ensures that workforce capability is actively managed, supports succession planning, and enables the organisation to build internal capacity over time. Collectively, these controls demonstrate that workforce planning is being actively managed and embedded within core organisational processes. Whilst the risk remains on the Corporate Risk Register due to its strategic importance and cross-cutting nature, the current evidence indicates a stable workforce position, effective recruitment outcomes, and improving maturity in workforce planning arrangements. Ongoing monitoring through corporate governance frameworks will ensure that the effectiveness of these controls continues to be reviewed and strengthened over time.
COR008	Resolution of Section 24 Notice	This risk relates to the statutory recommendation presented to Council from external audit relating to the

		2020/21 end of year accounts, carried forwards through to 2022/23 and impacting on later years. SCORING | | Impact | Likelihood | Priority | | Inherent | 3 | 2 | 6 | | Residual | 3 | 2 | 6 | This risk is now substantially managed through the current closedown procedures, the disclaimed opinion provided for the 2023/24 and 2024/25 statement of accounts and the production of the 2025/26 Draft Statement of Accounts, published by the statutory deadline of 30 June 2026.
COR011	Cost of Living Crisis	Risk COR011 relates to the impact on the Council and residents from the cost of living crisis which has been inherent since the end of the Covid pandemic. It continues to affect the nation with more recent impacts following wars across the world. The residual risk scores a 3 for impact with likelihood at 3 and this reflects the ongoing demand and use of support services that residents continue to call up, including food banks, the new Crisis Resilience Fund and take up of advisory services such as Citizens Advice. SCORING | | Impact | Likelihood | Priority | | Inherent | 4 | 3 | 12 | | Residual | 3 | 3 | 9 | The score is mitigated by the availability of Council services including the Financial Inclusion Team and Housing Sustainability Team alongside partner services such as DWP and the voluntary sector. The work is co-ordinated via the COL Partnership Group.
COR013	Failure to meet waste requirements of the Environment Act 2021	Risk COR0013 relates to the Council's ability to meet our statutory duties for waste and recycling requirements arising from the Environment Act 2021 and the Government's Simpler Recycling reforms.

		Whilst the Council's dry recycling service is compliant with our responsibilities, neither Council is currently compliant with the requirement to operate weekly household food waste collections from April 2026 as a result of delays in government funding, and the decision to not supply promised on-going revenue funding to support this as a new burden. SCORING Impact / Likelihood / Priority Inherent: 4 / 4 / 16 Residual: 3 / 3 / 9 The residual risk is currently scored as Impact 3 and Likelihood 3. This reflects the ongoing reputational and financial consequences of the Council's current position and potential risk of judicial review for non-compliance with a statutory service. The score is mitigated by the scale of non-compliance with this statutory duty nationally, and mobilisation activity to implement a partial service within the 2026/27 financial year across both Council areas. A report is planned for Members in July 2026 setting out the planned partial implementation of this service utilising funding already approved within the MTFP, and the additional budget required to support expansion of the service to all households and achieve full compliance with this statutory duty.
COR014	Local Government Reorganisation (LGR) prevents the Council from delivering business as usual and work associated with LGR is also ineffective	This is a significant organisational risk due to capacity presenting a considerable challenge, particularly in certain services (such as ICT), with escalation routes to senior management. Officers are working on solutions to address these resource pressures. The risk forms part of the wider context for much of the Council's current work and that its implications extend to staff resources and the organisation's ability to deliver services during the transition process. Government ministers had indicated that the established LGR timetable remains unchanged, and that understanding the implications of future decisions remains important.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

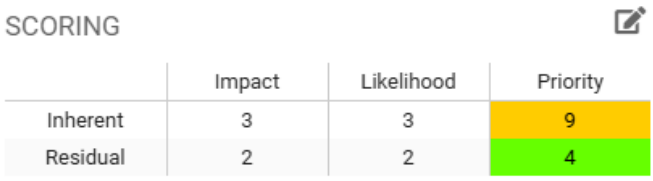
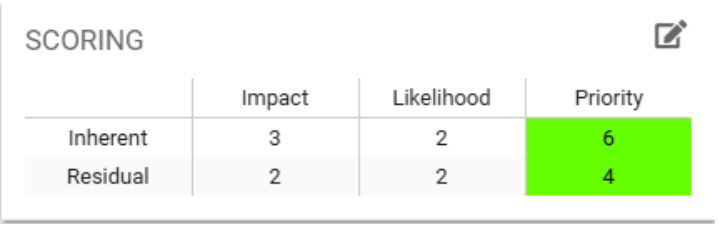
		SCORING | | Impact | Likelihood | Priority | | Inherent | 4 | 5 | 20 | | Residual | 4 | 3 | 12 | The Council has assessed thar there to be a considerable risk associated with LGR in terms of delivery, transition and the impact on staff resources. The Annual Governance Statement identified that LGR represents a significant risk but is being well managed and coordinated and is not considered to represent a governance issue at the present time.
COR019	Risk of Terrorist Attack	Risk COR019 relates to the impact on the Council and communities from the risk of a terrorist attack. SCORING | | Impact | Likelihood | Priority | | Inherent | 4 | 2 | 8 | | Residual | 4 | 2 | 8 | The residual risk scores a 4, with likelihood at 2, this reflects the seriousness that an attack would have to the community whilst reflecting that local areas are not considered to be high target. This assessment is based on annual and ongoing national and local intelligence and data shared by the police. The score is mitigated by the development and implementation of the Action Counters Terrorism Plan, attendance at NPSA Public Authority Information Briefings and the roll out of Prevent training.
COR021	Town Deal Programme	This risk relates to delivery of the Town Deal Programme that consists of: • Town Centre Public Realm Works • Innovation Centre – construction of new innovation centre on the old police station site in the town centre (construction only) The Town Centre public realm works that are affordable within the budget envelope are now complete. Two further schemes are currently out of

		scope due to funding availability as agreed with MHCLG and members. The Innovation Centre construction contract is due to be signed this month with construction then commencing. SCORING The inherent impact risk is rated as 4 because failure to deliver the programme could result in funds being clawed back by government and high reputational risk both in terms of the public and government perspective. The inherent likelihood risk is 3 because without the necessary measures in place, failure to deliver is likely. This is mitigated through dedicated project management resource and governance and oversight through the Town Deal Board, Capital Programme Board, Updates to every Executive briefing and ad hoc reports to the Senior Leadership Team as required. The residual impact remains at 4 because the impact of non-delivery remains the same. The residual likelihood is 2 as at this stage of the programme as it is unlikely that the programme will not be delivered.
COR022	Compliance with the Procurement Act 2023	This risk is being managed through a programme of officer training and ongoing implementation activity. Three sets of training sessions have been delivered to officers, with further sessions scheduled in the coming weeks and additional training planned for the autumn. Training for Members is also planned. In addition, a decision has been taken regarding a "no contract, no order" deadline, and extensive communications have been issued advising that from 30 September any order submitted without an associated contract will not be able to be raised. Work is progressing as planned and compliance activity is being embedded as part of ongoing day-to-day business.

	Impact	Likelihood	Priority
Inherent	4	3	12
Residual	4	2	8

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

		SCORING  The scoring of the risk reflects that it is an area of compliance that requires continual attention and will not disappear entirely. The risk will remain because the legislation must be complied with on an ongoing basis, but the controls being implemented, including training, communication and contractual controls, are intended to mitigate the risk and keep it at a manageable level.
COR024	Non-implementation of the Renters Rights Act 2025 (New)	This has been implemented, all paperwork has been updated, staff have been trained, the necessary committee processes had been completed, delegations had been amended and the Housing Enforcement Policy had been updated. Officers have not experienced a significant increase in workload following implementation of the Act. The main increase in activity occurred before the abolition of Section 21 notices. Rather than receiving specific complaints about non-compliance with the Act, officers are identifying instances where landlords have not implemented requirements correctly through enquiries and complaints received from residents.  The inherent and residual scores are within the low category because the Act has been implemented and procedures are now in place. Given the legislation is still relatively new the risk will remain under review for a period before being considered for removal from the corporate risk register.
COR027	Remedial Fire Safety Actions	The control action to review capital financing arrangements has progressed significantly during

SCORING

	Impact	Likelihood	Priority
Inherent	3	3	9
Residual	2	2	4

SCORING

	Impact	Likelihood	Priority
Inherent	3	2	6
Residual	2	2	4

		2026/27. Additional HRA capital funding has now been approved, creating the capacity required to accelerate delivery of the outstanding fire safety remedial works, primarily the replacement and upgrading of fire doors across the Council's housing stock. A detailed delivery programme has been established, and additional specialist contractors have been appointed to increase delivery capacity and bring forward works that were previously programmed for future years. These measures are expected to reduce the backlog of outstanding actions and enable completion of the fire door replacement programme across all Council housing stock by the end of 2027/28. To support longer-term investment planning, the Council is also commissioning an independent review of the 30-year HRA Business Plan. This review will assess the overall sustainability of the HRA, explore opportunities to increase borrowing capacity and identify options to support future investment in both existing homes and new housing provision. This work will help make sure the Council can continue to meet future safety, compliance and investment needs in a financially sustainable way. SCORING The risk is assessed as in consideration of the potential impact on resident safety. Existing fire doors remain in place and provide protection, but do not meet current standards and require upgrading. Ongoing fire risk assessments and the planned replacement programme help reduce the likelihood of the risk occurring. A request by Audit, Governance and Standards Committee for a specific review of remedial fire actions in response to Corporate Risk COR027 is subject to a separate report, attached at Appendix 1.

	Impact	Likelihood	Priority
Inherent	3	3	9
Residual	3	3	9

COR028	LGR ICT changes increase the risk of successful Cyber Attacks	This is a new risk relating to the cyber security implications of Local Government Reorganisation (LGR). ICT managers and technical specialists had recently met with a supplier that specialises in the integration of organisations and networks. During those discussions, it was highlighted that the process of bringing multiple council networks together presents cyber security challenges. Cyber attackers are likely to be aware of the published timetable for LGR and may seek to exploit any weaknesses in cyber defences during the transition. It is noted that integrating multiple networks could result in a reduced degree of control compared to the current position, and that managing cyber security across several organisations is complex. SCORING Impact / Likelihood / Priority Inherent: 4 / 4 / 16 Residual: 4 / 3 / 12 There is a real risk associated with the integration of multiple council networks because an issue affecting one authority's network could potentially impact others once systems are connected. This risk is receiving active management throughout the LGR process and although similar transitions have been completed successfully elsewhere and the risks are manageable, the complexity of network integration means the threat remains significant.

2.10 As part of the quarterly review of Corporate Risks, updates from previous reporting (most recently Quarter 4 2025/26) are collated and included in table 3 below.

Table 3: Corporate Risk Changes Q4 2025/26 to Q1 2026/27

Risk	Change and reason	Residual Risk Score	Last Updated
LGR ICT changes increase the risk of	This is a new risk relating to the cyber security implications of Local Government Reorganisation	12 – Medium	New risk added 25/06/26

successful Cyber Attacks	(LGR). The changes required to the ICT Infrastructure of all the councils to bring them together for LGR, can increase the risk of a security measure no longer working or being valid at a time when changes introduce risk.		

2.11 In addition to Corporate Risks, the council's '4Risk' system also holds details of service risks. These risks are held at a departmental level and reviewed regularly. Where necessary, service risks can be escalated to corporate risks when meeting the agreed criteria. There are currently 47 service risks identified on the system with no increase in total number since the last period. These are summarised in table 4 below.

Table 4: Service Risks

Service Area	Last period	Red following mitigation	Last period	Amber following mitigation	Last period	Green following mitigation	Total number of risks last period	Total number of risks
Customer Services			1	1			1	1
Benefits			1	1	3	3	4	4
Revenues	1	1	2	2	1	1	4	4
Finance			1	1	2	2	3	3
Environmental Services			4	4	3	3	7	7
Leisure & Culture Services			1	1	1		2	1
Regen. & Property Services			4	4	2	2	6	6
ICT			1	1			1	1
Housing			9	9	7	7	16	16
Community Services					3	3	3	3
HR					1	1	1	1
Total departmental risks	1	**1**	24	**24**	23	**22**	48	**47**

2.12 There is currently one service risk that appears in the high category. This risk is in the Revenues service and a narrative of the risk and current understanding of the risk score has been completed and summarised in table 5 below.

Table 5: Service Risk Narrative and Detailed Scoring

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

Service Risk Ref	Risk	Narrative
REV007	Data Compliance and security of data	In March 2025 two incidents of disclosure of personal data were logged, including one disclosure where a customer was logged under safeguarding as a MARAC (Multi-Agency Risk Assessment Conference) case. Information Management requested that Data Compliance and Security was logged as a risk within the service risk register. SCORING Impact / Likelihood / Priority Inherent: 4 / 4 / 16 Residual: 4 / 4 / 16 Actions to control the risk of disclosure include: • Provide updates to team members on processes for adding address information to core person records. • Update the process for inclusion of MARAC indicators on account • Cleanse vulnerability and MARAC code data. • Develop process for removal of MARAC codes when status changes. • Use of indicators to identify MARAC and Vulnerability cases. Actions are being developed and completed to mitigate this risk in future.

3 FINANCIAL IMPLICATIONS

3.1 Effective risk identification, and management of those risks, is integral to the delivery of effective and efficient services to residents and businesses. Risk impacts can be both financial and reputational. Future risk reporting will increasingly align to a financial risk framework covering revenue, capital, cash flow and wider corporate dependencies.

3.2 The Council spends significant sums insuring itself and must also hold reserves to mitigate the costs of risks should they happen. A

comprehensive Risk Management approach ensures risk and its consequences, including financial ones, are minimised.

3.3 A review of the Council's General Fund Balance, aligned to a revision of the Council's corporate risks, is expected to be completed for inclusion in the Council's Medium Term Financial Plan.

4 LEGAL IMPLICATIONS

4.1 No Legal implications have been identified.

5 OTHER – IMPLICATIONS

Local Government Reorganisation & Relevant Council Priority

5.1 A comprehensive Risk Management approach ensures risk and its consequences is minimised for the Council.

Climate Change Implications

5.2 The green thread runs through the Council plan This includes risks linked to activities and actions that link to our climate

Equalities and Diversity Implications

5.3 If risks are not mitigated it can lead to events that could have Customer/Equalities and Diversity implications for the Council.

6 RISK MANAGEMENT

6.1 The Corporate Risk Register includes high level risks. Each risk is rated between 1 and 5 as to how likely it is to occur and between 1 and 5 as to the potential financial and/or reputational impact. The product of these two numbers gives the initial rating. Mitigation is then put in place to help reduce the risk rating. The Risk Scoring Matrix is attached at Appendix 2.

7 APPENDICES

7.1 Appendix 1 – Report on Action Plan to Tackle the Backlog in Fire Remedial Actions

7.2 Appendix 2 – Risk Scoring Matrix.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

Appendix 1

Action Plan to tackle the backlog in fire remedial actions

Relevant Portfolio Holder		Councillor Ashley Monk
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Simon Parry – Assistant Director for Environmental and Housing Property Services
Report Author: Simon Parry	Job Title: Assistant Director for Environmental and Housing Property Services Contact email: simon.parry@bromsgroveandredditch.gov.uk	
Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Council Priority		Community and Housing
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

The Committee is asked to:

1) Note the Plan to tackle the backlog in fire remedial actions.

2. BACKGROUND

Regulator of Social Housing

2.1 The Social Housing (Regulation) Act 2023 strengthened the consumer regulation framework, amending the Housing and Regeneration Act 2008 and introducing revised Consumer Standards. Following consultation in 2023, the Regulator of Social Housing (RSH) published the new Consumer Standards and its first Code of Practice in February 2024. From April 2024, the RSH gained powers to proactively inspect all social landlords with more than 1,000 homes, marking the return of active regulation for local authority landlords.

2.2 An inspection of Redditch Borough Council's landlord services, published on 30 July 2025, resulted in a C3 grading. The judgement noted major issues: many overdue repairs, poor data quality, weak oversight, and unclear repairs policy. Fire safety was a concern, with

almost 3,000 overdue fire risk assessment actions and limited tenant engagement or influence.

2.3 Following the Regulatory Judgement, the Executive Committee received a report on 2 September 2025 setting out the outcome of the judgement, together with the Housing Improvement Plan and the proposed governance arrangements to oversee delivery. Progress against the Improvement Plan is reported to the Executive on a quarterly basis. In addition, a separate quarterly Housing Performance report is presented, which includes key performance information across the Housing Service, including updates on fire safety compliance. These reports are also typically subject to scrutiny by the Overview and Scrutiny Committee, providing further challenge and assurance on progress and performance.

Fire Safety

2.4 The principal statutory requirement is the Regulatory Reform (Fire Safety) Order 2005 (RRO), which requires the Council to carry out regular fire risk assessments of all communal areas within its housing stock by a competent person. These assessments ensure that buildings are maintained in accordance with their original design, protecting the effectiveness of key fire safety measures such as compartmentation and means of escape.

2.5 A rolling programme of Fire Risk Assessments (FRAs) is in place. Sheltered accommodation is assessed annually, while General Needs properties are assessed on a three-year cycle. All FRAs are undertaken by external consultants, Ridge and Partners LLP.

2.6 There have been some delays experienced in delivering the FRA programme due to some capacity issues within Ridge, as the Sector has placed increasing demand for this activity. We have ongoing dialogue to resolve this but continue to utilise existing FRAs to remove any outstanding issues within affected blocks.

2.7 The main operational issues identified through the Fire Risk Assessments relate to fire door replacement and compartmentation. Fire door actions are consistently recorded as requiring checks to confirm that doors provide adequate fire resistance, have appropriate ironmongery and operate correctly. These actions account for more than 90% of the high-risk items shown in the table above.

'All flat entrance doors should be checked to see if they provide adequate fire resistance, have the correct ironmongery and operate correctly. The doors should be upgraded as necessary to achieve FD30S standard, with a self-closing device capable of closing the door in its frame from any angle and overcoming the resistance of any latch.

2.8 Building Regulations do not require existing fire doors to be upgraded to current standards unless building works are being undertaken. However, the Regulatory Reform (Fire Safety) Order requires fire doors to be suitable for the level of risk and maintained in effective working order.

2.9 Fire doors are already in place across the Council's stock. However, a rolling replacement programme has been undertaken in recent years to upgrade doors to modern standards. Additional inspections have also been completed to assess compliance with the requirements above, identifying repairs such as new or replacement door closers where needed to provide adequate protection. Where doors are replaced through the programme, they are installed to modern FD30S standards.

3. OPERATIONAL ISSUES

Remedial Actions

3.1 From the FRAs we have the table below sets out the current position regarding Outstanding remedial actions identified through the FRAs are set out in the table below together with progress through the 2025/6 financial year.

Table 1: Fire Remedial Actions

2025/6	Q1	Q2	Q3	2nd July 2026	Work In Progress
High	788	695	677	553	185
Medium	1,765	1593	1,539	1,342	113
Low	363	291	259	138	17
TOTAL	**2,916**	**2,579**	**2,475**	**2,033**	**315**

3.2 The following sets out a further breakdown of the issues related to these outstanding actions.

3.2.1 *High-risk actions*

Of the 553 actions, 96.75% (532 actions) relate to fire doors and compartmentation, 2.89% (16) relate to mechanical and electrical (M&E) works, and 0.36% (5) relates to neighbourhoods, caretaker services, or repairs and maintenance.

3.2.2 *Medium-risk actions*

Of the 1,342 actions, 92.85% (1246) are associated with fire doors and compartmentation, 5.74% (77) relate to M&E works, and 1.41% (19) fall within neighbourhoods, caretaker services, or repairs and maintenance.

3.2.3 *Low-risk actions*

Of the 138 actions, 39.85% (55) relate to fire doors and compartmentation, 41.31% (57) to M&E works, and 18.84% (26) to neighbourhoods, caretaker services, or repairs and maintenance.

Programme of Works

3.3 Additional funding was approved within the Housing Revenue Account (HRA) Capital Programme for 2026/7 and 2027/8 to accelerate the delivery of the replacement of fire doors and upgrading of compartmentation works and an additional contractor has been procured to add capacity to deliver the increased workload.

3.4 The programme of works identifying the sites, order for delivery and associated timescales is included at Appendix 1 for fire door and compartmentation programme also including the number of remedial actions to be delivered within each project. These actions are now being further categorised into High, Medium and Low risk, enabling clearer reporting of planned versus actual delivery through Executive reports and, between formal reporting cycles, through the Council's internal governance arrangements.

3.5 In line with Fire Risk Assessment guidance, all flat entrance doors must provide adequate fire resistance, be fitted with appropriate ironmongery, and operate correctly, with upgrades undertaken where necessary to achieve FD30S standard, including a self-closing device capable of closing the door from any angle.

Mitigation

3.6 To mitigate risk while outstanding works are completed, a comprehensive suite of measures is in place. Fire Risk Assessments (FRAs) have been completed across the housing stock, with cyclical reviews embedded to ensure ongoing compliance and the early identification of emerging risks. A risk-based prioritisation approach has been applied, with previously designated sheltered schemes, housing elderly and vulnerable residents addressed first, followed by three-storey blocks, reducing exposure in higher-risk settings.

3.7 Alongside the wider fire door and compartmentation replacement programme, Housing Property Services commenced a dedicated fire door inspection programme in September 2025 to address risks identified through FRAs. Inspections confirmed that all flats are fitted with fire doors, generally constructed to the standards applicable at the time of installation, but identified issues including missing or defective door closers and ironmongery. A programme to replace and install these components is underway and is expected to complete by the end of June.

3.8 The caretaking service provides regular attendance to communal areas, including cleaning, removal of combustible materials, and routine testing of fire alarms and emergency lighting, helping to reduce fire load and ensure systems remain operational.

3.9 Full compliance with annual gas safety checks has been achieved, with robust controls in place where access is refused, including capping supplies and triggering tenancy audits. Electrical safety performance is currently 97.23% of properties have an Electrical Inspection Condition Report within a five-year cycle, with remaining properties scheduled for completion, where access is provided. 99.29% of properties have smoke alarms with 100% having, where relevant, carbon monoxide detectors. The remaining properties (39) that do not have a valid electrical test certificate are being prioritised alongside Neighbourhood and Tenancy Officers to undertake Tenancy Audits to gain access to carry out the inspection and test for full compliance. These are typically hard to reach properties.

3.10 An ongoing stock condition survey programme supports long-term investment planning and the identification of emerging building safety risks, while monthly performance meetings across Housing Property Services provide oversight through regular review of landlord Tenant Satisfaction Measure indicators.

3.11 In addition, to further strengthen assurance and discharge our landlord responsibilities, an independent review of fire safety and the effectiveness of the measures being undertaken is being commissioned to validate our approach and inform any further improvements required.

Governance and Reporting Arrangements

3.12 In order to ensure effective management and monitoring of the Housing Improvement Plan (HIP), a new set of governance arrangements has been approved. These arrangements involve quarterly progress reports to the Executive as well as quarterly performance reports for the Housing service. Updates on progress and performance will continue to be provided to the Executive Committee on a quarterly basis.

3.13 To support formal reporting and ensure delivery of actions, a structured governance framework will be established comprising:

- a Housing Strategic Oversight Board that sets the overall strategy and ensures accountability.
- a Housing Improvement Board that monitors progress, manages risks, and evaluates performance.
- a Housing Delivery Group tasked with coordinating the programme at a high level and handling daily operations.

3.14 Following the Regulatory Judgement, and in line with the Regulator of Social Housing's powers under the Social Housing (Regulation) Act 2023, a Provider Improvement Process will be implemented. This is the formal mechanism through which the Regulator may issue a Performance Improvement Plan (PIP) Notice where concerns have been identified through inspection or data. Monthly meetings with the Regulator of Social Housing have been in place since August 2025 to provide assurance that issues are being addressed in a timely and effective manner.

4. FINANCIAL IMPLICATIONS

4.1 Additional funding was approved by the Executive on the 2nd March 2026 within the Housing Revenue Account (HRA) Capital Programme

of £2.5m 2026/7 and a further £1.5m in 2027/8 for the Fire Door replacement and compartmentation programme.

4.2 The nature of the Health & Safety works required drives urgency for a high priority review of the 30-year HRA Business Plan that sets out funding and borrowing capacity. The objective of the review is to identify additional headroom for growth, prioritising a faster resolution of the fire safety remedial actions. The outcome of the review and any recommendation arising to enable faster delivery of the fire safety programme will be reported to the Executive in April 2026

5. LEGAL IMPLICATIONS

5.1 Failure to comply with the RSH Consumer Standards is a material breach of social housing under the Housing and Regeneration Act 2008 and Social Housing (Regulation) Act 2023.

6. OTHER - IMPLICATIONS

Local Government Reorganisation

6.1 No direct implications for Local Government Reorganisation have been identified in this report.

Relevant Council Priority

6.2 Community and Housing

- Providing Council Housing that is improved and upgraded through the Housing Capital Investment Programme
- Ensuring the housing stock is clean and safe to live in
- Improve time taken for repairs to be completed
- Maximising funding available to the sector.

Climate Change Implications

6.3 There are no direct implications of issues identified in this report on Climate Change.

Equalities and Diversity Implications

6.4 Through the delivery of Housing Services, the Council identify the needs of individuals and households to tailor services appropriately.

7. RISK MANAGEMENT

7.1 The key risk is failure to ensure properties are well maintained, safe and compliant in accordance with the relevant regulations highlighted through this report.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Fire Door and Compartmentation Programme.

Appendix A

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

Block	Number of Actions	Target Completion Date	Quarter	FY
Exhall Cl	160	Jun-26	Q1	2026/27
Mainstone Cl	60	Jun-26	Q1	2026/27
Stoneleigh Hse	14	Jun-26	Q1	2026/27
Doverdale Cl	22	Jun-26	Q1	2026/27
Astley Cl	33	Jun-26	Q1	2026/27
Bentley Cl	0	Jun-26	Q1	2026/27
Lingen Cl	103	Sep-26	Q2	2026/27
Fownhope Cl	135	Sep-26	Q2	2026/27
Cropthorne Cl	19	Sep-26	Q2	2026/27
Batchley Rd Shops	14	Sep-26	Q2	2026/27
Poplar Rd Shops	14	Sep-26	Q2	2026/27
Ombersley Cl	8	Sep-26	Q2	2026/27
Newland Cl	14	Dec-26	Q3	2026/27
Martley Cl	57	Dec-26	Q3	2026/27
Longdon Cl	13	Dec-26	Q3	2026/27
Kempsey Cl	31	Dec-26	Q3	2026/27
Hampton Cl	21	Dec-26	Q3	2026/27
Ibstock Cl	43	Dec-26	Q3	2026/27
Arley Cl	8	Dec-26	Q3	2026/27
Barnwood Cl	10	Dec-26	Q3	2026/27
Flanders Cl	69	Mar-27	Q4	2026/27
Knowle Cl	10	Mar-27	Q4	2026/27
Sandhurst Cl	14	Mar-27	Q4	2026/27
Woodrow Centre	25	Mar-27	Q4	2026/27
Rushock Cl	18	Mar-27	Q4	2026/27
Auxerre House	71	Mar-27	Q4	2026/27
Priors Oak Flats	0	Mar-27	Q4	2026/27
Winyates Centre	4	Mar-27	Q4	2026/27
Garway Cl	22	Jun-27	Q1	2027/28
Felton Cl	52	Jun-27	Q1	2027/28
Haseley Cl	10	Jun-27	Q1	2027/28
Dunchurch Cl	10	Jun-27	Q1	2027/28
Binton Cl	20	Sep-27	Q2	2027/28
Farnborough Cl	14	Sep-27	Q2	2027/28
Bromfield Rd	13	Sep-27	Q2	2027/28
Manor House	10	Sep-27	Q2	2027/28
Eardisley Cl	17	Sep-27	Q2	2027/28
Chedworth Cl	68	Dec-27	Q3	2027/28
Fulbrook Cl	127	Dec-27	Q3	2027/28
Acton Cl	62	Mar-28	Q4	2027/28
Cleeve Cl	62	Mar-28	Q4	2027/28
Deans Cl	76	Mar-28	Q4	2027/28

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee **23rd July 2026**

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

Appendix 2

Risk Scoring Matrix

5. Major	5 Medium e	10 Medium e	15 Medium e	20 High	25 High
4. Serious	4 Low	8 Medium e	12 Medium e	16 High	20 High
3. Significant	3 Low	6 Low	9 Medium e	12 Medium e	15 Medium e
2. Minor	2 Low	4 Low	6 Low	8 Medium e	10 Medium e
1. Insignificant	1 Low	2 Low	3 Low	4 Low	5 Medium e
Impact / Likelihood	1. Very Unlikely	2. Unlikely	3. Likely	4. Very Likely	5. Almost Certain

IMPACT VALUES (INDICATIVE)

	Service Disruption.	Reputation	H&S - Injury	Environmental and Social Impact	Cost
INSIGNIFICANT	Brief disruption of important service area	No interest to local media. Insignificant	No injury	Localised environmental or social impact. Insignificant	Costing less than £1000. 0 - 1 (% of Budget)
MINOR	Significant effect to non-crucial service area; 1 - 2 (Days)	Minor adverse publicity in the local media, no damage to reputation.	Minor injury or discomfort to individual(s).	Short term effect on the environment i.e. noise, fumes etc. no lasting detrimental impact. Minor	Costing less than £5,000 Up to 10% of Budget. 1 - 10 (% of Budget)
SIGNIFICANT	Major effect to an important service area for a short period - Service Disruption 2-3 Days	Some adverse publicity, legal implications. Significant	Severe injury to an individual (s); Severe injury Short term environmental or social impact requiring remedial action. Significant		Costing between £5,000 and £50,000 Up to 25% of Budget. 10 - 25 (% of Budget)
SERIOUS	Loss of an important service area for a period up to 5 days; 3 - 5 (Days)	Long term local reputation damage - National adverse publicity	Major injury to an individual (s)	Long term environmental or social impact. Serious	Costing between £50,000 and £500,000 Up to 50% of Budget. 25 - 50 (% of Budget)

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

MAJOR	Major loss of services, Unable to function - Service Disruption 5+ Days 5 - 365 (Days).	Adverse and persistent national media coverage - Severe loss of public confidence. Major	Fatality(s)	Long term detrimental impact on the environment/or community. Major	Costing over £500,000 Up to 75% of Budget. 50 - 75 (% of Budget)

LIKELIHOOD VALUES

	Occurrence %:	Probability:
VERY UNLIKELY	0 - 5 (%)	Very low probability / never before.
UNLIKELY	Less than 5-10% chance of occurrence	Has happened rarely/Every 10 years.
LIKELY	10% - 40% chance of occurrence	Only likely to happen 3 or more years.
VERY LIKELY	40% - 75% chance of occurrence	Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered (few times a year).
ALMOST CERTAIN	More than 75% chance of occurrence	Regular occurrence Circumstances frequently encountered –daily/weekly/monthly.

REDDITCH BOROUGH COUNCIL

Audit, Governance & Standards Committee 23rd July 2026

Report: Financial Outturn Report 2025/26

Relevant Portfolio Holder		Councillor Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Debra Goodall
Report Author: James Walton	Job Title: Director of Finance and Section 151 Officer. Contact email: James.walton@bromsgroveandredditch.gov.uk	
Wards Affected		ALL
Ward Councillor(s) consulted		No
Relevant Council Priority		Underpins all Council priorities
Key Decision NO – Information only		
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 to:

1.1 Consider, with appropriate comment, the purpose of the Financial Outturn Report and relationship to the Draft Statement of Accounts elsewhere on this agenda, and the proposed future-year closedown timetable and reporting arrangements.

2 BACKGROUND

2.1 This report provides Audit, Governance and Standards Committee with an overview of the Council's 2025/26 Financial Outturn Report, its purpose, how it is prepared, the governance and assurance processes that support it, and its relationship to the Council's draft Statement of Accounts published on 30 June 2026. The report also sets out the timetable for formal approval of the outturn position and planned improvements to the year-end reporting process to be implemented from the 2026/27 financial year.

2.2 The Financial Outturn Report is a key element of the Council's financial governance framework. It provides a narrative explanation of the Council's financial performance during the financial year and explains the principal factors affecting the final revenue, capital, reserves and treasury management positions. The report enables Members to understand how financial resources have been managed during the year and how actual performance compares with the approved budget framework.

2.3 Whilst the Statement of Accounts presents the Council's financial position in accordance with statutory accounting requirements and the CIPFA Code of Practice, the Outturn Report provides additional management commentary and explanations to aid transparency and accountability. The two documents are therefore complementary and are produced from the same underlying financial records and closedown process.

2.4 The Outturn Report is prepared following completion of the annual financial closedown process and follows the same format as the quarterly monitoring approach. This process is led by the Finance Team and involves detailed engagement with budget managers and service managers across the Council. At year end, however, several one-off annual adjustments are made that cannot be adequately estimated during quarterly monitoring.

2.5 The year end closedown process includes:

- Review and validation of all income and expenditure transactions recorded during the financial year.
- Completion of accruals and prepayments to ensure income and expenditure are recognised in the correct accounting period.
- Review of grant income and expenditure, including treatment of any balances to be carried forward.
- Review and application of earmarked reserves.
- Processing of shared service recharges and other inter-authority accounting adjustments.
- Review of collection fund and general fund transactions.

2.6 In addition to these technical accounting activities, services provide explanations for material budget variances, progress against capital programme delivery and movements in reserves. These form the basis of the narrative included within the Outturn Report.

2.7 Several controls and assurance processes are in place to support the accuracy and completeness of the Outturn Report. These include:

- Review of financial transactions and balances by finance business partners.
- Reconciliation of key control accounts and balance sheet items.
- Validation of year end positions with budget holders and service managers.
- Management review by senior finance officers.
- Consistency checks between the Outturn Report, supporting working papers and the Statement of Accounts.
- Review by the Section 151 Officer and Deputy Section 151 Officer prior to publication.

2.8 The outturn report reflects the Council's best and most complete understanding of its financial performance following conclusion of the year-end closedown process.

2.9 The Council published its draft Statement of Accounts for 2025/26 on 30 June 2026 in accordance with statutory requirements. The Statement of Accounts and the Financial Outturn Report are prepared using the same underlying financial records and year end closedown information. As a result, the financial positions presented within both documents are expected to align. The two documents, however, serve different purposes. The Statement of Accounts is a statutory financial reporting document prepared in accordance with professional accounting standards and regulatory requirements. The Outturn Report is a management and governance report that provides explanation, context and narrative around the Council's financial performance and budget delivery during the year.

2.10 The Outturn Report therefore assists Members in understanding the financial results reported within the Statement of Accounts and the reasons for significant variances and movements during the year.

2.11 This year, the Financial Outturn Report 2025/26 is scheduled to be presented to Executive on 28 July 2026. Executive consideration of the report will represent the formal approval of the Council's final revenue, capital and reserve outturn positions for 2025/26. As figures within the report remain subject to completion of final quality assurance procedures and formal Executive consideration, the final outturn report has not been included for formal Audit, Governance and Standards Committee consideration.

2.12 Following review of the 2025/26 closedown process, the Finance Team is planning to implement a revised annual timetable for future years. This revised approach will bring forward key elements of the closedown and reporting process to ensure that the Financial Outturn Report is completed before preparation of the draft Statement of Accounts. This will strengthen the relationship between the two documents and improve opportunities for Member consideration at an earlier stage.

2.13 Subject to implementation of the revised timetable, it is anticipated that future Outturn Reports will be presented to Executive and Audit, Governance and Standards Committee earlier in the municipal calendar, potentially during May or early June each year, ahead of publication of the draft Statement of Accounts. This revised approach is expected to improve governance, strengthen financial transparency and provide Members with earlier visibility of the Council's year end financial performance.

2.14 In summary, the Financial Outturn Report is a key governance document which explains the Council's final financial performance for the year and supports transparency and accountability in financial reporting. It is prepared through a comprehensive closedown process, supported by a range of financial controls and quality assurance procedures, and is intrinsically linked to the draft Statement of Accounts published on 30 June 2026. Formal approval of the 2025/26 outturn position will be sought from Executive on 28 July 2026, with future years seeing an earlier timetable to enable outturn reporting and Member consideration before publication of the draft accounts.

3 FINANCIAL IMPLICATIONS

3.1 The Financial Outturn report is a key document in establishing the financial performance of the Council over the previous financial year.

3.2 The Outturn Report helps inform consequences and financial impact in the following (i.e. current) financial year and provides significant management information and context in the setting of the coming year budget and Medium Term Financial Plan.

4 LEGAL IMPLICATIONS

4.1 There are no direct legal implications arising from this report.

5 OTHER - IMPLICATIONS

Local Government Reorganisation

5.1 There are no direct implications arising from this report in relation to Local Government Reorganisation or Devolution.

Relevant Council Priority

5.2 Financial resilience and good governance underpin the council’s ability to meet all of its priorities.

Climate Change Implications

5.3 None directly resulting from this report.

Equalities and Diversity Implications

5.4 No adverse impacts resulting from the content of this report.

6 RISK MANAGEMENT

6.1 The principal risk associated with this report is that weaknesses in the year end closedown process could result in inaccurate financial reporting. This risk will be further mitigated in future years through detailed review and reconciliation procedures undertaken by the Finance Team, challenge from budget managers and review by the Section 151 Officer and Deputy Section 151 Officer.

6.2 A further risk arises from the current timing of the Outturn Report being considered after publication of the draft Statement of Accounts. The revised closedown timetable being implemented for future years will mitigate this risk by ensuring the Outturn Report is completed and reported to Members prior to publication of the draft accounts.

6.3 The Committee's consideration of this report contributes to the Council's overall financial governance and assurance framework and aligns to the Corporate Risk:
COR002 - Financial Resilience of the Council and ability to manage financial shocks.
There are also indirect relationships to the following two Corporate Risks:
COR008 – Resolution of Section 24 Notice
COR026 – Risk of Cashflow Strain

7 APPENDICES and BACKGROUND PAPERS

7.1 None

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REDDITCH BOROUGH COUNCIL

Audit Governance & Standards Committee 23rd July 2026

ANNUAL REPORT OF INTERNAL AUDIT FOR 2025/26

Relevant Portfolio Holder		Councillor Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Assistant Director		James Walton, Director of Finance and s151 officer
Report Author: Chris Green	Job Title: Head of Worcestershire Internal Audit Shared Service Contact email: chris.green@worcester.gov.uk Contact Tel: 07542 667712	
Wards Affected		All
Ward Councillor(s) consulted		None
Relevant Council Priority		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

Members are asked to RESOLVE to confirm that they are assured having considered the report.

2. BACKGROUND

2.1 The Accounts and Audit Regulations and the Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Standards also specify that the report must contain:

- An internal audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
- A summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- A statement on the extent of conformance with the Standards including progress against the improvement plan resulting from any external assessments.

2.2 **Appendix 1** to this report provides the Internal Audit Annual Report; this includes the Head of Internal Audit's opinion on the control environment for 2025/26 and the basis for this opinion.

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 the Accounts and Audit Regulations 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 Global Internal Audit Standards detail that "internal auditing protects and enhances organisational value by providing objective assurance and advisory services which enhances the effectiveness of the organisation's governance, risk management and control environment".

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.

REDDITCH BOROUGH COUNCIL

Audit Governance & Standards Committee 23rd July 2026

7. RISK MANAGEMENT

This report includes an independent assessment of the Council's framework in place for the management of risk.

8. APPENDICES and BACKGROUND PAPERS

- Appendix 1 shows the Annual Report of Internal Audit for 2025/26

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Redditch Borough Council
Working together for our communities

providing assurance, adding value
WORCESTERSHIRE
Internal Audit Shared Service

ANNUAL REPORT OF INTERNAL AUDIT

2025/26

Date: July 2026

1. BACKGROUND

1.1 The Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement.

1.2 The Standards specify that the annual report must contain:

- An Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework;
- A summary of the audit work (including organisational knowledge) from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- A statement of the extent of conformance with the Standards including progress against the improvement plan arising from external assessments.

2. INTERNAL AUDIT OPINION 2025/26

The overall level of assurance for 2025/26 is based upon the judgement of the Head of Internal Audit taking into account the results of internal audit work carried out during the year alongside cumulative organisational knowledge which is acquired through other meetings and forums such as the Senior Leadership Team, knowledge acquired from previous audit work, and advisory and consultancy work. Five of the ten graded assignments (50%) completed in 2025/26 resulted in an opinion of Limited assurance, whilst a further five (50%) were assessed as providing Reasonable or Substantial assurance. The graded audits where only Limited Assurance was provided included some significant areas such as the General Ledger, Procurement, Health & Safety, and Data Protection. Advisory reviews on Anti-Fraud, Bribery & Corruption, and Contract Management, also highlighted some significant gaps in control.

The organisation has been in flux with several changes at the s151 officer level and a recently appointed new Chief Executive. There are some very positive signs that provide optimism that the levels of assurance provided by Internal Audit can improve next year. The new Chief Executive and Senior Leadership Team have implemented, and are embedding, good mechanisms which should ensure a higher level of assurance going forward. The following governance enhancements have been implemented during the year:

- Senior management proactively identified areas of concern, which led to targeted audits resulting in Limited assurance ratings. Examples of this included Health & Safety and Data Protection. This demonstrates the development of a positive organisational culture focused on strengthening the internal control environment by transparently surfacing challenging issues. This enables risks to be more effectively assessed and managed. It

is recognised that this approach can initially result in a decline in assurance levels. Ultimately, however, this is a positive approach that establishes a stronger foundation for sustained improvement and a return to higher levels of assurance over time.

- The new Chief Executive established a new dedicated Governance Senior Leadership Team (SLT) and invited the Head of Internal Audit to the meetings. This is leading to improved governance and oversight. The Head of Internal Audit reports monthly to these meetings, there is good engagement, the results of internal audit work are taken seriously with responsible officers in attendance, and implementation of recommendations is being monitored. These steps are to be welcomed.
- A new quarterly control, risk management and governance compliance report has been introduced by the SLT with the first returns collated and reviewed. Internal Audit plans to review these returns and align them with the knowledge gained from audit work and, in addition, any areas of concern can be picked up through changes to the audit plan. Over time these arrangements are expected to improve the overall framework of accountability, governance, risk management and control.
- The organisation has recently reinstated its Strategic Risk Management Group, which is chaired by the new permanent Director of Finance and s151 Officer. A routine has been established of reviewing and updating all corporate risks with the responsible risk owners on a quarterly basis. Furthermore, Internal Audit has been commissioned to undertake a review of all Service Risk Registers and initial feedback shows management are determined to improve training, knowledge and consistency in this area. Improved arrangements for providing assurances around risk management to members are also being actively explored. These developments will only strengthen the organisation's framework of risk management going forwards.
- Management has committed to action plans to address the control weaknesses identified through the internal audit reviews carried out this year which, if implemented, will increase the level of assurance in those areas in 2026/27. Internal Audit will revisit all areas graded at Limited Assurance in 2026/27 and provide a new report and assurance grade based upon the progress made by management.

The Head of Internal Audit's overall opinion on the Council's system of internal control is that:

Reasonable assurance can be given that there is an adequate and effective governance framework in place, designed to meet the organisation's objectives. Audit reviews completed in 2025/26, however, demonstrate that the expected improvements in results will take time to feed through and as such, the level of assurance for control and risk management for 2025/26 is assessed as Limited.

2.1 A summary of Internal Audit assurance opinions issued in 2025/26 is shown in Table 1 below:

Table 1 – Summary of Internal Audit Opinions in 2025/26

Assurance Area	Substantial	Reasonable	Limited	No	Advisory
Financial	1	0	2	0	1
Governance & Ethics	0	3	0	0	1
Strategic & Operational Risks	1	0	3	0	2
Totals	**2**	**3**	**5**	**0**	**4**

2.2 The previous two years' comparative summaries of Internal Audit assurance opinions are as follows:

Summary of Internal Audit Opinions in 2024/25

Assurance Area	Substantial	Reasonable	Limited	No
Financial	1	2	1	0
Governance & Ethics	0	1	1	0
Strategic & Operational Risks	1	3	1	0
Totals	**2**	**6**	**3**	**0**

Summary of Internal Audit Opinions in 2023/24

Assurance Area	Substantial	Reasonable	Limited	No
Financial	2	3	0	0
Governance & Ethics	0	2	0	0
Strategic & Operational Risks	0	3	0	0
Totals	**2**	**8**	**0**	**0**

3. REVIEW OF AUDIT COVERAGE

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 2 – Assurance Categories

Opinion	Definition
Substantial Assurance	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
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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:

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Table 3 - Definition of Priority of Recommendations

5. Major	5 Medium	10 Medium	15 Medium	20 High	25 High
4. Serious	4 Low	8 Medium	12 Medium	16 High	20 High
3. Significant	3 Low	6 Low	9 Medium	12 Medium	15 Medium
2. Minor	2 Low	4 Low	6 Low	8 Medium	10 Medium
1. Insignificant	1 Low	2 Low	3 Low	4 Low	5 Medium
Impact / Likelihood	1. Very Likely	2. Unlikely	3. Likely	4. Very Likely	5. Almost Certain

Table 4 – Risk Likelihood Definitions

Rating	Occurrence:	Probability:
Very Unlikely	0% - 5%	Very low / never happened before
Unlikely	5% -10%	Has happened rarely / every 10 years
Likely	10% – 40%	Only likely to happen in 3 or more years
Very Likely	40% – 75%	Likely to happen at some point within the next 1-2 years. Circumstances occasionally encountered (few times a year)

Table 5 – Risk Impact Definitions

	Service Disruption	Reputation	H&S Injury	Environmental and Social Impact	Cost
Insignificant	Brief disruption of an important service area	No interest to local media. Insignificant.	No injury	Localised environmental or social impact	Costing less than £1000; 0-1 % of budget
Minor	Significant effect to non-crucial service area; 1-2 days	Minor adverse publicity in the local media, no damage to reputation	Minor injury of discomfort to individual(s).	Short term effect on the environment, i.e. fumes, noise etc. No lasting detrimental impact	Costing less than £5,000; up to 10% of budget
Significant	Major effect to an important service area for a short period; 2-3 days disruption	Some adverse publicity, legal implications. Significant	Sever injury to an individual(s); severe injury	Short term environmental and social impact requiring remedial action	Costing between £5,000 and £50,000; up to 25% of budget

Serious	Loss of an important service area for a period up to 5 days	Long term local reputational damage; national adverse publicity	Major injury to an individual(s)	Long term environmental or social impact	Costing between £50,000 and £500,000; up to 50% of budget
Major	Major loss of services; unable to function; service disruption 5+ days	Adverse and persistent national media coverage – sever loss of public confidence.	Fatality(s)	Long term detrimental impact on the environment / community.	Costing over £500,000; up to 75% of budget

3.2 **Summary of Internal Audit Work**

Table 6 details the assurance levels resulting from all audits completed during the year:

Audit Area	Assurance Opinion
Financial	
General Ledger	**Limited**
Payroll	**Substantial**
Contract Management	**N/A - Advisory**
Procurement	**Limited**
Governance & Ethics	
Safeguarding	**Reasonable**
Anti-Fraud, Bribery, & Corruption	**N/A - Advisory**
Local Government Transparency Code	**Reasonable**
Follow Up of Recommendations	**Substantial**
Strategic & Operational Risks	
Corporate Health & Safety	**Limited**
Environmental Impact Assessments	**Limited**
Freedom of Information (FOI)	**N/A - Advisory**
Review of Corporate Risk Register	**N/A - Advisory**
Insurance	**Reasonable**
Data Protection – Retention & Sharing	**Limited**

Outlined at pages 13 to 23 is a short summary of the findings of each of the audits completed. It should be noted that many of these findings have previously been reported as part of the defined cycle of progress update reports provided to the Committee.

3.3 Adding Value

Much internal audit work is carried out "behind the scenes" and is demand led but is not always the subject of a formal report. Examples include:

- Governance e.g. assisting with the Annual Governance Statement, provision of training to officers, review of the Procurement Strategy.
- Risk management, for example internal audit reviewed and provided advice on the content of the Corporate Risk Register during 2025/26.
- Dissemination of information regarding potential fraud cases likely to affect the Council.
- Drawing managers' attention to specific audit or risk issues, for example through attendance at the Senior Leadership Team..
- Internal audit recommendations: follow up review and advice.
- Day to day audit support and advice for example risk implications arising from proposed changes in controls.
- Networking with audit colleagues in other Councils on professional points of practice.

3.4 Service Performance in 2025/26

Description	Narrative	Target	Actual
Delivery	% of audit days delivered by Year End	90%	93% (233 days of planned 250)
Productivity	% of available time spent on productive audit work	85%	87%
Effectiveness	% of agreed recommendations implemented by the agreed date	75%	80%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as "Very Good" or "Good"	80%	92% (result of client survey issued June 2025) A further analysis of client feedback will be undertaken in Summer 2026.

4. QUALITY ASSURANCE AND COMPLIANCE WITH PROFESSIONAL STANDARDS

4.1 Quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit reference material and Charter which are updated regularly to reflect the requirements of the standards and the changing environment that Internal Audit operates in. On-going dialogue is maintained with the s151 officer and the Client Officer Group which governs the shared service. The Client Officer Group for the Internal Audit Shared Service comprises all the partners' s151 Officers all whom actively encourage and support the on-going development of the service.

4.2 A Quality Assurance policy was approved in September 2024. In accordance with the standards, the Head of Internal Audit is required to include a statement on compliance with the policy within this annual report. The Head of Internal Audit can confirm that the service operated in compliance with the policy from the date of its approval to the end of the financial year.

4.3 **Global Internal Audit Standards and 2025/26 Improvement Plan**

The Global Internal Audit Standards apply for the 2025/26 financial year onwards. The Standards cover five key areas (domains):

- The purpose of internal auditing
- Ethics and Professionalism
- Governing the Internal Audit function
- Managing the Internal Audit function
- Performing Internal Audit services

4.4 The Standards require that an independent External Quality Assessment (EQA) of the service be completed every 5 years. An EQA was completed in the 2024/25 financial year, and the results confirmed that the service was operating **in General Conformance to the Standards.** This is the highest of the three available assessment grades. Whilst this EQA was completed under the previous Public Sector Internal Audit Standards, it also considered the requirements of the new Global Standards. The next external assessment of the service is due in 2029/30.

4.5 The Head of Internal Audit has reviewed the new Standards with the team, and the following actions were developed to ensure compliance with the additional requirements:

Improvement Action	Implementation Date/ Comments
Ensure all members of the team are reminded of the requirements of the Code of Ethics. This covers integrity, objectivity, confidentiality, due care, professional conduct, conflicts of interest, use of information, and professional development.	Independent training on integrity and objectivity was delivered to the whole team in November 2025.
Ensure that additional professional development over and above mandatory corporate training is recorded on individual learning plans.	This is being covered off through the annual appraisal and development reviews.
Update the Internal Audit Charter to incorporate a mandate. The mandate will define why internal audit exists within the organisation. It will also specify the authority, role and responsibilities.	Completed. The document is being approved by the Audit, Standards & Governance Committee in July 2026.
Develop a formal Internal Audit Strategy setting out its vision, strategic objectives and supporting initiatives.	Completed. The document is being approved by the Audit, Standards & Governance Committee in July 2026.
As part of audit planning, consider how data analytics and Artificial Intelligence may be used to create more efficient and effective workflows.	In progress. This has been incorporated within the new Internal Audit Strategy. The team will consider how this can be taken forward for 2026/27.
Review communications to ensure the Service adopts the use of conclusions rather than opinions.	Completed.

4.6 With the actions taken and in progress as noted in the table above, the annual self-assessment conclusion of the Head of Internal Audit is that the Internal Audit service is operating in general conformance to the Global Internal Audit Standards.

5. ORGANISATION INDEPENDENCE

If independence or objectivity is impaired in fact or appearance, the Head of Internal Audit is required to disclose this. The Head of Internal Audit can confirm that the Internal Audit service is independent and objective, and this is currently demonstrated in a number of ways:

- The Head of Internal Audit reports directly to the s151 officer at all partner organisations in the Shared Service and the equivalent Audit Committee. He also has direct unfettered access to the Heads of Paid Service, Monitoring Officers and Chairs of the Audit Committees.
- Any attempts to unduly influence the scope of audit reviews or the contents of reports will be reported by the Head of Internal Audit to the Head of Paid Service and the Chair of the Audit Committee.
- All officers responsible for internal audit work are required to complete an annual Declaration of Interests form, which is in turn reviewed by the Head of Internal Audit. In the case of the Head of Internal Audit, the form is reviewed by the Director of Finance & Resources (s151 officer) at Worcester City Council. Auditors are required to report any interests that might compromise the impartiality of their professional judgements – or give rise to a perception that this impartiality has been compromised. Any conflicts of interest are avoided when allocating assignments.
- The Audit and Governance Committee approves any significant consultancy activity included in the Internal Audit Plan.

6. LIMITATIONS INHERENT TO THE WORK OF INTERNAL AUDIT

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit & Governance 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 & Governance 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.

7. SUMMARY OF INTERNAL AUDIT FINDINGS

Audit Area	Assurance Rating	Summary of Findings
General Ledger	**Limited**	There were some areas found to be well managed; in particular: • Central procedures are reviewed and updated annually. • Sample testing showed budgets were uploaded correctly to the general ledger. • Sample testing showed closing year end balances were correctly carried forward to the new year. • 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. 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.
Payroll	**Substantial**	The scope covered the following areas: • Policies and procedures. • Employee training related to pay. • Payroll system parameters. • Arrangements to reconcile and review the payroll records and the establishment listing. • Authorisation and processing of starters, leavers and payroll amendments. • Calculation and authorisation of overtime payments. • Payments to third parties. • Payroll run review and approval.

Audit Area	Assurance Rating	Summary of Findings
		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.
Contract Management - Advisory	**N/A**	The objective of the advisory review was to provide recommendations to strengthen consistency, governance, oversight, performance monitoring, and contract-management capability. This included: • Review of contract management policies and procedures. • Examination of contract management practices across the service areas. • Assessment of roles, responsibilities, governance arrangements and performance monitoring processes. • Training and capability of contract managers. The review identified the following opportunities for improvement: • Inconsistent contract management practice across officers including post award monitoring. • Lack of formal training, induction and guidance for contract managers. • There is no formal contract exit procedure. Whilst CPRs were being updated there is a risk of inconsistent practice, missed obligations and a loss of knowledge. Actions based on recommendations made by Internal Audit have been agreed with management in respect of the above findings.

Audit Area	Assurance Rating	Summary of Findings
Procurement	**Limited**	The objective of this audit was to assess progress made against the 2023/24 audit recommendations and to provide assurance that procurement controls are adequate, effective, and support compliance with relevant policies, regulations, and organisational objectives. The audit covered: • Compliance with relevant legislation, including the Procurement Act 2023 • Tendering, supplier selection, and contract award processes • Segregation of duties and adherence to financial approval thresholds and authorisation limits The audit concluded that there is limited assurance over procurement controls, with significant gaps and inconsistencies requiring improvement. Key findings: • Governance and compliance: Inconsistent use of pre-procurement appraisals and insufficient justification for some direct awards, weakening assurance over value for money and decision-making. • Policies and procedures: Updated Contract Procedure Rules (CPRs) were not yet formally approved at the time of the audit. • Training and oversight: Procurement training is not consistently recorded, and conflict of interest declarations are not routinely documented or monitored. • Control processes: Weaknesses in documenting supplier selection, including use of frameworks and debarment checks. • Ongoing compliance: Some service areas have yet to achieve full compliance with procurement rules, with no firm deadlines for improvement. Overall, while key controls such as spend monitoring and approvals are working effectively, inconsistent practices, documentation gaps, and weak governance arrangements reduce the level of assurance. Internal Audit will reassess this area during 2026/27.

Audit Area	Assurance Rating	Summary of Findings
Insurance	**Reasonable**	The objective of this audit was to provide assurance that the Councils have insurance that delivers value for money & addresses risk. The scope covered: • Progress against the Zurich building assessments. • Insurance Strategy, Risk vs Value & Property Information Management. • Claims Evaluation & Lessons Learnt. The audit concluded reasonable assurance overall, with effective controls in place for property data management and progress against Zurich building assessments, but gaps in wider insurance governance. No assurance could be provided regarding the existence of an insurance strategy or arrangements for claims evaluation and capturing lessons learned, particularly in relation to recurring small vehicle claims. This is due to a lack of evidence to confirm whether such processes are in place or how recurring issues are identified and addressed. Key findings: • Property and risk management: Strong progress has been made in implementing Zurich building assessment actions, with property data held centrally and largely complete. • Ongoing assurance: limited inspection and monitoring regimes increase the risk that previously resolved issues may recur. • Action plan management: Updates to the Zurich action plan do not always clearly document the rationale for decisions, reducing transparency and accountability. Management has agreed an action plan to address the matters raised.
Corporate Health & Safety	**Limited**	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. The audit was requested by Senior Management. It was expected

Audit Area	Assurance Rating	Summary of Findings
		that some significant issues would be identified, but that development of an action plan would help with addressing the areas of greatest risk. The review found the following areas were working well: • The Senior Health and Safety Advisor is actively contributing towards a positive health and safety culture within both organisations. • Where the organisation faced barriers to providing first aider training, officers demonstrated initiative by securing first aider training provided by Rubicon Leisure. • 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. • The Joint Health and Safety Committee functions as an appropriate and effective governance control. However, as expected the audit identified a number of significant issues, all of which have been accepted by management with an action plan agreed. • 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. • 59% of new starters since September 2023 had not received Health & Safety induction training. Furthermore, there was no standardised means of ensuring role specific health & safety training was provided. • A significant number of service areas did not provide health & 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. • 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. Internal Audit will reassess this area during 2026/27.

Audit Area	Assurance Rating	Summary of Findings
Anti-Fraud, Bribery & Corruption - Advisory	**N/A**	The review assessed the adequacy and effectiveness of the Council's arrangements for managing fraud, corruption, and bribery risks, focusing on the strength of the overall anti-fraud framework rather than identifying specific fraud cases. The review identified: <u>Policies and guidance</u> Key anti-fraud policies are outdated or missing. Although work to update these was underway, the absence of up-to-date and accessible policies reduces staff awareness and understanding of expectations, reporting routes, and procedures. This weakens the overall control environment and limits the Council's ability to promote a consistent anti-fraud culture. <u>Case recording and monitoring</u> There is no centralised system in place to record, monitor, or review suspected fraud cases. As a result, there is limited oversight of fraud-related activity, and the Council cannot demonstrate that cases are being appropriately tracked, investigated, or learned from. <u>Training and awareness</u> There is no mandatory training for staff on fraud, corruption, or bribery. This limits awareness of fraud risks, reporting responsibilities, and expected behaviours, increasing the likelihood that incidents may go unidentified or unreported. <u>Fraud risk management</u> Fraud risks are not being actively managed. Relevant risks within the 4Risk system have not been recently reviewed or updated, and there is no overarching fraud response plan in place. As a result, fraud risk management activity is not coordinated, prioritised, or clearly aligned to organisational risks. Internal Audit made a series of recommendations to strengthen governance, improve oversight, and support a more proactive and coordinated approach to managing fraud risk.

Audit Area	Assurance Rating	Summary of Findings
Data Protection / GDPR	**Limited**	The audit assessed the design and effectiveness of controls over data retention and sharing. It concluded that there is only limited assurance, as significant weaknesses in governance, risk management, and control arrangements create a material risk of non-compliance with data protection legislation. Management requested this audit be carried out in the expectation that significant issues would be identified. Key findings: • There is no comprehensive information governance framework to clearly define roles, responsibilities, and accountability for data protection. Existing policies are insufficient and not aligned to operational needs, limiting oversight and direction. • Arrangements for monitoring compliance are underdeveloped. There is no dedicated oversight structure, limited management information, and data protection is not formally recognised or managed as a corporate risk. This restricts the Data Protection Officer's ability to fulfil statutory duties. • Training is ineffective, with evidence demonstrating it is being bypassed. • Retention schedules are outdated, incomplete, and not consistently applied. There is insufficient evidence that data is being retained or disposed of in line with legal requirements, creating a risk of non-compliance. • The Information Asset Register is not up to date, and a Record of Processing Activities (ROPA), required under legislation, has not been implemented. This limits the Council's understanding of the data it holds and how it is used. • The breach register is not sufficiently detailed to demonstrate appropriate handling, decision-making, or lessons learned, reducing assurance over incident management. • The organisation relies heavily on manual processes to manage data sharing, with limited automation and incomplete records of sharing agreements, increasing the risk of inappropriate disclosure. An action plan has been developed which will address all the matters raised. Delivery of the action plan will be overseen by the Senior Leadership Team, which has considered the audit report in detail. Internal Audit will reassess this area during 2026/27.

Audit Area	Assurance Rating	Summary of Findings
Local Government Transparency Code	**Reasonable**	The audit found that the Council publishes its governance information in line with most of the obligations under the Transparency Code 2015. Data is published in Excel and PDF formats, with some simplified data also available directly on the website. Transparency information is easy to navigate, being located within the "Freedom of Information" section on the website. This is supported by a clear set of well-structured subpages that are accessible and user-friendly. Whilst most core requirements are met, full compliance with the Transparency Code is not yet fully achieved. The audit highlighted outdated data in relation to Trade Union Facility Time, Land and Property, and Parking. Data had not been published for Procurement Card expenditure and Fraud. Management action is in progress to address the matters raised.
Environmental Impact Assessments	**Limited**	The audit aimed to provide assurance that Environmental Impact Assessments are carried out effectively, are of sufficient quality, and are properly considered in Council decision-making. The scope focused on whether assessments align with the organisation's Carbon Reduction Strategy, are completed by appropriately skilled officers in a timely manner, clearly inform Councillors, and are subject to ongoing review. The audit concluded limited assurance over the control environment, with significant gaps in governance, consistency, and alignment with the Councils' environmental objectives. Key findings: • Environmental considerations are included in Committee reports, and the Climate Change Manager provides review and technical support where required. Report authors are generally available to support decision-making at meetings. • There is limited awareness of the Carbon Reduction Strategy and Implementation Plan across Officers, and communication of key information is inconsistent. This reduces effective implementation across services.

Audit Area	Assurance Rating	Summary of Findings
		• Corporate and service-level documents, including risk registers and business plans, are not fully aligned with the Carbon Reduction Strategy, creating a risk of inconsistent decision-making and reduced progress towards climate targets. • Current projections indicate that both Councils are not on track to meet their self-imposed net zero targets within planned timescales, increasing reputational and delivery risks. • There is no consistent, organisation-wide framework for completing Environmental Impact Assessments. This has led to inconsistent approaches, unclear responsibilities, and reliance on a small number of individuals. • Formal training is limited, with many officers relying on self-directed learning. This contributes to inconsistent quality in assessments and weakens assurance over decision-making. Internal Audit will carry out a follow up review in 2026/27.
Freedom of Information – Consultancy	**N/A**	Internal Audit was asked to review the Council's arrangements for handling Freedom of Information (FOI) requests owing to concerns around response times and a backlog of cases. However, at the time of the review significant improvements had already been made, including a redesigned process and the introduction of artificial intelligence to improve efficiency. Given the positive impact of these changes, a full audit review was not considered necessary at this stage. Instead, Internal Audit issued a statement summarising the work completed and will revisit the area in future if the level of risk increases. This approach reflects a flexible, risk-based audit methodology.

Audit Area	Assurance Rating	Summary of Findings
Safeguarding	**Reasonable**	The objective of this audit was to provide assurance that evidence stated in the latest Section 11 self-assessment completed in September 2025 was substantiated, up to date and reliable. The scope covered: • A review of the latest Section 11 assessment and supporting evidence. • Policy and procedures. • The training programme. The review found the following areas of the system were working well: • The Councils have an up-to-date Safeguarding Policy and Procedure document; this has been presented to Safeguarding Champions and is available for officers to view. It details who the Safeguarding Leads are within the Councils along with names and contact details. • There is an experienced Safeguard Lead at Assistant Director level which covers both Redditch Borough Council and Bromsgrove District Council, as well as an additional 2 experienced leads who are trained to assist and provide resilience. • Safeguarding is promoted across the authorities through monthly newsletters and on posters on notice boards, with continuous reminders that Safeguarding is everyone's responsibility. • Knowledge and awareness through the Family-HUB and attendance at multi-agency reviews. • Evidence available to support the Section 11 responses. However, it was noted that 6 of the 21 services listed did not have a nominated Safeguarding Champion at the time of the audit. Management has agreed to review the gaps and recruit to those service areas which don't currently have a Safeguarding Champion. The review also identified mixed take-up of mandatory training and examples of staff bypassing the online training by skipping to the quiz at the end. Management has agreed action to address this including creation of a central Safeguarding training record and increasing the pass mark for the online training quiz.

Audit Area	Assurance Rating	Summary of Findings
Follow-up of Recommendations	**Substantial**	The overall implementation rate for 2025/26 was 80%, which represents good performance. As at 31st March 2026 there were 27 outstanding internal audit recommendations, 1 Medium risk recommendation was overdue as at 31st March 2026. The overdue action relates to periodic entitlement reviews for households in receipt of Council Tax Single Person Discount. The action is on hold pending a review of resources in the team.

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REDDITCH BOROUGH COUNCIL

Audit, Governance & Standards Committee 23rd July 2026

Report: Draft Statement of Accounts 2025/26

Relevant Portfolio Holder		Councillor Craig Warhurst Portfolio Holder for Finance and Governance
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Debra Goodall
Report Author	Job Title: Debra Goodall, Assistant Director of Finance and Customer Services Contact email: Debra.goodall@bromsgroveandredditch.gov.uk Contact Tel:	
Wards Affected		ALL
Ward Councillor(s) consulted		No
Relevant Council Priority		Underpins all Council priorities
Key Decision NO – Information only		
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 to:

1.1 Consider, with appropriate comment, and acknowledge Draft Statement of Accounts 2025/26 that were produced and published by the statutory deadline of 30 June 2026.

2. BACKGROUND

2.1 The report covers the draft Statement of Accounts for 2025/26.

2.2 The Council has achieved the statutory deadline for publication of the draft accounts on the Council's website of the 30 June 2026 for public inspection.

2.3 The Public Consultation end date is Thursday 6 August 2026.

2.4 This is the second year that the Council have published draft accounts in line with the statutory deadline.

2.5 Members have the opportunity to review the Statement of Accounts in full to inform their consideration of the Council's financial reporting, governance and value for money arrangements.

2.6 The accounts are a draft version and these will be reviewed by the External Auditor, Ernst and Young, ready for the publication of the Final Accounts 2025/26 in line with the backstop date of 31 January 2027.

2.7 Further work is being undertaken internally to provide assurance of the Draft Accounts for 2025/26. This will take place before Ernst and Young carry out their assurance process and will feed into this.

2.8 A review is also taking place regarding the current processes and procedures in place to produce the Accounts. This will provide an opportunity to enhance the existing arrangements and ensure that a streamlined process is in place for the 2026/27 final accounts.

3. FINANCIAL IMPLICATIONS

3.1. The audit fees for EY are set by PSAA and the total fee will be agreed at the completion of the audit process. The scale fee for core work for 2025/26 is estimated to be approximately £168,332 for 2025/26, subject to confirmation by PSAA and any fee variations.

4. LEGAL IMPLICATIONS

4.1. There are no direct legal implications arising from this report.

5. OTHER - IMPLICATIONS

Local Government Reorganisation

5.1. There are no direct implications arising from this report in relation to Local Government Reorganisation or Devolution.

Relevant Council Priority

5.2. Financial resilience and good governance underpin the council's ability to meet all of its priorities.

Climate Change Implications

5.3. None directly resulting from this report

Equalities and Diversity Implications

5.4. No adverse impacts resulting from the content of this report

6. RISK MANAGEMENT

6.1. The Council has a corporate risk relating to the resolution of the section 24 notice issued by the predecessor external auditors on 31 October 2022 and 27 November 2023 in relation to

- the flawed implementation of the ERP (financial) system
- the failure to publish financial statements in line with statutory deadlines.

6.2. EY has reviewed the Council's response to those recommendations and concluded that further statutory recommendations are not currently required. This was covered within the Completion Report previously presented to this Committee.

7. APPENDICES and BACKGROUND PAPERS

7.1. Appendix 1 – Statement of Accounts 2025/26

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DRAFT

STATEMENT OF ACCOUNTS

2025/26



Town Hall, Walter Stranz Square, Redditch, Worcestershire B98 8AH
tel: (01527) 64252

CONTENTS

TABLE OF CONTENTS

Page

Narrative Report
Introduction....1
Our Borough....2
Strategic Purpose....2
National Position....3
Financial Performance....4
Risks and Opportunities....8
Explanation of the Accounting Statements....8

Statement of Responsibilities for the Statement of Accounts....10

Comprehensive Income and Expenditure Account....11

Movement in Reserves Statement....13

Balance Sheet....14

Cashflow Statement....16

Notes to the Comprehensive Income and Expenditure Statement
B1. Expenditure and Funding Analysis....18
B2. Adjustments between Funding and Accounting Basis....19
B3. Expenditure and Income analysed by Nature....19
B4. Other Operating Income and Expenditure....20
B5. Financing and Investment Income and Expenditure....20
B6. Taxation and Non-Specific Income....20
B7. Members Allowances....21
B8. External Audit Costs....21
B9. Grant Income....21
B10. Officer Remuneration....22
B11. Termination Benefits....23

Notes to the Movement in Reserves Statement
C1. Adjustments between Accounting Basis and Funding Basis Under Regulations....24
C2. Movements in Earmarked Reserves....26
C3. Usable Reserves....26
C4. Unusable Reserves....27

Notes to the Balance Sheet
D1. Property, Plant and Equipment....31
D2. Investment Properties....34
D3. Intangible Assets....34
D4. Debtors....35
D5. Creditors....36
D6. Provisions....36
D7. Capital Expenditure and Financing....36
D8. Assets Held for Sale....37
D9. Inventories....37

Additional Disclosures – Technical Notes
E1. Defined Benefit Pension Scheme....38
E2. Financial Instruments....43
E3. Nature and Extent of Risks arising from Financial Instruments....44
E4. Leases....46
E5. Accounting Policies....49
E6. Critical Judgements in applying Accounting Policies....60
E7. Accounting Standards not yet adopted....61
E8. Assumptions made about the future and other major sources of estimation uncertainty....62

CONTENTS

E9. Related Parties.....62
E10. Events after the Balance Sheet date.....63
E11. Contingent Assets.....63
E12. Contingent Liabilities.....64

Notes to the Cashflow Statement
F1. Cash and Cash Equivalents.....65
F2. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements.....65
F3. Adjustments for items included in the net surplus / (deficit) on the provision of service that are investing or financing activities.....65
F4. Investing Activities.....65
F5. Financing Activities.....66

Group Accounts
G1. Group Accounts.....67

Housing Revenue Account
H1. Overview.....68
H2. Movement on the HRA Statement.....68
H3. Property, Plant and Equipment.....70
H4. Housing Stock.....72
H5. Housing Revenue Account Capital Expenditure.....72
H6. Rent Arrears.....72
H7. Depreciation and Impairment of Non-Current Assets.....73
H8. Retirement Benefits.....73
H9. Capital Receipts Generated.....73

Collection Fund
I1. The Collection Fund Statement.....74
I2. Council Tax Income.....75
I3. Non-Domestic Rates.....76

Glossary.....77

NARRATIVE REPORT

Introduction

Local Authority accounts, like those of any organisation, are prepared to comply with a series of rules and conventions set by the accounting profession. However, for Local Authorities there are many types of transaction where the law, which takes precedence, requires a different treatment from the accounting rules. This effectively means that local authorities are trying to simultaneously fulfil two conflicting sets of rules when preparing their accounts.

This conflict is addressed by having authorities present a set of financial statements which comply with the accounting rules, followed by a reconciliation of those statements to the accounts as prepared under the legal rules. This reconciliation essentially takes the form of a list of adjustments for items which must be in the accounts per the accounting rules but are not allowed in them under law, and vice versa. These are the legal rules that must be used when calculating budget requirements, council tax and housing rents.

As a result, all the Council's internal reporting and decision-making is based purely on accounts prepared under the legal rules. The only time it prepares accounts that comply with the accounting rules is when it prepares this document. It is crucial to bear this in mind when reading the statements.

The Statement of Accounts brings together the major financial statements for the financial year 2024/25. The statements and the notes that accompany them give a full and clear picture of the financial position of Redditch Borough Council.

The sections are:

- **Narrative Report** – An overview of the Council's financial and operational performance, main objectives, Governance, key risks, and strategies for future service delivery
- **Statement of Responsibilities** – The responsibilities of the Council and its Chief Financial Officer in respect of the Statement of Accounts
- **Comprehensive Income and Expenditure Statement** – This shows the accounting cost in the year of providing services. It is prepared in accordance with generally accepted accounting practices. This is different from the amount to be funded from taxation
- **Movement in Reserves Statement** – The movement in the year on the different reserves held by the Council
- **Balance Sheet** – The value of the assets and liabilities recognised by the Council and the Group as at 31 March 2026
- **Cash Flow Statement** – Inflows and outflows of cash or cash equivalents. The flows are revenue and capital transactions with third parties
- **Statement of Accounting Policies** – Outlines the significant accounting policies adopted by the Council
- **Notes to the Financial Accounts** – The Statements are supported by technical notes
- **Group Accounts** - Sets out the income and expenditure for the year and financial position at the balance sheet date of the Council and any companies or other organisations, which the Council either controls or significantly influences
- **Housing Revenue Account** - The housing revenue account is a ring-fenced account used to manage our (council owned) housing stock of some 5,500 properties. The costs of managing and maintaining the properties, collecting rents, and meeting the interest cost of monies borrowed to pay for investment in the housing stock are all charged to the housing revenue account
- **The Collection Fund and Notes** – Shows the transactions of the separate fund used for the collection of Council Tax and Non-Domestic Rates (NNDR) and its distribution to local government bodies and the government
- **Governance Statement -** The Annual Governance Statement is a statutory document, which explains the processes and procedures in place to enable the Council to conduct its functions effectively
- **Internal Auditors Report –** Local government audit provides transparency and accountability to both taxpayers and their local elected representatives. It provides authorities with accurate and reliable financial information with which to plan and manage their services, and finances, effectively. It also provides assurance to the wider public sector, supporting the audit of certain central government departments and the Whole of Government Accounts
- **Glossary**

NARRATIVE REPORT

These financial statements have been prepared in line with the Code of Practice on Local Authority in Accounting the United Kingdom 2025/26 (the Code). It is the purpose of this report to explain, in an easily understandable way, the financial facts and performance in relation to Redditch Borough Council.

Our Borough

Redditch Borough is located in north Worcestershire, approximately 15 miles south of Birmingham, and forms part of the wider West Midlands economic area. The Borough covers around 5,435 hectares and sits at the edge of the West Midlands Green Belt. It comprises a predominantly urban area in the north, which accommodates the vast majority of the population, alongside a smaller rural area to the south that includes the villages of Astwood Bank and Feckenham.

The Borough has a resident population of around 85,000 (2021 Census). Redditch has a comparatively younger population profile than many areas, with significant numbers of children and young people. The Borough is home to diverse communities and a strong sense of local identity, although levels of deprivation vary across the area. Several neighbourhoods experience higher levels of deprivation, with some areas ranking amongst the most deprived nationally.

Redditch benefits from extensive green space and environmental assets, with numerous parks, open spaces and areas designated for their ecological value, including Sites of Special Scientific Interest and Local Nature Reserves. These assets contribute significantly to residents' quality of life and support the Council's ambition to protect and enhance the Borough's natural environment, promote biodiversity and address climate change. The Borough has a strong industrial heritage and continues to play an important role as a manufacturing and engineering centre within the regional economy. Established national and international businesses are based in Redditch, supported by a skilled workforce and a culture of innovation. This provides a solid foundation for economic growth, with opportunities to attract investment, support local businesses and create high-quality employment for residents.

Despite these strengths, the Borough faces a range of challenges. Economic inactivity and youth unemployment remain areas of focus, alongside health inequalities, with significant variation in life expectancy between the most and least deprived communities. Housing demand also presents ongoing pressures, including the need to reduce waiting lists, increase the supply of affordable housing and ensure that existing homes are safe, warm and well maintained.

The Council's priorities reflect both the opportunities and challenges facing Redditch. The Council Plan 2025–2028 is focused on three key themes: building strong economic development and regeneration, delivering a clean, green and safe Borough, and providing housing that meets the needs of the community. These priorities are underpinned by a commitment to financial stability, strong governance and high quality service delivery, ensuring that resources are directed towards improving outcomes for residents and supporting the long term sustainability of the Borough.

Elections to Redditch Borough Council are held three of every four years, with political leadership operating through a Leader and Executive model. The Council works extensively in partnership with other public, private and voluntary sector organisations, including through the Redditch District Collaborative and wider Worcestershire arrangements, recognising that many of the Borough's priorities require coordinated action across agencies.

Redditch Borough Council has a long-standing shared services arrangement with Bromsgrove District Council, enabling a single workforce to deliver a range of services across both authorities. This collaborative approach supports efficiency, resilience and the effective use of resources, while maintaining a strong focus on local priorities and the needs of Redditch residents.

Strategic Purpose

The Council Plan 2025–2028 sets out Redditch Borough Council's vision to be *"a council which listens to and delivers quality services for our communities, residents and businesses."* This vision provides the strategic framework for the Council's service delivery, financial planning and partnership working, ensuring that activities and resources remain focused on improving outcomes for local communities.

The Council Plan is built around three core priorities: Economy and Regeneration, Green, Clean and Safe, and Community and Housing. These priorities reflect the key opportunities and challenges within

the Borough and provide a clear focus for delivering sustainable economic growth, improving environmental quality, and supporting strong and healthy communities.

Economy and Regeneration is focused on supporting business growth, attracting inward investment and creating high-quality employment opportunities, particularly for young people. During 2025/26, progress has been made through business support programmes, skills and employability initiatives, and major regeneration schemes, including the redevelopment of the Town Hall, improvements to the public realm and the development of the Innovation Centre, which is expected to support long term economic growth and productivity.

The Green, Clean and Safe priority reflects the Council's commitment to maintaining a high quality local environment and supporting community safety. Progress during the year includes enhanced street cleansing and environmental enforcement, investment in waste and recycling services, biodiversity initiatives and climate change activity, as well as continued partnership working to address crime, anti-social behaviour and public safety. Work is ongoing to deliver environmental improvements, increase renewable energy generation and implement new waste collection arrangements in line with national requirements.

The Community and Housing priority focuses on meeting housing need, improving the quality of homes and supporting the health and wellbeing of residents. Key developments during 2025/26 include the delivery of new council housing through the Housing Growth Programme, investment in existing housing stock, improved repairs and safety processes, and action to reduce homelessness and the use of temporary accommodation. Partnership working remains central, including through the Redditch District Collaborative and wider health and wellbeing initiatives, to address inequalities and support vulnerable residents.

Across all priority areas, delivery is supported by a range of projects and programmes, many of which are progressing positively. The February 2026 Council Plan update highlighted strong performance across many objectives, including business support, environmental services, housing delivery, community safety initiatives and partnership activity. Where challenges remain, such as the implementation of food waste collection or elements of the capital programme, actions are in place to address delivery risks and maintain progress against the Council's objectives.

The Council's strategic purpose is underpinned by a set of organisational priorities, including financial stability, organisational stability, community focus, high quality services and supported governance. These are reinforced by a principles driven approach centred on purpose, people, pride and performance, ensuring that the Council maintains a strong organisational culture and is able to respond effectively to changing local and national circumstances.

During 2025/26, the Council has continued to align service delivery, performance management and financial decision making with the priorities set out in the Council Plan. This includes strengthening performance monitoring arrangements, embedding business planning across services and ensuring that resources are directed towards achieving the outcomes that matter most to residents. This approach supports both effective day-to-day service delivery and the longer term ambition to improve quality of life across the Borough.

National Position

Economic and Financial Context

During 2025/26, local authorities continued to operate within a challenging and volatile national economic environment. Although inflationary pressures eased during parts of the year, uncertainty persisted around economic growth, interest rates and public sector funding. These conditions continued to influence the Council's medium-term financial planning and in-year financial management.
Interest rates reduced earlier in the year as inflation moderated, before global geopolitical events and renewed inflationary risks increased volatility in financial markets towards the end of the financial year. This created a dynamic environment for treasury management, borrowing decisions and investment

activity. Throughout the year, the Council remained focused on balancing affordability, risk and financial resilience in line with its approved strategies.
In-year movements in interest rates and market conditions affected borrowing costs, investment returns and the timing of treasury activity reflected in the Statement of Accounts. The Council continued to manage cash flow carefully, responding to variations in income and expenditure while maintaining adequate liquidity. Changes in borrowing and internal cash balances during the year reflect both the delivery of the capital programme and the timing of receipts and payments, rather than a change in overall financial strategy.

National changes to regulatory and accounting frameworks also continued to shape financial reporting. Amendments to Minimum Revenue Provision (MRP) guidance and the ongoing impact of revised treasury and prudential codes required careful consideration in financial planning and were reflected in the Council's accounting treatment for capital financing and borrowing during 2025/26.
Overall, the national economic position reinforced the importance of prudent financial management, robust forecasting and active monitoring throughout the year. These factors are reflected across the financial statements, and will be reviewed going forwards, including the level and composition of borrowing, treasury balances, revenue financing costs and reserves.

Local Government Reorganisation (LGR)

Alongside wider economic pressures, preparation for Local Government Reorganisation (LGR) became an increasingly significant national and local factor during 2025/26. Government proposals to restructure local government in Worcestershire progressed through formal stages during the year, with statutory consultation concluding in early 2026 and preparatory work accelerating in advance of an anticipated decision later in the year.

In response, the Council worked collaboratively with other Worcestershire authorities through established programme governance arrangements. This included the creation of shared workstreams covering finance, assets, workforce, ICT, legal matters and data assurance. The focus during 2025/26 was on establishing robust baseline financial information to support future transition planning and ensure financial transparency across all predecessor councils.

From a Statement of Accounts perspective, LGR preparation has not altered the Council's statutory responsibility to deliver a balanced budget or prepare accounts on a going concern basis for 2025/26. LGR considerations, however, influenced financial decision making during the year, particularly around capital commitments, use of reserves, contract management and longer term liabilities. Assurance processes were embedded to ensure that financial decisions taken during the transition period do not create undue risk or liabilities for any future successor authority.

Some preparatory costs associated with programme management, data preparation and capacity planning were incurred during the year and are reflected within the Council's revenue expenditure. These costs were managed within existing budgets and shared, where appropriate, across participating authorities. Further transition costs and potential efficiencies will depend on final government decisions and implementation arrangements and are not yet reflected within the 2025/26 accounts.

The level of assets, liabilities, borrowing and reserves reported in the Statement of Accounts at 31 March 2026 form the foundational financial position ahead of a formal reorganisation decision. These balances will form the basis for future transfer arrangements on vesting day, subject to statutory requirements and further detailed work as LGR progresses.

Financial Performance

The following items have had an impact on the 2025/26 Financial Statements.

Organisational Performance

During 2025/26 the Council continued to focus on strengthening organisational performance, governance and financial management, building on the recovery work initiated in response to earlier audit and financial reporting challenges. This work has been undertaken against a challenging national audit backdrop, with

statutory backstop arrangements and sector-wide capacity constraints continuing to affect the local government audit system.

The Council has produced its 2025/26 draft Statement of Accounts in line with the statutory timetable, reflecting improved financial reporting discipline and stronger in-year financial management. This represents an important step in stabilising the accounts process and supporting the rebuilding of audit assurance over time, following a period where earlier years' accounts were subject to disclaimed audit opinions due to the national audit reset and local timing constraints rather than identified material misstatements.

External audit reporting for the 2023/24 and 2024/25 financial years highlighted several historic weaknesses in financial reporting arrangements, governance and organisational capacity, particularly linked to the implementation of the Council's financial system, the timeliness of accounts preparation and capacity pressures within the finance function. While these reports relate to prior periods, they have directly informed the Council's improvement activity during 2025/26, with a clear emphasis on ensuring that lessons learned are embedded in current practice.

During 2025/26, action was taken to strengthen senior financial leadership, improve financial oversight and enhance internal controls. This included clearer accountability for financial reporting, improved alignment between financial monitoring and the general ledger, and strengthened engagement with internal and external assurance. These improvements have supported more robust in-year reporting to Members and improved confidence in the financial information underpinning decision-making.

The external auditors also identified historic issues relating to statutory returns, most notably VAT reporting, arising from system and process weaknesses. Work undertaken prior to and during 2025/26 addressed these matters through external specialist support, improved processes and closer oversight. Any residual impacts arising from these historic issues have been reflected appropriately within the financial statements, with no new systemic issues identified during the year.

There have been long standing organisational capacity challenges, particularly within finance and the Council continues to stabilise staffing arrangements, reduce reliance on interim solutions and strengthen corporate capacity through its workforce and organisational development activity. This has been essential to supporting both business-as-usual delivery and the production of timely and accurate financial information and includes the recruitment of a new, permanent s151 Officer from 13 April 2026.

In July 2025, the Regulator of Social Housing issued a C3 regulatory judgement identifying serious failings in the Council's delivery of consumer standards, particularly in relation to safety and quality. Areas requiring improvement include repairs and maintenance, fire safety, tenant engagement and data management. The Council has developed an action plan to address these issues and is focusing on ensuring robust monitoring and delivery of improvements in its housing services.

For 2025/26, the Council remained responsible for preparing accounts that present a true and fair view of its financial position, and these accounts have been prepared in accordance with proper accounting practices and on a going concern basis. Overall, organisational performance during 2025/26 reflects a transition from recovery into consolidation. The Council has focused on embedding improved financial management, strengthening governance arrangements and ensuring that the lessons from historic audit findings are reflected in current and future practice. This provides a more stable platform for ongoing improvement, future audit assurance and the effective stewardship of public resources.

Governance

Redditch Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that resources are used economically, efficiently and effectively. Good governance supports transparent decision making, effective risk management, robust financial stewardship and accountability to residents, businesses and stakeholders.

NARRATIVE REPORT

During 2025/26, the Council continued to strengthen its governance framework, reflecting both the lessons from historic audit findings and the need to support future service delivery, financial sustainability and preparation for Local Government Reorganisation. The focus has been on ensuring that governance arrangements are clear, current, proportionate and capable of supporting informed decision making in a changing operating environment.

A significant area of progress during the year was the comprehensive review of the Council's Constitution. This review considered the clarity of decision-making arrangements, roles and responsibilities, delegations, committee terms of reference and supporting governance procedures. A revised Constitution was approved by Council, providing an updated framework for lawful, transparent and effective decision making by Members and officers.

Risk management arrangements have also been subject to internal review and audit during the year. This work will inform the development of a new opportunity risk management strategy, which will shortly be launched and embedded across the organisation. The revised approach will strengthen the identification, ownership, escalation and monitoring of risks and opportunities, ensuring that risk information is better integrated into service planning, performance reporting and strategic decision making.

Performance reporting is being further enhanced to provide clearer links between the Council Plan priorities, service delivery, financial information and risk. This will support more effective oversight by senior officers and Members, improve transparency, and help ensure that progress against strategic priorities is understood alongside the resources and risks associated with delivery.

Financial reporting will also be refreshed to provide more robust, timely and accessible information. This includes improving the way revenue and capital information is presented, strengthening the understanding of capital programme delivery, and ensuring that financial monitoring supports early identification of pressures, slippage, savings delivery and corrective action. Better capital reporting will be particularly important in supporting realistic budget setting, delivery planning and the management of externally funded schemes.

The Council is also reviewing its budget approach and strengthening longer-term financial planning ahead of the next Medium Term Financial Plan. This work will support a clearer understanding of recurring budget pressures, savings requirements, reserves, capital financing and the affordability of future commitments. It will also ensure that financial planning remains aligned to strategic priorities, service demand and the wider context of Local Government Reorganisation.

The Council's governance arrangements continue to be reviewed annually through the Annual Governance Statement. The improvements made during 2025/26, together with the further work planned on risk, performance and financial reporting, provide a stronger platform for accountability, assurance and continuous improvement during 2026/27.

Financial Outlook

The Council's financial outlook is set out through its Medium Term Financial Plan (MTFP), which covers the three-year period from 2026/27 to 2028/29. The MTFP was approved by Council in February 2026 and provides a forward-looking assessment of the Council's ability to deliver services, manage financial risk and maintain sustainability in a period of ongoing uncertainty.

The approved MTFP shows a balanced budget position in each year of the planning period, reflecting a combination of service efficiencies, income generation, prudent use of reserves and a strategic approach to financial planning. This represents a significant achievement in the context of continued inflationary pressures, constrained funding growth and structural changes to local government finance.

Funding Environment and Assumptions

The MTFP has been developed against a challenging national funding backdrop. While the introduction of a multi-year settlement provides greater short-term certainty, the Council faces a reduction in underlying funding as changes arising from the Fairer Funding Review and grant consolidation are phased in over the period.

Transitional funding provides temporary stability but is expected to taper, requiring the Council to plan for a lower baseline of funding in future years.

Key assumptions within the MTFP include continued inflationary pressures, limits on Council Tax increases, uncertainty around business rates growth following the reset, and ongoing demand-led pressures across services. These assumptions have been deliberately set on a prudent basis and stress-tested to support financial resilience.

Managing Pressures and Savings

The MTFP identifies a range of cost and demand pressures, including pay awards, contract inflation, service delivery costs and national policy changes. These are offset through a programme of savings, income growth and efficiency measures, developed in conjunction with service managers and subject to governance and scrutiny.

Savings proposals will be reviewed and phased across the planning period to avoid undue reliance on one-off measures. The Council recognises that sustained financial sustainability will depend on continued financial discipline, active monitoring and early corrective action where delivery risks arise.

The Housing Revenue Account continues to face longer-term financial pressures, including debt repayment requirements and constraints linked to borrowing capacity.

Reserves and Financial Resilience

Reserves play a key role in supporting the Council's financial outlook. As part of the MTFP process, a comprehensive review of reserves was undertaken to ensure that balances remain aligned to current risks and priorities. This has enabled the creation of targeted reserves to support financial resilience, community investment, and Local Government Reorganisation (LGR) preparation, while maintaining General Fund balances at a level assessed by the Section 151 Officer as prudent and adequate.

The Council does not rely on reserves to fund recurring expenditure within the MTFP. Instead, reserves are used strategically to manage risk, smooth the impact of volatility, and support investment and transformation.

Capital Programme and Long-Term Affordability

The approved capital programme supports the Council's strategic priorities while remaining affordable within the medium term financial outlook. Capital expenditure is largely supported through external funding, capital receipts and internal borrowing, limiting exposure to new external debt. The revenue implications of the capital programme, including minimum revenue provision and financing costs, have been fully reflected within the MTFP.

Improved capital reporting and monitoring will support stronger understanding of deliverability, slippage and affordability over the planning period, ensuring that capital investment decisions remain aligned to the Council's wider financial capacity.

Looking Ahead

The financial outlook remains subject to risk and uncertainty, particularly in relation to inflation, funding reform, service demand and the costs associated with Local Government Reorganisation. The approved MTFP, however, demonstrates that the Council has a credible financial plan, underpinned by active risk management and strengthened financial governance.

The Council will continue to review and refresh its financial outlook through annual budget setting, in-year monitoring and the development of the next MTFP, ensuring that financial planning remains aligned to strategic priorities, service needs and the evolving local government landscape.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is set out on page 18. The objective is to demonstrate to Council taxpayers and housing rent payers how the funding available to the Authority (i.e., Government grants, Council tax, rents, and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council's strategic purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Risks and Opportunities

The Council operates in an environment characterised by ongoing financial, operational and legislative uncertainty. Effective identification and management of risk is therefore essential to maintaining financial resilience, service delivery and public confidence.

Key strategic risks during 2025/26 have included financial resilience and cash flow management, workforce capacity, cyber security, delivery of major programmes, compliance with new legislative requirements, and the impact of Local Government Reorganisation on business-as-usual activity. These risks are overseen through the Corporate Risk Register, with regular review by senior management, Members and the Audit, Governance and Standards Committee. Mitigating actions during the year have reduced several residual risk scores, reflecting strengthened governance, clearer ownership and improved planning.

Alongside these risks, the Council continues to identify opportunities to improve outcomes and resilience. These include strengthening financial planning and risk management arrangements, improving the use of data to support decision-making, maximising external funding, delivering service efficiencies, and investing in community focused initiatives aligned to the Council Plan. Preparation for Local Government Reorganisation has also created opportunities for greater collaboration, improved baseline information and more consistent approaches to risk, performance and financial management.

The Council recognises that risks will continue to evolve. Work underway to refresh the Opportunity Risk Management Strategy, strengthen the integration of risk with financial and performance reporting, and enhance long-term planning will further support informed decision-making and the effective management of both risks and opportunities in future years.

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2026. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The Core Statements are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into “usable”, which can be invested in service improvements or capital investment or reduce local taxation, and “unusable” which must be set aside for specific purposes. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movement in Reserves Statement Line ‘Adjustments between accounting basis and funding basis under the regulations.

The statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movements in the year following those adjustments.

The **Balance Sheet** is a ‘snapshot’ of the Council’s assets, liabilities, cash balances and reserves as at the year-end, 31 March 2026.

The **Cash Flow Statement** shows the reason for changes in the Council’s cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long-term liabilities).

The Supplementary Statements are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money. Business Rates is distributed to Central Government, Worcestershire County Council and Redditch Borough Council. Council Tax is distributed between Gloucestershire County Council, the Police & Crime Commissioner, Redditch Borough Council and the Town & Parish Councils within the Redditch district.

The **Housing Revenue Account** is a statutory ring-fenced account that records the income and expenditure associated with the Council’s housing landlord activities. It reflects the financial performance of the Council’s housing stock and demonstrates how rental income, service charges and other housing-related resources have been used to support the management, maintenance and improvement of Council homes. It also shows the balance available to support future expenditure on the Council’s housing service.

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls. This report does not form part of this document as is available on the Council’s website.

The **Group Accounts** present the financial results and overall financial position of the Council together with those organisations over which the Council exercises control or significant influence. They provide a consolidated view of the income, expenditure, assets and liabilities of the Council and its group entities, enabling readers to understand the financial position of the wider Council group as a single economic entity.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority. In this Authority, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

The Chief Finance Officer's responsibilities

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

In preparing this statement of accounts, the Chief Finance Officer has:
- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2026.

…… **Date:** ……

James Walton, Director of Finance / Section 151 Officer

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit, Governance and Standards Committee.

…… **Date:**
Chair

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement for the year ended 31 March 2026

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		2025/26			2024/25		
		£000	£000	£000	£000	£000	£000
	Notes	Expenditure	Income	Net	Expenditure	Income	Net
Business Transformation and Organisational Development		2,584	(621)	1,963	2,318	(420)	1,897
Community and Housing GF Services		5,479	(2,532)	2,947	5,765	(3,677)	2,087
Corporate Services		1,434	(5,272)	(3,838)	1,753	(5,241)	(3,487)
Environmental Services		8,013	(2,906)	5,107	7,872	(3,120)	4,752
Financial and Customer Services		17,714	(13,256)	4,458	20,747	(17,111)	3,635
Housing Revenue Account		26,482	(30,418)	(3,937)	4,910	(1,407)	3,504
Legal, Democratic and Property Services		5,283	(1,798)	3,485	4,264	(1,514)	2,750
Planning, Regeneration and Leisure Services		3,789	(1,673)	2,116	894	(231)	663
Regulatory Client		960	(254)	706	25,259	(30,435)	(5,177)
Rubicon Client		3,407	(6)	3,401	2,628	(7)	2,621
Starting Well		772	(662)	110	815	(614)	201
Cost of Services		**75,917**	**(59,398)**	**16,518**	**77,224**	**(63,778)**	**13,446**
Other Operating Expenditure	**B4**	63	(1,069)	(1,006)	60	(208)	(148)
Financing and Investment Income and Expenditure	**B5**	5,571	(380)	5,191	6,826	(8,707)	(1,881)
Taxation and Non-Specific Grant Income and Expenditure	**B6**	13,900	(27,756)	(13,856)	13,902	(33,072)	(19,170)
(Surplus) or Deficit on Provision of Services				**6,846**			**(7,753)**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	**D1**			(472)			2,879
Remeasurement of the net defined benefit liability/(asset)	**E1**			(1,035)			2,994
Other Comprehensive Income and Expenditure				**(1,507)**			**5,873**
Total Comprehensive Income and Expenditure				**5,339**			**(1,880)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2026

	Notes	2025/26 £000 Expenditure	2025/26 £000 Income	2025/26 £000 Net	2024/25 £000 Expenditure	2024/25 £000 Income	2024/25 £000 Net
Business Transformation and Organisational Development		2,584	(621)	1,963	2,318	(420)	1,897
Community and Housing GF Services		5,479	(2,532)	2,947	5,765	(3,677)	2,087
Corporate Services		1,434	(5,272)	(3,838)	1,753	(5,241)	(3,487)
Environmental Services		8,013	(2,906)	5,107	7,872	(3,120)	4,752
Financial and Customer Services		17,714	(13,256)	4,458	20,747	(17,111)	3,635
Housing Revenue Account		26,482	(30,418)	(3,937)	25,259	(30,435)	(5,177)
Legal, Democratic and Property Services		5,283	(1,798)	3,485	4,910	(1,407)	3,504
Planning, Regeneration and Leisure Services		3,789	(1,673)	2,116	4,264	(1,514)	2,750
Regulatory Client		960	(254)	706	894	(231)	663
Rubicon Client		9,950	(5,613)	4,337	5,594	(6,152)	(558)
Starting Well		772	(662)	110	815	(614)	201
Cost of Services		**82,460**	**(65,005)**	**17,454**	**80,190**	**(69,923)**	**10,267**
Other Operating Expenditure	**B4**	63	(1,069)	(1,006)	60	(208)	(148)
Financing and Investment Income and Expenditure	**B5**	5,571	(416)	5,155	6,826	(8,707)	(1,881)
Taxation and Non-Specific Grant Income and Expenditure	**B6**	13,900	(27,744)	(13,844)	13,902	(33,153)	(19,251)
(Surplus) or Deficit on Provision of Services				**7,759**			**(11,012)**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	**D1**			(472)			2,879
Remeasurement of the net defined benefit liability/(asset)	**E1**			(1,035)			2,994
Other Comprehensive Income and Expenditure				**(1,507)**			**5,873**
Total Comprehensive Income and Expenditure				**6,252**			**(5,139)**

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for Council and Group for the year ended 31 March 2026

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or (from) earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA Balance	Earmarked HRA Reserves	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Rubicon Leisure Limited	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2024	**7,221**	**17,186**	**24,408**	**1,085**	**10,901**	**11,986**	**14,215**	**10,474**	**0**	**61,083**	**246,427**	**307,510**	**580**	**308,090**
Movement in reserves during the year														
Total Comprehensive Income and Expenditure	(1,880)	0	**(1,880)**	1,367	0	**1,367**	0	0	0	**(513)**	**5,342**	**4,829**	**1,022**	**5,851**
Adjustments between accounting basis & funding basis under regulations	2,296	0	**2,296**	(1,924)	0	**(1,924)**	(961)	28	375	**(186)**	**33,818**	**33,632**	**0**	**33,632**
Net Increase/Decrease before Transfers to Earmarked Reserves	**416**	**0**	**416**	**(557)**	**0**	**(557)**	**(961)**	**28**	**375**	**(699)**	**39,160**	**38,461**	**1,022**	**39,483**
Transfers to or from earmarked reserves	(771)	771	**0**	1,741	(1,741)	**0**	0	0	0	**0**	**0**	**0**	**0**	**0**
(Increase)/Decrease in Year	**(355)**	**771**	**416**	**1,184**	**(1,741)**	**(557)**	**(961)**	**28**	**375**	**(699)**	**39,160**	**38,461**	**1,022**	**39,483**
Balance as at 31 March 2025	**6,866**	**17,957**	**24,824**	**2,269**	**9,160**	**11,429**	**13,254**	**10,502**	**375**	**60,384**	**285,587**	**345,971**	**1,602**	**347,573**
Movement in reserves during the year														
Total Comprehensive Income and Expenditure	5,339	1	**5,340**	720	0	**720**	0	(28)	0	**6,032**	**3,250**	**9,282**	**(1,496)**	**7,786**
Adjustments between accounting basis & funding basis under regulations	780	0	**780**	(1,041)	0	**(1,041)**	0	7,471	0	**7,210**	**(42,141)**	**(34,931)**	**0**	**(34,931)**
Net Increase/Decrease before Transfers to Earmarked Reserves	**6,119**	**1**	**6,120**	**(321)**	**0**	**(321)**	**0**	**7,443**	**0**	**13,242**	**(38,891)**	**(25,649)**	**(1,496)**	**(27,145)**
Transfers to or from earmarked reserves	(2,999)	2,999	**0**			**0**	2,377	(15,105)	0	**(12,728)**	**0**	**(12,728)**	**0**	**(12,728)**
(Increase)/Decrease in Year	**3,120**	**3,000**	**6,120**	**(321)**	**0**	**(321)**	**2,377**	**(7,662)**	**0**	**514**	**(38,891)**	**(38,377)**	**(1,496)**	**(39,873)**
Balance as at 31 March 2026	**9,986**	**20,957**	**30,944**	**1,948**	**9,160**	**11,108**	**15,631**	**2,840**	**375**	**60,897**	**246,696**	**307,593**	**106**	**307,699**

BALANCE SHEET

Balance Sheet as at 31 March 2026

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide service. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets ae sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

	Notes	31st March 2026 £000	31st March 2025 £000
Property, Plant & Equipment	D1	402,513	393,892
Investment Property	D2	899	899
Intangible Assets	D3	962	2,289
Long Term Debtors	D4	906	830
Long Term Assets		**405,280**	**397,911**
Investments	F1	0	6,000
Inventories	D9	1,609	1,631
Short Term Debtors	D4	48,436	40,592
Cash and Cash Equivalents	F1	1,853	762
Current Assets		**51,897**	**48,985**
Other Short Term Liabilities	E2	(12,043)	0
Short Term Creditors	D5	(5,496)	(1,319)
Provisions	D6	(1,717)	(1,818)
Revenue Grants received in advance		(15,221)	(12,296)
Current Liabilities		**(34,477)**	**(15,433)**
Long Term Borrowing	E2	(104,306)	(104,063)
* Other Long Term Liabilities	E2	(10,802)	19,237
Capital Grants received in advance		0	(667)
Long Term Liabilities		**(115,107)**	**(85,493)**
Net Assets		**307,593**	**345,969**
Usable reserves	C3	60,897	60,383
Unusable Reserves	C4	246,696	285,587
Total Reserves		**307,593**	**345,969**

- Other Long Term Liabilities includes a newly valued Pension Asset

BALANCE SHEET

Group Balance Sheet as at 31 March 2026

	Notes	31st March 2026 £000	31st March 2025 £000
Property, Plant & Equipment	D1	402,790	394,238
Investment Property	D2	899	899
Intangible Assets	D3	962	2,289
Long Term Debtors	D4	906	830
Long Term Assets		**405,557**	**398,256**
Investments	F1	0	6,000
Inventories	D9	1,653	1,659
Short Term Debtors	D4	48,882	43,741
Cash and Cash Equivalents	F1	2,370	774
Current Assets		**52,906**	**52,174**
Short Term Creditors	E2	(7,898)	(3,253)
Other Short Term Liabilities	D5	(12,043)	0
Provisions	D6	(1,717)	(1,818)
Revenue Grants received in advance		(15,221)	(12,296)
Current Liabilities		**(36,879)**	**(17,366)**
Other Long Term Liabilities	E2	(10,802)	19,237
Capital Grants Received in advance		0	(667)
Long Term Borrowing	E2	(104,306)	(104,063)
Long Term Liabilities		**(115,107)**	**(85,493)**
Net Assets		**306,476**	**347,571**
Usable reserves	C3	59,780	61,984
Unusable Reserves	C4	246,696	285,587
Total Reserves		**306,476**	**347,571**

CASH FLOW STATEMENT

Cash Flow Statement at 31 March 2026

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	Notes	2025/26 £000	2024/25 £000
Net surplus or (deficit) on the provision of services		6,846	7,753
Adjustment to surplus or deficit on the provision of services for non-cash movements	**F2**	(366)	5,327
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**F3**	(6,523)	0
Net cash flows from Operating Activities		**(43)**	**13,080**
Investing Activities	**F4**	**(11,017)**	**(29,437)**
Financing Activities	**F5**	**12,151**	**412**
Net increase or (decrease) in cash and cash equivalents		**1,091**	**(15,945)**
Cash and cash equivalents at the beginning of the reporting period		**762**	**16,707**
Cash Balance at End of Period		**1,853**	**762**

CASH FLOW STATEMENT

Group Cash Flow Statement as at 31 March 2026

	Notes	2025/26 £000	2024/25 £000
Net surplus or (deficit) on the provision of services		(7,759)	11,012
Adjustment to surplus or deficit on the provision of services for non-cash movements	**F2**	10,044	3,159
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**F3**	(1,823)	0
Net cash flows from Operating Activities		**462**	**14,171**
Investing Activities	**F4**	**(11,017)**	**(29,437)**
Financing Activities	**F5**	**12,151**	**412**
Net increase or (decrease) in cash and cash equivalents		**1,596**	**(14,854)**
Cash and cash equivalents at the beginning of the reporting period		**774**	**15,628**
Cash Balance at End of Period		**2,370**	**774**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B1. Expenditure and Funding Analysis

2025/26 Net Expenditure Chargeable to the General Fund	2025/26 Adjustments between the Funding and Accounting Basis	2025/26 Net Expenditure in the Comprehensive Income and Expenditure Statement	Strategic Purpose	2024/25 Net Expenditure Chargeable to the General Fund Balances	2024/25 Adjustments between the Funding and Accounting Basis	2024/25 Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
2,023	61	1,963	Business Transformation and Organisational Development	2,019	122	1,897
3,198	251	2,947	Community and Housing GF Services	2,438	351	2,087
(3,792)	45	(3,838)	Corporate Services	(3,429)	59	(3,487)
5,304	197	5,107	Environmental Services	5,428	676	4,752
4,839	380	4,458	Financial and Customer Services	4,128	493	3,635
(3,369)	568	(3,937)	Housing Revenue Account	11,517	8,014	3,504
3,907	422	3,485	Legal, Democratic and Property Services	3,678	929	2,750
2,252	135	2,116	Planning, Regeneration and Leisure Services	1,234	570	663
706	0	706	Regulatory Client	(5,177)	0	(5,177)
4,461	1,060	3,401	Rubicon Client	3,790	1,169	2,621
180	70	110	Starting Well	379	179	201
19,708	**3,190**	**16,518**	**Net Cost of Services**	**26,007**	**12,561**	**13,446**
(25,679)	(3,397)	(22,282)	Other Income and Expenditure	(29,213)	(8,014)	(21,199)
(5,971)	**(207)**	**(5,764)**	**Surplus or Deficit**	**(3,206)**	**4,547**	**(7,753)**
4,015			Opening General Fund Balance	7,221		
5,971			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(3,206)		
9,986			Closing General Fund Balance at 31 March	4,015		

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B2. Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total
	£000	£000	£000	£000
Business Transformation and Organisational Development	0	61	0	61
Community and Housing GF Services	10	241	0	251
Corporate Services	0	45	0	45
Environmental Services	184	13	0	197
Financial and Customer Services	0	380	0	380
Housing Revenue Account	0	568	0	568
Legal, Democratic and Property Services	299	123	0	422
Planning, Regeneration and Leisure Services	45	90	0	135
Regulatory Client	0	0	0	0
Rubicon Client	1,060	0	0	1,060
Starting Well	0	70	0	70
Net Cost of Services	**1,599**	**1,591**	**0**	**3,190**
Other Income and Expenditure from the Expenditure and Funding Analysis	0	0	(3,397)	**(3,397)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**1,599**	**1,591**	**(3,397)**	**(207)**

B3. Expenditure and Income Analysed by Nature

Revenue from contracts with Service Recipients

The policy on fees and charges is that all services should be charged where it is appropriate to do so unless there are conflicting policies for legal reasons not to do so. The charge should (subject to market conditions) aim to maximise income from fees and charges by ensuring that the full cost of provision and enforcement is recovered, unless there are contrary policies, legal or contractual reasons.

Where the Council continues to subsidise the cost of services provided to customers, the level of subsidy should be clearly understood by the service. Charges must be linked to both service and strategic objectives and be clearly understood.

The direct implications of charging for residents, and the indirect implications for public, private and voluntary sector partners should be clearly understood. Any concessionary scheme should be based on ability to pay and be applied in a consistent and transparent approach across all Council services. Where appropriate, annual inflationary uplifts will be applied by the Council and approved through the budget setting process.

Expenditure:	2025/26 £000	2024/25 £000
Employee Benefits Expenses	19,647	19,296
Other Expenditure	57,659	59,987
Depreciation, Amortisation, Impairment	11,614	10,498
Interest Payments	13,100	5,644
Precepts and Levies	1,153	2,225

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Income:	2025/26 £000	2024/25 £000
Fees, Charges and other service Income	(37,617)	(37,969)
Interest and Investment Income	(6,858)	(7,510)
Income for Council tax, non-domestic rates, district rate income	(22,869)	(21,694)
Government grants and Contributions	(22,150)	(32,536)
Gain on Disposal of Assets	(1,071)	(208)
Internal Recharges	(5,762)	(5,488)
(Surplus) or Deficit on the Provision of Services	**6,846**	**(7,753)**

B4. Other Operating Income and Expenditure

	2025/26 £000	2024/25 £000
Parish council precepts	63	60
(Gains)/losses on the disposal of non-current assets	(1,069)	(208)
Total	**(1,006)**	**(148)**

B5. Financing and Investment Income and Expenditure

	2025/26 £000	2024/25 £000
Interest payable and similar charges	5,571	6,826
Interest receivable and similar income	(380)	(8,707)
Total	**5,191**	**(1,881)**

B6. Taxation and Non-Specific Grant Income and Expenditure

	2025/26 £000	2024/25 £000
Income		
Council Tax Income	(7,420)	(7,138)
Non Domestic Rates Income and Expenditure	(1,549)	(654)
Non-ring-fenced government grants	(4,887)	(10,910)
Capital Grants and Contributions	0	(468)
Total	**(13,856)**	**(19,170)**

B7. Members Allowances

	2025/26 £000	2024/25 £000
Basic Allowances	132	133
Special Allowances	104	104
Expenses Inc. Car Allowances	1	1
Total	**237**	**238**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B8. External Audit Costs

The Council has incurred the following costs relating to the annual audit of the statement of accounts, certification of grant claims and other services provided by the Council's external auditors.

	2025/26 £000	2024/25 £000
Fee Variations agreed for External Audit	0	0
Housing Benefit Audit	46	45
Fees payable with regard to external audit services carried out by the appointed auditor for the year	192	164
Total	**238**	**209**

B9. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26.

Credited to Taxation and Non-Specific Grant Income	2025/26 £000	2024/25 £000
Revenue Support Grant	(119)	(121)
New Homes Bonus	(23)	(28)
Section 31	(2,378)	(3,212)
Capital Grants	0	(468)
Non ring-fenced Grant	(6,157)	(7,550)
Total	**(8,677)**	**(11,379)**

Credited to Services	2025/26 £000	2024/25 £000
MHCLG NNDR Cost of Collection	(105)	(105)
DWP Admin Grant	(208)	(216)
DWP Discretionary Housing	(79)	0
DWP Housing Benefit Subsidy	(10,249)	(14,067)
Total	**(10,641)**	**(14,388)**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B10. Officer Remuneration

Since 2010/11, the Management Team has been shared between Redditch Borough Council and Bromsgrove District Council, with each Authority being charged 50% of the cost of each post.

		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Redditch £	Revised Total
Chief Executive	2024/25	179,456	0	179,456	89,728	**89,728**
	2025/26	175,333	30,011	205,344	102,672	**102,672**
Executive Director of Leisure Environmental & Community	2024/25	129,630	22,543	152,172	76,086	**76,086**
	2025/26	136,048	23,264	159,312	79,656	**79,656**
Total	**2024/25**	**455,599**	**17,703**	**473,303**	**127,771**	**165,814**
	2025/26	**367,725**	**0**	**367,725**	**252,980**	**182,328**

Officers Remuneration Bromsgrove District Council (50% recharged to Redditch Borough Council):

		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Bromsgrove £	Total
Deputy Chief Executive and Director of Resources	2024/25	170,805	0	170,805	85,402	**85,402**
	2025/26	151,910	13,731	165,641	82,821	**82,821**
Head Of Legal & Democratic Services	2024/25	105,339	17,703	123,042	61,521	**61,521**
	2025/26	115,876	19,098	134,974	67,487	**67,487**
Total	**2024/25**	**276,144**	**17,703**	**293,847**	**146,923**	**146,923**
	2025/26	**267,786**	**32,829**	**300,615**	**150,308**	**150,308**

The costs of the Deputy Chief Executive and Director of Resources post have reduced due to a change in the postholder in April 2025 and October 2025.

Senior Employees Remuneration

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2025/26	2024/25
£50,001 to £55,000	9	0
£55,001 to £60,000	1	1
£60,001 to £65,000	0	0
£65,001 to £70,000	4	14
£70,001 to£ 75,000	1	0
£75,001 to £80,000	0	0
£80,001 to £85,000	0	0
£85,001 to £90,000	0	0
£90,001 to £95,000	0	2
£95,001 to £100,000	4	0
£100,001 to £105,000	0	1
£105,001 to £110,000	1	0
£110,001 to £115,000	0	0
£115,001 to £120,000	1	1
£120,001 to £125,000	0	0
£125,001 to £130,000	0	0
£130,001 to £135,000	0	0
£135,001 to £140,000	0	0
£140,001 to £145,000	0	1
£145,001 to £150,000	1	0
Total	**22**	**20**

B11. Termination Benefits

The Council had a number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0-£20,000	1	0	0	0	1	0	277	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
				Total cost included in bandings			**277**	**0**
				Cost to Redditch Borough Council			**277**	**0**
				Exit Packages undertaken by Redditch Borough Council with a shared cost to Bromsgrove District Council			**0**	**0**
				Total cost included in the CIES			**17,576**	**0**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C1. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

	Usable Reserves					
Balance Sheet as at 31 March 2026	**General Fund Balance** £000	**Housing Revenue Account** £000	**Capital Receipts Reserve** £000	**Major Repairs Reserve** £000	**Capital Grants Unapplied** £000	**Movement in Unusable Reserves** £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost (transferred to (or from) the Pensions Reserve)	8,355	0	0	0	0	(8,355)
Council tax and NDR (transfers to or from the Collection Fund)	904	0	0	0	0	(904)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,880)	0	0	0	0	6,880
Total Adjustments to Revenue Resources	**2,379**	**0**	**0**	**0**	**0**	**(2,379)**
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	103	(103)	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	(7,471)	0	7,471	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	6,327	0	0	0	(6,327)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,599)	0	0	0	0	1,599
Total Adjustments to Revenue Resources	**(1,599)**	**(1,041)**	**(103)**	**7,471**	**0**	**(4,728)**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	103	0	0	(103)
Total Adjustments to Capital Resources	**0**	**0**	**103**	**0**	**0**	**(103)**
Total Adjustments	**780**	**(1,041)**	**0**	**7,471**	**0**	**(7,210)**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Balance Sheet as at 31 March 2025	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost (transferred to (or from) the Pensions Reserve)	2,017	0	0	0	0	(2,017)
Council tax and NDR (transfers to or from the Collection Fund)	6,217	0	0	0	0	(6,217)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,122)	0	0	0	375	5,747
Total Adjustments to Revenue Resources	**2,112**	**0**	**0**	**0**	**375**	**(2,487)**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	184	0	(184)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	(1,924)	0	0	0	1,924
Total Adjustments to Revenue Resources	**184**	**(1,924)**	**(184)**	**0**	**0**	**1,924**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(777)	0	0	777
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	28	0	(28)
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Total Adjustments to Capital Resources	**0**	**0**	**(777)**	**28**	**0**	**749**
Total Adjustments	**2,296**	**(1,924)**	**(961)**	**28**	**375**	**186**

C2. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2024/25 and 2025/26.

	Balance	Transfers In	Transfers Out	Balance	Transfers In	Transfers Out	Balance
	01-Apr-24 £0	2024/24 £0	2024/25 £0	31-Mar-25 £0	2025/26 £0	2025/26 £0	31-Mar-26 £0
General Fund:							
Business Improvement District	209	0	0	209			**209**
Business Rates Retention Scheme	4,560	0	0	4,560			**4,560**
Community Development	74	0	0	74			**74**
Community Safety	211	0	0	211	450		**661**
Corporate Services	2,594	0	0	2,594		-1,937	**657**
Council Tax Benefit	605	0	0	605		0	**605**
Covid-19 (Collection Fund)	55	0	0	55		-55	**0**
Covid-19 (General)	2,006	429	0	2,435		-2,435	**0**
Customer Services	183	0	0	183			**183**
Economic Growth	718	123	0	841			**841**
Electoral Services	63	0	0	63			**63**
Environmental Vehicles	29	0	0	29		-29	**0**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

EPR Funding Allocation	0	0	0	0	2,062		**2,062**
Equipment replacement	25	0	0	25			**25**
Essential Living Fund	135	0	0	135			**135**
Financial Services	149	442	-131	460			**460**
General Risk reserve	45	0	0	45		-45	**0**
Gypsy and Traveller Assessment	67	0	0	67		-67	**0**
Hardship Fund	0	0	0	0	80		**80**
Homelessness	12	0	0	12			**12**
Homelessness Prevention	519	0	0	519			**519**
Housing Benefit Implementation	270	0	0	270	38		**308**
Land Charges	9	0	0	9			**9**
Land Drainage	129	0	0	129			**129**
Local Plan Fund	0	0	0	0	539		**539**
Parks & Open spaces	8	0	0	8		-8	**0**
Pensions	201	0	0	201		-201	**0**
Planning Services	692	0	0	692		-692	**0**
Redditch Town Hall Fire Alarm	0	0	0	0	165		**165**
Regeneration & Property	602	0	0	602	176	-68	**710**
Restart Grants	2,900	24	0	2,924		-2,924	**0**
Starting Well	0	0	0	0	178		**178**
Town Centre	7	0	0	7		-7	**0**
Transformational Growth	123	0	0	123		-123	**0**
Ukrainian Support	0	0	0	0	232		**232**
Universal Credit	56	0	0	56		-38	**18**
Ward Budgets	0	0	0	0	180	-60	**120**
Warmer Homes	16	0	0	16			**16**
New Reserves - MTFP 2026							
Health and Safety Capital Works					603		**603**
Town Hall Works Reserve					1,000		**1,000**
Library Work - Town Hall Write Off					667		**667**
Planning Reserve for planning applications					100		**100**
Insurance costs for non-adopted roads					100		**100**
Risk and Resilience Reserve					2,500		**2,500**
LGR Reserve					1,000		**1,000**
Community Investment Fund					1,600		**1,600**
Legal Costs for Skerry, Boultons Lane					19		**19**
TOTALS	**17,186**	**1,018**	**-247**	**17,957**	**11,689**	**-8,689**	**20,957**
HRA							
Housing Capital	**10,901**	0	-1,741	**9,160**			**9,160**
Total HRA	**10,901**	**0**	**-1,741**	**9,160**	**0**	**0**	**9,160**
Total Earmarked Reserves	**28,087**	**1,018**	**-1,988**	**27,117**	**11,689**	**-8,689**	**30,117**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C3. Usable Reserves

	31st March 2026 £000	31st March 2025 £000
Capital Receipts Reserve	15,631	13,254
Capital Grants Unapplied	375	375
Major Repairs Reserve	2,840	10,502
HRA Balances	1,948	2,269
HRA Earmarked Reserves	9,160	9,160
General Fund Balances	9,986	6,866
Earmarked Reserves	20,957	17,957
Total Usable Reserves	**60,897**	**60,383**

Capital Receipts Reserve

These are receipts from the sale of Council assets (all relating to the Housing Revenue Account), which have not yet been used to finance capital expenditure.

	31st March 2026 £000	31st March 2025 £000
Balance 1 April	**13,254**	**14,215**
Capital Receipts in year	9,388	0
Sub-Total	**22,642**	**14,215**
Less:		
Capital Receipts used for financing	(7,011)	(961)
Balance 31 March	**15,631**	**13,254**

Since 1 April 2016, Local Authorities have had more flexibility in the use of capital receipts. There is greater scope to use the capital receipts to fund upfront costs that will generate ongoing savings and/or transform service delivery. All of the balance is available to be used either for financing capital investments or funding projects qualifying for the flexible use.

Capital Grants Unapplied

	31st March 2026 £000	31st March 2025 £000
Balance on 1 April	**375**	**0**
Unapplied Capital Grants received in year	0	375
Unapplied Capital Grants transferred to CAA in year on application	0	0
Balance 31 March	**375**	**375**

Major Repairs Reserve

The major repairs reserve receives the depreciation relating to housing revenue account assets which totalled £7.256m in year. The reserve is used to finance the Housing Investment Programme, increasing the balance held in reserves from £10.474m to £2.840m.

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	**10,474**	**10,474**
Depreciation	7,471	7,256
Capital expenditure on HRA Land, Houses and Other Property	(15,105)	(7,228)
Balance 31 March	**2,840**	**10,474**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C4. Unusable Reserves

	31st March 2026	31st March 2025
	£000	£000
Revaluation Reserve	120,831	117,643
Capital Adjustment Account	137,310	144,037
Pensions Reserve	(10,726)	19,237
Collection Fund Adjustment Account	(511)	4,798
Accumulated Absences Account	(208)	(128)
Total Unusable Reserves	**246,696**	**285,587**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date are consolidated into the balance on the Capital Adjustment Account.

	31st March 2026	31st March 2025
	£000	£000
Balance at 1 April	**117,643**	**106,232**
Upward revaluation of assets	3,188	11,411
Balance at 31 March	**120,831**	**117,643**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Capital Adjustment Reserve

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	**144,037**	**146,168**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	(927)	(5,350)
Revaluation losses on Property, Plant and Equipment	(3,066)	0
Amortisation of Intangible Assets	(7,471)	(52)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(5,600)	0
	(17,064)	**(5,402)**
Adjusting amounts written out of the Revaluation Reserve	0	2,879
Net written out amount of the cost of non current assets consumed in the year	**(17,064)**	**(2,523)**
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	4,829	777
Use of the Major Repairs Reserve to finance new capital expenditure	4,538	(28)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	970	0
Capital expenditure charged against the General Fund	0	(357)
	10,337	**392**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0	0
Balance at 31 March	**137,310**	**144,037**

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	**19,237**	**(3,703)**
Remeasurements of the net defined benefit liability/(asset)		0
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(29,963)	25,793
Employers pensions contributions and direct payments to pensioners payable in the year	0	(2,853)
Balance at 31 March	**(10,726)**	**19,237**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	**(4,798)**	**(2,142)**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	5,309	6,940
Balance at 31 March	**511**	**(4,798)**

Accumulated Absences Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlements carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	**(128)**	**(128)**
Settlement or cancellation of accrual made at the end of the preceding year	0	(128)
Amounts accrued at the end of the current year	(80)	128
Balance at 31 March	**(208)**	**(128)**

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment

Current Year

	Council Dwellings / HRA Assets £000	Operational Land £000	Operational Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community assets £000	Assets under construction £000	Surplus Asset £000	Total PP&E £000
Cost or Valuation									
Balance as at 1 April 2025	**305,880**	**10,251**	**50,722**	**14,558**	**5,498**	**1,951**	**29,221**	**3,405**	**421,486**
Additions	0	0	0	0	0	0	28,594	0	**28,594**
Revaluation increases/decreases to Revaluation Reserve	0	3,357	(3,829)	0	0	0	0	0	**(472)**
Derecognition - Disposals	0	0	0	0	0	0	0	0	**0**
Other movements	0	0	(39)	(424)	0	0	424	0	**(39)**
Balance as at 31 March 2026	**305,880**	**13,608**	**46,854**	**14,134**	**5,498**	**1,951**	**58,239**	**3,405**	**449,569**
Depreciation and Impairment									
Balance as at 1 April 2025	**0**	**0**	**(12,933)**	**(12,901)**	**(1,759)**	**0**	**0**	**0**	**(27,593)**
Depreciation Charge	(13,072)	0	(3,852)	(394)	(155)	0	0	0	**(17,473)**
Depreciation written out on Revaluation Reserve	0	0	(1,989)	0	0	0	0	0	**(1,989)**
Derecognition - Disposals	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2026	**(13,072)**	**0**	**(18,774)**	**(13,295)**	**(1,914)**	**0**	**0**	**0**	**(47,055)**
Net Book Value									
Balance as at 31 March 2026	**292,808**	**13,608**	**28,080**	**839**	**3,584**	**1,951**	**58,239**	**3,405**	**402,513**
Balance as at 31 March 2025	**305,880**	**10,251**	**37,789**	**1,657**	**3,739**	**1,951**	**29,221**	**3,405**	**393,892**

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment

Comparative Year

	Council Dwellings £000	Operational Land £000	Operational Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community assets £000	Assets under construction £000	Surplus Asset £000	Total PP&E £000
Cost or Valuation									
Balance as at 1 April 2024	**311,139**	**10,251**	**47,843**	**14,024**	**5,673**	**1,627**	**35,149**	**1,880**	**427,586**
Adjustments re prior years	-5,259	0	0	110	-175	324	-35,149	1,525	**-38,624**
Adjusted opening balance	**305.880**	**10.251**	**47.843**	**14.134**	**5.498**	**1.951**	**(0.000)**	**3.405**	**388.962**
Additions	0	0	0	424	0	0	29,221	0	**29,645**
Revaluation increases/decreases to Revaluation Reserve	0	0	2,879	0	0	0	0	0	**2,879**
Derecognition - Disposals	0	0	0	0	0	0	0	0	**0**
Other movements	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2025	**305,880**	**10,251**	**50,722**	**14,558**	**5,498**	**1,951**	**29,221**	**3,405**	**421,486**
Depreciation and Impairment									
Balance as at 1 April 2024	**(8,242)**	**0**	**(9,597)**	**(11,053)**	**(1,593)**	**40**	**0**	**0**	**(30,445)**
Adjustments re prior years	8,242	0	0	0	0	(40)	0	0	**8,202**
Adjusted opening balance	**0**	**0**	**(9,597)**	**(11,053)**	**(1,593)**	**0**	**0**	**0**	**(22,243)**
Depreciation Charge	0	0	(3,336)	(1,848)	(166)	0	0	0	**(5,350)**
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	0	0	0	0	0	0	0	0	**0**
Balance as at 31 March 2025	**0**	**0**	**(12,933)**	**(12,901)**	**(1,759)**	**0**	**0**	**0**	**(27,593)**
Net Book Value									
Balance as at 31 March 2025	**305.880**	**10.251**	**37.789**	**1.657**	**3.739**	**1.951**	**29.221**	**3.405**	**393.892**
Balance as at 31 March 2024	**302.897**	**10.251**	**38.246**	**2.971**	**4.080**	**1.667**	**35.149**	**1.880**	**397.140**

NOTES TO THE BALANCE SHEET

Depreciation

All assets have been depreciated using a reducing balance method. For the housing revenue account, the depreciation calculation is based on the replacement cost and useful life of major components – bathroom, kitchen, roof, rewire, central heading boiler, central heating system, windows and the structure.

The Council's valuers and surveyors have determined the useful economic life of the assets. Buildings have a useful life of between 15 to 100 years. Vehicles, plant and equipment and software licences have a useful life of between 5 to 10 years.

Valuation of Property, Plant and Equipment

The basis for valuation of individual classes of asset owned by the Council is explained in the Accounting Policies. The net book value as at 31 March represents the value of the assets belonging to the Council. The Council operates a rolling programme of valuations to ensure that all Property, Plant and Equipment is measured at current value at least every five years. In the intervening years, asset values are reviewed and updated as appropriate, including through the application of indexation, to ensure that the carrying value of assets is not materially misstated at the reporting date. Bruton Knowles have been instructed to act as the Council's valuers for 2025/26.

Valuations of land and buildings are conducted in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Refuse Authority and Central Government. The Council share of business rate assets and liabilities in 2025/26 was 40% in accordance with the Worcestershire Business Rate Pilot Pool that operated for that year. This was in line with 2024/25.

Transfers between levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 and 3 Fair Values for Surplus Assets Significant observable inputs (Level 2)

The fair value for the assets has been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the Local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable le inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and best use of surplus assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the assets is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Valuation Process for Surplus Assets

The fair value of the Authority's surplus assets is measured at £3.405m. Valuations have been conducted by Bruton Knowles, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

NOTES TO THE BALANCE SHEET

D2. INVESTMENT PROPERTIES

	2025/26 £000	2024/25 £000
Balance at start of the year	**899**	**899**
Additions:		
- Purchases	0	0
Disposals	0	0
Transfers:		
- to/from Property, Plant and Equipment	0	0
Other changes	0	0
Balance at end of the year	**899**	**899**

D3. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.321m (£0.052m in 2024/25) charged to revenue in the current year was charged to revenue cost centres who use the software which was mainly Revenues and Benefits, Cashiers and the IT service.

All software is assigned a useful life of seven years.

The movement in intangible assets for the year is as follows:

	£000
Cost or Valuation	
Balance as at 1 April 2025	**4,382**
Additions	0
Other movements	(1,006)
Balance as at 31 March 2026	**3,376**
Depreciation and Impairment	
Balance as at 1 April 2025	**(2,093)**
Depreciation Charge	(321)
Depreciation written out on Revaluation Reserve	0
Balance as at 31 March 2026	**(2,414)**
Net Book Value	
Balance as at 31 March 2026	**962**
Balance as at 31 March 2025	**2,289**

NOTES TO THE BALANCE SHEET

D4. Debtors

	Long term debtors		Short term debtors	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Central Government Bodies	0	0	21,760	12,795
Other entities and individuals	906	830	30,274	12,201
Housing Rents	0	0	2,400	19,046
Less bad debt provision	0	0	(5,998)	(3,450)
Total	**906**	**830**	**48,436**	**40,592**

D5. Creditors

	Short term creditors	
	2025/26 £000	2024/25 £000
Central Government bodies	(479)	(44)
Other local authorities	(846)	(802)
Housing Rents Prepaid	(546)	(12)
Other Entities and Individuals	(3,625)	(461)
Total	**(5,496)**	**(1,319)**

D6. Provisions

2025/26

	Balance as at 1 April 2025 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2026 £000
Insurance	(411)	(53)	227	(237)
NNDR Appeals	(1,279)	(1,650)	1,657	(1,272)
Employee Benefit	(128)	(80)	0	(208)
Total	**(1,818)**	**(1,783)**	**1,884**	**(1,717)**

2024/25

	Balance as at 1 April 2024 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2025 £000
Insurance	(471)	0	60	(411)
NNDR Appeals	(643)	(2,110)	1,474	(1,279)
Employee Benefit	(128)	0	0	(128)
Total	**(1,242)**	**(2,110)**	**1,534**	**(1,818)**

Business Rates Appeals Provision

Within the Collection Fund, the Council has set aside provision for any potential liabilities because of business rates appeals against rateable value. A provision has been made for all outstanding appeals relating to the rate revaluation undertaken in 2010 and 2017 and set aside a provision for General Practitioner and Automated Teller Machines (ATMs) where there was a legal challenge in place against unsuccessful rating appeals. The challenge was upheld in May 2020 and payments have been made during the financial year.

There is no allocation of the business rates appeals to the Council because of the arrangements in place whereby Worcestershire County Council have taken the lead of a Pilot Business Rates Pool covering all of Worcestershire, securing 75% of the business rate resources to the area. The Council has continued to receive a share of the business rate resources in the General Fund based on a no detriment basis.

Insurance Provision

The Council also holds a provision for potential insurance claims. This is currently £0.230m. The Council self-insures up to the value of £0.010m per claim and this provision is calculated with regard to the level of outstanding claims.

D7. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increased in the Capital Financing Requirement (CFR) which is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The movement in the CFR is analysed in the second part of this note.

Capital Expenditure and Capital Financing	2025/26 £000	2024/25 £000
Opening Capital Financing Requirement	**162,312**	**152,724**
Capital Investment		
Property, Plant and Equipment	27,531	29,221
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	0	0
Total	**27,531**	**29,221**
Sources of finance		
Capital receipts	(9,522)	(184)
Government grants and other contributions	(2,069)	(11,221)
Major Repairs Allowance	(7,471)	(7,228)
Sums set aside from revenue:		
Direct revenue contributions:		
General Fund	0	0
HRA	0	0
Minimum Revenue Provision (MRP)	(926)	(1,000)
	(19,988)	**(19,633)**
Closing Capital Finance Requirement	**169,855**	**162,312**
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	7,543	9,588
Increase/(decrease) in Capital Financing Requirement	**7,543**	**9,588**

NOTES TO THE BALANCE SHEET

D8. Assets Held for Sale

There were no assets held for sale as at 31 March 2026. To be an asset held for sale, it requires the Council to be committed to plan to sell the asset which is available for immediate sale, being actively marketed and a sale is highly probable within twelve months.

D9. Inventories

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2026 and 2025 are as follows:

	Consumable Stores	
	2025/26	2024/25
	£000	£000
Balance outstanding at start of year	1,631	1,575
Purchases	32	1,282
Recognised as an expense in year	(54)	(1,226)
Balance outstanding at year end	**1,609**	**1,631**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E1. Defined Benefit Pension Scheme

Retirement Benefits

Discretionary post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no planned assets built up to meet these pension liabilities.

Transactions relating to post-employment Benefits.

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme		Discretionary Benefits	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Comprehensive Income and Expenditure Statement				
Cost of services:				
Service cost comprising:				
Current service cost	1,591	2,063	0	0
Past service cost	13	0	0	0
Financing and Investment Income and Expenditure:				
Net Interest expense	(1,035)	46	0	0
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	**569**	**2,109**	**0**	**0**

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	12,346	(4,098)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(7,828)	(241)	0	0
Actuarial gains and losses arising on changes in financial assumptions	3,436	(19,872)	0	0
Actuarial gains and losses arising on changes in Experience	(2,366)	(1,470)	0	0
Other - Asset Ceiling	(38,278)	0	0	0
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	**(32,121)**	**(23,572)**	**0**	**0**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code		(569)	(2,109)	0	0
Actual amount charged against the general fund balance for pensions in the year:					
Employers' contributions payable to scheme		3,045	2,853	251	0
Retirement benefits payable to pensioners		5,879	0	0	0

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Present value of the defined obligation	(125,316)	(120,074)	(2,066)	(2,204)
Fair value of plan assets	152,713	137,090	0	0
Sub-total	**27,397**	**17,016**	**(2,066)**	**(2,204)**
Other movements in the liability (asset) *Asset Ceiling*	(38,278)	0	0	0
Net liability arising from the defined benefit obligation	**(10,881)**	**17,016**	**(2,066)**	**(2,204)**

The present value of the defined obligations includes as an estimated cost following the decision of the Sargeant/McCloud cases (generally referred to as McCloud), which rules that the transitional protections offered to older members of the Public Service Pension Schemes were amended, constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes including the Local Government Pension Scheme. However, whilst it is highly unlikely that the exact form of the remedy will be known in the immediate future, and therefore any cost at this stage can only be an estimate.

	Local Government Pension Scheme		Discretionary Benefits	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Opening fair value of scheme assets	137,090	136,727	0	0
Interest income	7,893	6,510	0	0
Remeasurement gain/(loss):				
the return on plan assets, excluding the amount included in the net interest expense	9,759	(4,098)	0	0
Contributions from employer	3,045	2,853	0	0
Contributions from employees into the scheme	805	742	0	0
Benefits/transfers paid	(5,879)	(5,644)	0	0
Closing value of scheme assets	**152,713**	**137,090**	**0**	**0**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Reconciliation of the present value of the scheme liabilities

		Local Government Pension Scheme		Discretionary Benefits	
		2025/26	2024/25	2025/26	2024/25
		£000	£000	£000	£000
Opening balance at 1 April		(120,074)	(138,209)	0	0
Current service cost		(1,591)	(2,063)	0	0
Interest cost		(6,858)	(6,556)	0	0
Contributions from scheme participants		(805)	(742)	0	0
Remeasurement (gains) and losses:					
	Experience (gains/losses)	(5,241)	1,470	0	0
	Financial Assumptions (gains/losses)	3,436	19,872	0	0
	Demographic Assumptions (gains/losses)	(2,366)	241	0	0
Past service cost		(13)	0	0	0
Benefits/transfers paid		5,879	5,913	0	0
Asset ceiling impact		(38,027)	0	0	0
Balance as at 31 March		**(165,660)**	**(138,209)**	**0**	**0**

Local government pension scheme assets comprised:

All scheme assets have quoted prices in active markets.

Local government pension scheme assets comprised:

	Fair value of scheme assets	
	31st March 2026	31st March 2025
Cash and cash equivalents	2,384	2,258
Equities:		
UK quoted	83,136	75,705
Securities	15,712	14,711
Private	417	59
Sub-total equity	**99,265**	**90,475**
Bonds:		
UK Corporate	3,306	3,764
UK Government Fixed	4,857	4,322
Sub-total bonds	**8,163**	**8,086**

Property:		
Overseas Property Debt	3,736	3,189
UK Property Funds	8,557	7,541
Sub-total property	**12,294**	**10,729**
Alternatives		
UK Infrastructure	27,491	23,051
European Infrastructure	3,109	2,491
Others	8	
Sub-total alternative funds	**30,607**	**25,542**
Total assets	**152,713**	**137,090**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2026.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary are set out below:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2025/26	2024/25	2025/26	2024/25
Mortality assumptions:				
Longevity at 65 current pensioners:				
Men	21.9	21.2	21.2	21.2
Women	24.6	23.6	23.6	23.6
Longevity at 65 for future pensioners:				
Men	22.7	22.5	22.5	22.5
Women	26.0	25.4	25.4	25.4
Financial assumptions:				
Rate of increase in salaries	4.5%	5.8%	4.3%	4.3%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The longevity assumption, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur,

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E2. Financial Instruments

	Current						Non-Current					
	Investments		Debtors		Total		Investments		Debtors		Total	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Assets												
Cash not falling into the following categories	0	0	0	0	0	0	0	0	0	0	0	0
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised cost	0	6,000	48,436	40,592	48,436	46,592	0	0	906	830	906	830
Total Financial Assets	**0**	**6,000**	**48,436**	**40,592**	**48,436**	**46,592**	**0**	**0**	**906**	**906**	**906**	**906**
Non-Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**6,000**	**48,436**	**40,592**	**48,436**	**46,592**	**0**	**0**	**906**	**906**	**906**	**906**

	Current						Non-Current					
	Borrowing		Creditors		Total		Borrowing		Creditors		Total	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Liabilities												
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised Cost	(12,043)	0	(5,496)	(1,319)	(17,539)	(1,319)	(104,306)	(104,064)	(10,802)	19,237	(115,107)	(84,827)
Total Financial Liabilities	**(12,043)**	**0**	**(5,496)**	**(1,319)**	**(17,539)**	**(1,319)**	**(104,306)**	**(104,064)**	**(10,802)**	**19,237**	**(115,107)**	**(84,827)**
Non-Financial Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Total	**(12,043)**	**0**	**(5,496)**	**(1,319)**	**(17,539)**	**(1,319)**	**(104,306)**	**(104,064)**	**(10,802)**	**19,237**	**(115,107)**	**(84,827)**

The new advances are lifetime loans granted to owner occupiers which will be repaid on the sale of the property. The reclassification relates to lifetime loans granted to owner occupiers and loans to owners of homes of multiple occupation in previous years, which will be repaid on the sale of the property. In all cases, no interest is charged on the loans and a fair value adjustment has been made assuming the loan is repaid after 10 years.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E3. Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council within the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch Ratings Services.

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used (for example the rating assigned to a secured investment), otherwise the counterparty credit rating is used. Credit ratings are obtained and monitored by the Council's Treasury Advisors, who will notify changes in the ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investment will be made,
- Any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

The Council defines 'high credit quality' organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For Money Market Funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher.

The credit criteria in respect of financial assets held by the Council are detailed below:

	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2.5m 5 years	£2.5m 20 years	£2.5m 50 years	£2.5m 20 years	£1m 20 years

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

AA+	£2.5m 5 years	£2.5m 10 years	£2.5m 25 years	£2.5m 10 years	£1m 10 years
AA	£2.5m 4 years	£2.5m 5 years	£2.5m 15 years	£2.5m 5 years	£1m 10 years
AA-	£2.5m 3 years	£2.5m 4 years	£2.5m 10 years	£2.5m 4 years	£1m 10 years
A+	£2.5m 2 years	£2.5m 3 years	£2.5m 5 years	£2.5m 3 years	£1m 5 years
A	£2.5m 13 months	£2.5m 2 years	£2.5m 5 years	£2.5m 2 years	£1m 5 years
A-	£2.5m 6 months	£2.5m 13 months	£2.5m 5 years	£2.5m 13 months	£1m 5 years
None	£1m 6 months	n/a	£3m 25 years	£1m 5 years	£500k 5 years
Pooled funds	£2.5m per fund or trust				

Banks Unsecured: call and notice accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the banking regulator determine that the bank/building society is failing or likely to fail.

Banks Secured: covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are exempt from bail-in and are secured on the financial institution's assets, which limits the potential losses in the unlikely event of insolvency.

Government: Investments with local authorities or guaranteed by national governments, investments with multilateral development banks. These are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years. Investments with the Debt Management Account Deposit Facility (DMADF) are guaranteed by HM Treasury. Following advice from the Council's treasury advisors, no upper limit was imposed on investments with the DMADF.

Corporates: Loans, bonds, and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

Pooled Funds: Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing a wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and extremely low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charges to the Surplus / Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus / Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus / Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus / Deficit on the Provision of Services and affect the General Fund Balance.

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. It has a number of strategies for managing interest rate risk and these are addressed in the Treasury Management Strategy. In 2025/26, the Council had no variable long-term investments or borrowings.

Price Risk

The Council, excluding its exposure to the Pension Fund, does not invest in equity shares.

E4. Leases

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

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

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

The Authority as Lessee – Finance Leases

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

Lease payments are apportioned between:

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

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

Lease payments are apportioned between:

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

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

The Authority is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairments losses are therefore substituted by a revenue 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 between the two.

The Council has no finance leases.

Operating Leases

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

The Council leases multifunctional devises (MFDs) through a lease that commenced in 2023/24 for an initial period until 31 July 2028. The future minimum payments under non-cancellable operating leases in future years are set out below:

	2025/26 £000	2024/25 £000
Minimum lease rentals payable:		
No later than 1 year	17	23
Later than 1 year and no later than 5 years	14	92
Later than 5 years	0	0
Total	**31**	**115**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The Authority as a Lessor – Finance Leases

When the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable is apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of the rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve (England and Wales).

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

The Council has no finance leases.

Operating Leases

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

The Authority, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports and community facilities
- For the economic development purposes to provide suitable affordable accommodation for small local businesses
- Any other purpose

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E5. 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. 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.

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.

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 re cognised 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 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.

Discretionary Benefits

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

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 and 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.

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.

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.

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.

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.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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.

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.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Impairment

Assets are assessed at each year-end as to whether there is any indication that an assert 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.

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.

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.

xxi) Shared Services

Redditch Borough Council provides the hosting for a number of shared service arrangements with Bromsgrove District 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.

E6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in **Note E5**, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are outlined below.

There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to prove an indication that the assets of the

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Authority might be impaired because of a need to close facilities and reduce levels of service provision. The Council holds earmarked General Fund balance of £9.986m and a General Fund reserve of £20.957m.

The Council participates in a number of Shared Services under contractual arrangements with other Councils and is a partner in the Worcestershire Regulatory Services Board. These arrangements are accounted for as Jointly Controlled Operations. A Jointly Controlled operation uses the assets and resources of the partner authorities without the establishment of a separate entity. Under these arrangements, each participant in the arrangement accounts separately for its own transactions including the use of assets, liabilities, income, expenditure and cashflows.

The Council has determined that a Group Accounting relationship exists with Rubicon Leisure Limited which was formed in December 2018. Rubicon Leisure Limited is a company limited by guarantee and is 100% controlled by the Council. Where material, the Group position is disclosed on the face of the applicable Core Statements. All other notes relate to the Council rather than the Group.

The Council has made a 100% provision against the potential cost of business rates appeals arising from the 2010 and 2017 rating list based on indicative information from Analyse Local informed by data from the Valuation Office. In addition, the Council has proved for the cost of the successful appeal to the Supreme Court concluded on 20 May 2020, which ruled that Automated Teller Machines (ATMs) should not be rated separately to the building and the cost of a challenge relating to the business rates of purpose-built General Practice (GP) Surgeries, where there have been reductions in the rateable value from the 2017 rating list. Both the ATM and GP Surgeries outcome was concluded after 31 March 2020 but full provision was made in the provision for business rate appeals. The level of the 2017 rating list provision for appeals has contributed £1.650m and utilised £1.657m in 2025/26. Previously the Council held 4.7% of rating income as a potential provision linked to the level of appeals against the 2010 rating list. Further information on these appeals is provided in **Note D6.**

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcestershire Fire and Rescue Authority and Central Government. The Council share of the business rate assets and liabilities was 40%.

E7. Accounting Standards not yet adopted.

The Code requires that the Council disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The standards introduced by the 2025/26 Code where disclosures are required in the financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- **IFRS 17 – Insurance Contracts**
  Though included in the Code in Appendix A. It is limited to insurance contracts that most UK local authorities typically do not hold.
  Reason for non-applicability: Only included for reference; it has no direct impact on the authority's financial statements.

- **IFRS 9 and IFRS 7 Financial Instruments Disclosures issued in May 2024**
  While these amendments are relevant to financial instruments, their application within local government is affected by statutory overrides and transitional arrangements set out in the Code and relevant regulations. In England, this includes the continued impact of legislative provisions relating to pooled investment funds and other financial instrument classifications.

  The Council will review these amendments as they are incorporated into future editions of the Code. At this stage, it is not expected that the amendments will have a material impact on the Council's financial statements, although there may be changes to disclosures in future years.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

- **Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)**
  UK local authorities do not engage in foreign currency trading or use it as underlying means of exchange. As an authority RBC does not trade or invest with foreign bodies.

- **IFRS Standards Related to Operating Segments (IFRS 8) for the Expenditure and Funding Analysis (EFA)**
  The standard mainly relates to equity or debt traded bodies which is not applicable to UK LA in particular RBC. Likewise, the removal of the EFA.

- **Statutory Overrides and Certain Financial Instruments Standards**
  IFRS updates such as IFRS 9 and IFRS 7: While relevant for financial instruments, local authorities benefit from overrides and exemptions (e.g., the IFRS 9 "pooled investment" override in England expires in 2025, with transitional arrangements applying to legacy investments).

  However, certain disclosures or measurement requirements under IFRS 9/7 do not fully apply owing to transitional arrangements and legislative exemptions specific to local authority accounting.

- **IPSAS Convergence Notes**
  Some IFRS-derived proposals in CIPFA guidance (e.g., IPSAS 49 retirement benefit cash flow reporting) do not fully align with local authority requirements because:

  Pension fund accounts in the UK are not required to include cash flow statements. Moreover, its adoption will be a burden to local authorities and will not improve the understanding of their accounts.

E8. Assumptions made about the future and other major sources of estimation uncertainty.

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

E9. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. The Council have considered the materiality of the transactions from both the Council's and the related parties perspective.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in **Note B9.**

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2025/26 is shown in **Note B7.**

Many Redditch Borough Councillors are also County Councillors and / or elected members of the Parish Council.

In 2025/26, all members have completed a register of members' disclosable pecuniary interest.

Officers

There were no disclosures made by officers in 2025/26.

Entities Controlled or Significantly Influenced by the Authority

The Council has a wholly owned leisure company called Rubicon Leisure to run its leisure services for it.

As part of the shared services with Bromsgrove District Council, Redditch paid £8.571m (£8.106m in 2024/25) for Bromsgrove hosted services and received £4.667m (£4.715m in 2024/25) for services hosted at Redditch.

The Councils has been involved in shared service arrangements for Economic Development, Land Drainage and Shared Emergency Planning with Wyre Forest District Council. The Council has paid £0.081m to Wyre Forest District Council for services hosted by them.

A shared service arrangement has also been set up between the Council, Bromsgrove District and Wyre Forest for the provision of Building Control. Redditch paid £0.121m to Bromsgrove (this figure is included in the shared services figure above).

For the provision of Car Park services, the Council paid £0.130m to Wychavon District Council.

Under the Internal Audit Shared Service, the Council paid £0.085m to Worcester City Council.

The Council paid Bromsgrove District Council £0.955m for Worcestershire Regulatory Shared Service for hosting Environmental Health and Licencing.

In total, the Council received £0.781m in 2024/25 (£0.584m 2023/24) from Worcestershire County Council for running the Early Help services.

E10. Events after the Balance Sheet date

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Rescue Authority and Central Government. The Council's share of the business rates assets and liabilities in 2025/26 was £452,204.

E11. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Council's control.

There are no contingent assets as at 31 March 2026.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E12.Contingent Liabilities

A contingent liability is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Council's control.

There are no contingent liabilities as at 31 March 2026.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

F1. Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Balance Sheet as follows:

	2025/26 £000	2024/25 £000
Cash and Bank balances	1,853	762
Short Term Investments	0	6,000
Total	**1,853**	**6,762**

F2. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2025/26 £000	2024/25 £000
Depreciation	17,473	5,350
Amortisation	2,078	52
(Increase)/Decrease in Debtors	(7,844)	(17,274)
Increase/(Decrease) in Creditors	4,177	(7,236)
Increase in Inventories	22	56
Movement in pension liability	(4,101)	19,230
Other items charged to the net surplus or deficit on provision of services	(12,171)	5,149
Total	**(366)**	**5,327**

F3. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing for financing activities.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of PP&E, investment property and intangible assets	0	0
Any other items	(6,523)	0
Total	**(6,523)**	**0**

F4. Investing Activities

	2025/26 £000	2024/25 £000
Purchase of PP&E, investment property and intangible assets	(17,761)	(29,645)
Proceeds from the sale of PP&E, investment property and intangible assets	6,744	208
Net Cash flows from Investing Activities	**(11,017)**	**(29,437)**

F5. Financing Activities

	2025/26 £000	2024/25 £000
Cash Receipts from Short and Long Term Borrowing	12,043	44,412
Repayment of Short and Long Term Borrowing	108	(44,000)
Net Cash flows from Financing Activities	**12,151**	**412**

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

G1. Group Accounts

Rubicon Leisure Limited

Rubicon Leisure Limited was created in 2018/19 and commenced trading on 1 December 2018 through a management agreement with the Council. Rubicon Leisure Limited is a company limited by guarantee and the Guarantor and 100% owner is Redditch Borough Council.

The Council continues to own the buildings and Rubicon operate services at the following sites:

- Abbey Stadium
- Palace Theatre
- Pitcheroak Golf Course
- Pitcheroak Golf Course Café
- Forge Mill Museum
- Batchley, Oakenshaw, Windmill and Winvates Green Meeting Rooms
- Arrow Valley Visitor Centre

The company activity is included in the Group Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet. The Group Balance Sheet nets off transactions between the Council and Rubicon which impacts on debtors and creditors. This is to avoid a double count. In addition, the Company inventory, cash and reserves are reflected in the Group Balance Sheet.

There is no goodwill as the group did not arise through a purchase.

The Group CIES reflects expenditure of £6,543k and income of £5,607k for Rubicon, reflecting a net position of £936k. There is also additional interest of £36k within the Financing and Investment Income and Expenditure line and £12k within the Taxation and Non-Specific Grant Income and Expenditure line relating to Forge Mill.

The Group Balance Sheet reflects an decrease in Rubicon usable reserves at £1,117k. This is made up of a number of items including £44k on inventories, PPE at £278k and cash and cash equivalents of £517k, short term debtors of £446k offset by short term creditors of £2,402k.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account included is a ring-fenced account within the council's budget used to record income and expenditure related to the housing services provided to council tenants.

H1. Overview

	2025/26 £000	2024/25 £000
Expenditure		
Repairs & Maintenance	(8,207)	(7,571)
Supervision & Management	(8,034)	(7,963)
Rents, Rates, Taxes and other charges	(872)	(769)
Depreciation, impairments and revaluation losses of non-current assets	(7,471)	(7,256)
Debt Management Costs	(8)	(8)
Movement in the allowance for bad debts	(221)	(152)
Total Expenditure	**(24,814)**	**(23,719)**
Income		
Dwelling rents	27,907	28,044
Non-dwelling rents	507	506
Charges for services and facilities	794	794
Capitalisation of System Implementation Team	52	49
Contributions towards Supported Housing	68	261
Other	33	38
Total Income	**29,360**	**29,691**
Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	**4,546**	**5,973**
HRA Services Share of Corporate & Democratic Core	(767)	(745)
Net Expenditure of HRA Services	**3,779**	**5,228**
Gains/(loss) on sale of HRA Fixed Assets	1,041	184
Interest Payable and Similar Charges	(4,175)	(4,175)
HRA Interest and Investment Income	76	130
Surplus or (Deficit for Year) on HRA Services	**721**	**1,367**

H2. Movement on the HRA Statement

	2025/26 £000	2024/25 £000
Balance on the HRA at the end of the previous year	2,269	1,085
Surplus or (Deficit) on the HRA Income and Expenditure Statement	720	1,367
Adjustments between accounting basis and funding basis under statute	(1,041)	(184)
Net Increase or (Decrease) before transfers to or from reserves	(321)	1,184
Transfers (to)/from Reserves		0
Increase or (decrease) on the HRA for the year	**(321)**	**1,184**
Balance on the HRA at the end of the current year	**1,948**	**2,269**

	2025/26	2024/25

HOUSING REVENUE ACCOUNT

	£000	£000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	7,471	7,256
Gain or loss on sale of HRA non current assets	(1,041)	(184)
Transfers to/(from) Major Repairs Reserve	(7,471)	(7,256)
Capital expenditure funded by the HRA	0	
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	**(1,041)**	**(184)**

	2025/26 £000	2024/25 £000
Transfers (to)/from earmarked reserves	0	0
Transfers (to)/from Capital Grants Unapplied	0	0
Total Transfers	**0**	**0**

	2025/26 £000	2024/25 £000
Balance on the HRA at the end of the previous year	2,269	1,085
Surplus or (Deficit) on the HRA Income and Expenditure Statement	720	1,367
Adjustments between accounting basis and funding basis under statute	(1,041)	(184)
Net Increase or (Decrease) before transfers to or from reserves	(321)	1,184
Transfers (to)/from Reserves		0
Increase or (decrease) on the HRA for the year	**(321)**	**1,184**
Balance on the HRA at the end of the current year	**1,948**	**2,269**

H3. Property, Plant and Equipment

Property, Plant & Equipment (PP&E)	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Surplus Assets	**Total PP&E**	**Intangible Assets**	**TOTAL**
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1 April 2024	**313,926**	**4,106**	**534**	**1,520**	**320,086**	**1,378**	**321,464**
Additions	0	0	0	0	**0**	0	**0**
Revaluation increases to Revaluation Reserve	0	0	0	0	**0**	0	**0**
Derecognition - Disposals	0	0	0	0	**0**	0	**0**
Balance as at 31 March 2025	**313,926**	**4,106**	**534**	**1,520**	**320,086**	**1,378**	**321,464**
Depreciation and Impairment							
Balance as at 1 April 2024	**(15,498)**	**0**	**0**	**0**	**(15,497)**	**(87)**	**(15,584)**
Depreciation Charge	(11,247)	0	(534)	0	**(11,781)**	(1,291)	**(13,072)**
Depreciation written out on Revaluation Reserve	0	0	0	0	**0**	0	**0**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	**0**	0	**0**
Balance as at 31 March 2025	**(26,745)**	**0**	**(534)**	**0**	**(27,278)**	**(1,378)**	**(28,656)**
Net Book Value							
Balance as at 31 March 2026	**287,181**	**4,106**	**0**	**1,520**	**292,808**	**0**	**292,808**
Balance as at 31 March 2025	**298,428**	**4,106**	**534**	**1,520**	**304,589**	**1,291**	**305,880**

Prior year

Property, Plant & Equipment (PP&E)							
	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Surplus Assets	**Total PP&E**	**Intangible Assets**	**TOTAL**
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1 April 2024	**313,926**	**4,106**	**534**	**1,520**	**320,086**	**1,378**	**321,464**
Additions	0	0	0	0	**0**	0	**0**
Revaluation increases to Revaluation Reserve	0	0	0	0	**0**	0	**0**
Derecognition - Disposals	0	0	0	0	**0**	0	**0**
Balance as at 31 March 2025	**313,926**	**4,106**	**534**	**1,520**	**320,086**	**1,378**	**321,464**
Depreciation and Impairment							
Balance as at 1 April 2024	**(15,498)**	**0**	**0**	**0**	**(15,497)**	**(87)**	**(15,584)**
Depreciation Charge	(11,247)	0	(534)	0	**(11,781)**	(1,291)	**(13,072)**
Depreciation written out on Revaluation Reserve	0	0	0	0	**0**	0	**0**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	**0**	0	**0**
Balance as at 31 March 2025	**(26,745)**	**0**	**(534)**	**0**	**(27,278)**	**(1,378)**	**(28,656)**
Net Book Value							
Balance as at 31 March 2026	**287,181**	**4,106**	**0**	**1,520**	**292,808**	**0**	**292,808**
Balance as at 31 March 2025	**298,428**	**4,106**	**534**	**1,520**	**304,589**	**1,291**	**305,880**

Dwellings within the Housing Revenue Account are valued in accordance with the RICS Appraisal and Valuation Manual, as published by the Royal Institution of Chartered Surveyors, and DCLG guidance. Accordingly, the Existing Use Value for Social Housing (EUV-SH) has been used as the basis of valuation. The beacon approach to valuation of the housing stock has been adopted as recommended by the DCLG, including the regional adjustment to be adopted within the EUV-SH valuation. Valuations of dwellings are carried out annually, valued at 1 April each year.

HOUSING REVENUE ACCOUNT

H4. Housing Stock

The number of dwellings in the Authority's housing stock as at 31 March 2026 totalled 5,469 properties. The types of properties are analysed below:

	2025/26 Number	2024/25 Number
Property Type		
Flats and Maisonettes		
(Blocks up to and incl. 2 Storey)		
1 Bed	1,513	1,518
2 Bed	516	523
3 Bed	31	29
Sub-Total	**2,060**	**2,070**
Non Permanent	41	41
Sub-Total	**41**	**41**
Houses / Bungalows		
1 Bed	652	652
2 Bed	818	841
3 Bed	1,740	1,768
4 or More	158	161
Sub-Total	**3,368**	**3,422**
Total Dwellings 31 March	**5,469**	**5,533**

H5. Housing Revenue Account Capital Expenditure

	2025/26 £000	2024/25 £000
Capital investment		
Operational assets	17,532	14,555
Intangible Assets	229	332
Totals	**17,761**	**14,887**
Sources of funding		
Capital Receipts	4,457	3,651
Major Repairs Reserve	11,962	10,399
Government grants and other contributions	970	837
Direct Revenue Financing	372	0
Totals	**17,761**	**14,887**

H6. Rent Arrears

During 2025/26, total rent arrears remained broadly the same. A summary of rent arrears and prepayments are shown in the following table:

	2025/26 £000	2024/25 £000
Current Tenant Arrears	1,194	1,251
Former Tenant Arrears	1,206	899
Total Rent Arrears	**2,400**	**2,151**
Prepayments	0	0
Net Rent Arrears	**2,400**	**2,151**

The rent arrears and prepayments exclude supporting people balances.

HOUSING REVENUE ACCOUNT

H7. Depreciation and Impairment of Non-Current Assets

	2025/26 £000		2024/25 £000	
	Depreciation	Impairment	Depreciation	Impairment
Council Dwellings	7,210	0	7,026	0
Other Land and Buildings	261	0	230	0
Total	**7,471**	**0**	**7,256**	**0**

H8. Retirement Benefits

As part of terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Worcestershire Local Government Pension Fund administered by Worcestershire County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year.

Pension costs for the Housing Revenue Account are charged to the Council and recharged to the HRA.

H9. Total Capital Receipts Generated during the year.

	2025/26 £000	2024/25 £000
Council Houses	6,744	2,549
Sub Total	**6,744**	**2,549**
Disposal Costs	(103)	(44)
Total HRA capital receipts	**6,641**	**2,505**

COLLECTION FUND

COLLECTION FUND

I1. The Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligations for billing Authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to Local Authorities and the Government of council tax and non-domestic rates.

Due to the Collection Fund accounting treatment, the deficit on the fund will not be passed to the Council's General Fund until 2026/27 and later years. The Government have confirmed that the in-year deficit on the Collection Fund in 2025/26 can be spread over three years from 2026/27 to 2028/29.

2024/25			Collection Fund	2025/26		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
			INCOME			
	(58,986)	(58,986)	Council Tax Receivable		(61,519)	(61,519)
(36,348)		(36,348)	Business Rates Receivable	(39,314)		(39,314)
(36,348)	**(58,986)**	**(95,334)**	**Total amounts to be credited**	**(39,314)**	**(61,519)**	**(100,833)**
			EXPENDITURE			
			Apportionment of Previous Year Surplus/Deficit			
(7,768)		(7,768)	Central Government	6,589		6,589
(6,214)	94	(6,120)	Redditch Borough Council	5,271	125	5,396
(1,398)	523	(875)	Worcestershire County Council	1,186	709	1,895
(155)	34	(121)	Hereford and Worcestershire Fire and Rescue	132	45	177
	94	94	Police and Crime Commissioner for West Mercia		128	128
			Precepts, demands and shares			
18,049		18,049	Central Government	19,227		19,227
14,440	7,154	21,594	Redditch Borough Council	15,382	7,405	22,787
3,249	40,500	43,749	Worcestershire County Council	3,461	42,744	46,205
361	2,559	2,920	Hereford and Worcestershire Fire and Rescue	385	2,704	3,089
	7,303	7,303	Police and Crime Commissioner for West Mercia		7,712	7,712
			Charges to Collection Fund			
(147)	0	(147)	Write-offs of uncollectable amounts	(27)		(27)
81	0	81	Interest	56		56
(3)	0	(3)	Disregarded amounts	3		3
284	1,658	1,942	Increase/(decrease) in allowance for impairment	1,003	877	1,880
(191)		(191)	Increase/(decrease) in allowance for appeals	(16)		(16)
(177)		(177)	Transitional Protection Payments Payable	(425)		(425)
			Charges to General Fund			
105	(23)	82	Charge to General Fund for allowable collection costs for non-domestic rates	105	(26)	79
20,516	**59,896**	**80,412**	**Total amounts to be debited**	**52,332**	**62,423**	**114,755**
(15,832)	**910**	**(14,922)**	**(Surplus) /deficit arising during the year**	**13,018**	**904**	**13,922**
3,679	(422)	3,257	(Surplus)/deficit b/f at 1 April	(12,154)	488	(11,666)
(12,153)	**488**	**(11,665)**	**(Surplus)/deficit c/f at 31 March**	**864**	**1,392**	**2,256**

I2. Council Tax Income

The amount of Council tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has

COLLECTION FUND

been determined, the Council tax payable for each band is established as follows (the actual amount payable for each property is also subject to discounts where applicable):

FOR THE YEAR ENDED 31 MARCH 2026

Band		Valuation band limits £		£	Calculated number of dwellings	Adjusted for discounts	Ratio to Band D	Equated number of dwellings	Council Tax Payable
					18	10.84	5/9	6.02	154.24
A	Up to & including	40,000			6,692	4,629.99	6/9	3,086.66	185.09
B		40,001	-	52,000	10,995	9,354.05	7/9	7,275.37	215.94
C		52,001	-	68,000	7,303	6,869.80	8/9	6,106.49	246.79
D		68,001	-	88,000	4,161	4,041.94	9/9	4,041.94	277.64
E		88,001	-	120,000	3,265	3,216.76	11/9	3,931.60	339.34
F		120,001	-	160,000	1,218	1,209.04	13/9	1,746.39	401.04
G		160,001	-	320,000	451	449.25	15/9	748.75	462.73
H	More Than			320,001	20	19.75	18/9	39.50	555.28

Adjustment	0.98
Council tax base	**26,455.60**

FOR THE YEAR ENDED 31 MARCH 2025

Band		Valuation band limits £		£	Calculated number of dwellings	Adjusted for discounts	Ratio to Band D	Equated number of dwellings	Council Tax Payable
					16	10.84	5/9	6.02	149.77
A	Up to & including	40,000			6,572	4,525.37	6/9	3,016.91	179.72
B		40,001	-	52,000	10,901	9,347.58	7/9	7,270.34	209.67
C		52,001	-	68,000	7,264	6,830.32	8/9	6,071.40	239.63
D		68,001	-	88,000	4,168	4,052.70	9/9	4,052.70	269.58
E		88,001	-	120,000	3,223	3,183.20	11/9	3,890.58	329.49
F		120,001	-	160,000	1,224	1,211.51	13/9	1,749.96	389.39
G		160,001	-	320,000	446	441.77	15/9	736.28	449.30
H	More Than			320,001	19	18.75	18/9	37.50	539.16

Adjustment	0.98
Council tax base	**26,317.10**

The breakdown above is for Redditch Borough Council only. Below is the total payable for Band D equivalent for all preceptors:

	2025/26 £	2024/25 £
Redditch Borough Council	277.64	269.58
Worcestershire County Council	1,615.70	1,538.92
Police and Crime Commissioner for West Mercia	291.50	277.50
Hereford and Worcestershire Fire and Rescue	102.22	97.22
Total Council Tax for non parish areas	**2,287.06**	**2,183.22**
Feckenham Parish Council	2.27	2.28
Total Council Tax for Feckenham	**2,289.33**	**2,185.50**

I3. Non-Domestic Rates

Non-Domestic Rates are organised on a local basis. The Government specifies a rate poundage and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2025/26 the rate poundage was 55.5p for standard multiplier and 49.9p for small rate multiplier. The multiplier rate for 2024/25 was 54.6p. The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. The Council share is shown in the Comprehensive Income and Expenditure Statement and analysed at **Note B7**.

The total rateable value at 31 March 2026 was £90,157,254 (2024/25 £91,170,192).

For 2025/26, the Council was part of the Worcestershire Business Rates Pool where it received a no detriment payment from Worcestershire County Council which is why there is no precept amount reflected in the Collection Fund Statement.

GLOSSARY

GLOSSARY

AAA FITCH RATING
Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk.

They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING
Extremely high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING
High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD
The period covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS
Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET
An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock).
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g., a community centre, or intangible, e.g., computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Authority's financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities, and other balances at the end of the accounting period.

BORROWING
Using cash provided by another party to pay for expenditure, based on an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

GLOSSARY

CAPITAL FINANCING
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME
The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK
Where average Council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Authority, i.e., it is "clawed-back" by the government.

CIPFA
The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND
A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS
Assets that the Authority intends to hold in perpetuity, which have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants, and other income.

CONSISTENCY
The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's accounts.

CONTINGENT LIABILITY
A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

GLOSSARY

CREDITOR
Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR
Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual, or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Authority's value of total assets fewer total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN
The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS
Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

HOUSING BENEFITS
A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

GLOSSARY

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT
A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS
Fixed assets belonging to the Authority that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths, and bridges.

INTANGIBLE ASSETS
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY
The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year to provide for the repayment of loans and other amounts borrowed by the Authority.

GLOSSARY

NET BOOK VALUE
The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT
The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)
The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government, and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS
Fixed assets held by the Authority but not directly occupied, used, or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS
Fixed assets held and occupied, used, or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period because of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT
The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or highly likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

GLOSSARY

RATEABLE VALUE
The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES
There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS
The Statement of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES
The accumulation of surpluses, deficits, and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)
Expenditure which ordinarily would be revenue but is statutorily defined as capital.
Examples of REFCUS include grants of a capital nature to voluntary organisations and backpay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT
A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS
Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Authority will derive benefits from the use of a fixed asset.

WORCESTERSHIRE PENSION FUND (WPF)
The Worcestershire Pension Fund is administered by Worcestershire County Council and consists of the County and Districts within Worcestershire together with admitted bodies such as Academy Schools.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23 July 2026

Report: Annual Governance Statement 2025/26

Relevant Portfolio Holder		Councillor Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Debra Goodall
Report Author: James Walton	Job Title: Director of Finance and Section 151 Officer. Contact email: James.walton@bromsgroveandredditch.gov.uk	
Wards Affected		ALL
Ward Councillor(s) consulted		No
Relevant Council Priority		Underpins all Council priorities
Key Decision NO – Information only		
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 to:

1.1 Consider and approve, with appropriate comment, the Annual Governance Statement for 2025/26 as attached at Appendix 1.

1.2 Consider the significant governance issues identified within the Annual Governance Statement and endorse, with appropriate comment, the AGS Action Plan attached as Appendix 1 to the AGS.

1.3 Agree to regular update reports to demonstrate delivery of the AGS Action Plan.

2. BACKGROUND

2.1. The Draft Statement of Accounts for the 2025/26 were produced and published by the statutory deadline of 30 June 2026 and are due to be considered by Audit, Governance and Standards Committee on 23 July 2026.

2.2. Alongside the Statement of Accounts, the Council is required to publish an Annual Governance Statement (AGS) to set out the Council's governance, risk management and internal control arrangements and to confirm their effectiveness during the year in question.

2.3. Significant governance issues were highlighted by the Council's external Auditors (Ernst and Young) and considered by Audit, Governance and Standards Committee on 11 June 2026 as part of EY's Audit Completion Report for the financial years 2023/24 and 2024/25. It was reported to committee on 11 June that these issues, alongside any other governance issues identified in 2025/26, would be incorporated into the AGS for 2025/26. Furthermore, the AGS would include an Action Plan setting out, at a high level, the programmes the Council will put in place to resolve significant governance issues and would be held accountable for delivery. It is anticipated that the AGS Action Plan update and highlight report will become a regular report to Audit, Governance and Standards Committee over the following twelve months.

2.4. The AGS is reviewed by the current Leader of the Council and current Chief Executive Officer and duly signed by both.

3. FINANCIAL IMPLICATIONS

3.1. This report is intended to strengthen governance and assurance and there are no financial implications arising as a direct result.

3.2. The Action Plan attached to the AGS is included at a high level and includes milestones for completion of agreed actions. As each milestone is reached, financial implications may be identified, and in such an instance, those financial implications would be managed though the existing, formal, council procedures. For example, identification of a need to invest against a particular programme action would be managed through the Council's virement rules and would include a report to Executive or Council as necessary, setting out the financial implications to enact that decision and action.

4. LEGAL IMPLICATIONS

4.1. There are no direct legal implications arising from this report.

5. OTHER - IMPLICATIONS

Local Government Reorganisation

5.1. There are no direct implications arising from this report in relation to Local Government Reorganisation or Devolution. Nevertheless, the AGS refers to the corporate risk associated with LGR but does not identify any significant governance issues in relation to LGR transition plans for Worcestershire.

Relevant Council Priority

5.2. Financial resilience and good governance underpin the council's ability to meet all of its priorities.

Climate Change Implications

5.3. No climate change implications, nor governance issues, are identified in this report, the AGS or the AGS action Plan.

Equalities and Diversity Implications

5.4. No direct equalities and diversity implications, nor governance issues, are identified in this report, the AGS or the AGS action Plan.

6. RISK MANAGEMENT

6.1. The AGS accompanies the Council's Statement of Accounts to provide assurance on the Council's governance, risk management and internal control framework for the relevant financial year. As such the AGS underpins the Council's risk management approach and is written in consideration of all the Council's corporate risks.

6.2. The AGS Action Plan aligns all governance issues and targeted outcomes with the relevant Corporate Risk, where this exists and is relevant. Going forwards, it is anticipated that the AGS and Corporate Risks be refined to ensure there is clear alignment across all areas of the Council.

7. APPENDICES and BACKGROUND PAPERS

7.1. Appendix 1 – Annual Governance Statement 2025/26

Appendix 1

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Redditch Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and provides value for money. Redditch Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, Redditch Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level, consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Redditch Borough Council's policies and Strategic Purposes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place at Redditch Borough Council for the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The framework to deliver good governance across the Council's services in delivering the Strategic Purposes encompasses several elements.

Embedded Governance Arrangements:

- The Council's strategic objectives have been developed in line with the needs of our communities and customers and the Redditch Borough Council Plan 2025 – 2028 has been approved to reflect the activities that need to be undertaken by the Council to further support the delivery of these purposes
- Strategic Partnership meetings are held to ensure that all partners and agencies are engaged in supporting the Councils aims to deliver the purposes to our community. Liaison between officers to deliver joint working arrangements is encouraged and actively undertaken by the Council.
- Each Service Area for the Council has Business Service Plans linked to the Corporate Plan.
- A performance dashboard and formal quarterly performance reporting is in place for members and officers to review the performance of key measures, both strategic and operational across the organisation. This includes national statistics where relevant to the community of the Borough.
- Financial information is formally reported on a quarterly basis and all Executive reports include consideration of financial implications before decisions are taken.

- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training. This is developed by the cross-party Member Development Steering Group and includes induction, chair and specific Committee based training. Member Training, as part of the induction programme, is in place for financial regulations and the role of the Member
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by several protocols.
- Decision making, as set out in the Constitution, is carried out through Full Council, Executive, Planning Committee and Audit, Governance and Standards Committee. Overview and Scrutiny Committee has responsibility to review and scrutinise the activities of the Council.
- Regular staff briefings are held monthly through a Chief Executive Briefing and Corporate Leadership Question and Answer Session and Assistant Director/fourth tier manager meetings are held quarterly to ensure staff are up to date and engaged in the corporate work of the Council.
- A framework of culture change is in place, through the Workforce Strategy, and managers are working with their teams to build up actions plans to support culture change in the Council.
- The Constitution clearly defines the roles of Monitoring Officer, Section 151 Officer and Head of Paid Service and these officers meet of a weekly basis to discuss corporate matters, including the Executive Director of Communities and Environment. One of these meetings, once a month, is a governance and assurance meeting.
- Regular press releases are submitted and online information about the Council is sent to residents to inform them of the Councils activities and services provided. In addition, information on the commercial services provided by the Council was sent out to enable residents to utilise the services offered.

Local Government Reorganisation:

- Partnership Meetings across Worcestershire are held regularly in preparation for Local Government Reorganisation. **At the time of writing, a decision on the unitary model for Worcestershire is expected by 16 July 2026.**
- Work in relation to Local Government Reorganisation (LGR) has continued through a defined programme governance structure, with clear reporting lines and established workstreams across the key disciplines required for transition. These include Finance, HR, ICT, Legal, Communications, Services, the Programme Management Office and the Data Hub. Activity is being coordinated through regular workstream meetings and reported through the county-wide governance arrangements, including the Chief Executives' Board, helping to ensure that planning is structured, collaborative and supported by senior officer oversight.
- Internally for Redditch Borough Council (and Bromsgrove District Council) an LGR Preparations Board has been in place for over a year. This is Chaired by the Chief Executive and includes officer representatives that now sit on the aforementioned County LGR workstreams.
- The Deputy Leader of RBC attends the internal LGR Preparations Board Meetings at every other meeting, alongside the portfolio holder for LGR at Bromsgrove District Council.
- There is also evidence of appropriate governance and risk management arrangements being embedded locally. LGR has been recognised as a corporate risk within the Council's risk register, with identified ownership and mitigating actions in place. These include the operation of the internal LGR Preparations Board, regular updates to Members and staff, and the requirement for service business plans and assurance processes to consider both LGR impacts and the protection of business-as-usual delivery. In addition, decision-making reports are being used to highlight LGR implications so that Members are sighted on transition-related consequences when taking current decisions.
- As the programme has moved into a more detailed preparatory phase, there has been a growing focus on capacity, technical resourcing and data quality. Work is underway to align workforce information, prepare financial and asset data, and develop a consistent evidence base through a Data Hub. A directory of current Council services, structures and budgets has been produced/published to support baseline work for LGR and a staff support programme called LGR Routes has been developed. Recruitment to dedicated programme roles is also in progress. Taken together, these arrangements demonstrate a broadly sound approach to

governance, programme oversight and risk management at this stage of the reorganisation process.

Council Constitution:

- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Executive and the other Committees operated by the Council.
- Terms of reference for member working groups (e.g. Scrutiny Task Groups) and formal officer oversight groups are clearly defined.
- Full Council has approved Financial Regulations and Contract Procedure Rules. These have been reviewed and new regulations have been approved with effect from May 2026.
- A full training programme is in place to ensure all relevant officers comply and understand the regulations in place and the implication of the new procurement regulations. In addition, an officer contract working group has been established with the aim to improve efficiencies in relation to contract management arrangements.
- A clear scheme of Councillor / Officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council. A Member / Officer protocol is also set out in the Constitution. These have also been reviewed and an updated delegation approved in May 2026.

Workforce Planning and Organisational Capacity:

- Governance and oversight of workforce planning have been strengthened:
    - The former Workforce Strategy Board has been re-purposed as a People Board, maintaining senior leadership oversight of workforce-related matters.
    - The Board continues to be chaired by the Chief Executive alongside Executive Director leadership, ensuring clear accountability at the most senior level.
    - The Board provides oversight of key people-related activity including:
        - Employment policies (in the broadest sense)
        - Staff survey outcomes and engagement activity
        - Learning and development activity
        - Wider organisational development priorities
- This ensures that workforce strategy delivery is embedded within corporate governance arrangements and subject to appropriate oversight and challenge.
- Monitoring and Data Assurance have been enhanced through the introduction and development of quarterly HR metrics, which are:
    - Reported and discussed at Corporate Leadership Team (CLT)
    - Used to provide a clear organisational overview of workforce data, key activity, and emerging issues
    - Supporting strategic workforce planning by coverings areas such as:
        - Workforce composition
        - Appraisal completion and oversight (to monitor workforce development and organisational consistency, rather than individual or service performance)
        - Absence and wellbeing trends
        - Recruitment activity and attrition
        - Recruitment events and market activity
- This approach ensures that delivery progress and any areas requiring intervention are visible at senior level, enabling timely discussion and agreement of mitigating actions where required.
- An assurance form has been introduced that is completed by Assistant Directors (ADs) and discussed at quarterly Governance and Assurance Meetings, this includes the opportunity for ADs to report on capacity issues and discuss mitigations with the Senior Leadership Team (Chief Executive, S151 Officer and Monitoring Officer ("the Golden Triangle") and Executive Director for Communities and Environment).

Financial Systems:

- The Council operates an Enterprise Resource Planning (ERP) system delivered through contract by the company TechnologyOne. The system, implemented in 2021, was not sufficiently robust to enable delivery of timely accounts through to 2023/24. The Statement of Accounts for 2024/25, however, was produced and published in line with statutory reporting deadlines. Similarly, the 2025/26 Statement of Accounts was published in draft form on 30 June 2026 in line with the statutory deadline of 30 June 2026.
- Monitoring reporting was re-established using the TechOne system in 2024/25
- Separate back-office functionality has been created for both Councils, enabling each to operate as a separate entity, in line with their legal status
- Duplicate transactions have been eliminated in the Cash Receipting functionality in 2025/26, reducing manual workload on the Finance Team
- Controls around coding have been put in place to prevent Bromsgrove codes to be used in Redditch, and vice versa.

Reconciliation of VAT

- During the financial year 2025/26, the Council concluded its review and resolution of historic VAT accounting and compliance matters relating to periods from April 2021 to October 2024.
- Three Error Correction Notices (ECNs) were submitted to HMRC between December 2024 and November 2025 and conditions agreed with HMRC whereby they would suspend potential penalties. The final ECN was submitted to HMRC in November 2025 and repayments have been incorporated into the 2025/26 financial statements.
- In the 2025/26 Financial Year, the Council submitted monthly VAT returns, on time, and strengthened the governance and internal control environment through the establishment of enhanced quality assurance arrangements, mandatory staff training, clearer accountability and escalation processes, external review by VAT specialists and stronger management oversight by the Section 151 Officer. Penalty suspension conditions agreed with HMRC are being actively monitored, and Audit, Governance and Standards Committee oversight will be reinforced over the 2026/27 financial year to support continued compliance and sustainable improvement in financial governance.

Capital Programme

- A Capital Programme Board has been set up to oversee the Capital Programme and Projects across the Council. The Board is chaired by the Director of Finance and attended by the Assistant Director of Regeneration and Property, Project Managers, Principal Solicitor, communications and relevant finance support. Terms of Reference have recently been reviewed and responsibilities expanded to ensure all capital projects within the Council's Capital Programme are included.
- The overall responsibilities are to give the Capital Programme Board oversight of the full capital programme, making sure projects are aligned to Council priorities, properly funded, well monitored, and delivered effectively. It also has a governance role in spotting risks, resolving escalated issues, ensuring key compliance requirements are in place, and strengthening the organisation's capacity to manage and secure investment for capital projects.
- Feeding into the Capital Programme Board the Council has other governance arrangements such as the Redditch Town Deal Board which is attended by a member of the Executive and senior officers.

Social Housing

- Following inspection by the Regulator of Social Housing in April - July 2025, the Council received a C3 judgement, indicating serious failings in meeting the Consumer Standards. The inspection highlighted significant operational backlogs and weaknesses in strategic oversight, performance visibility, and mechanisms for tenant influence.
- The regulator recognised positive governance behaviours, including strong organisational commitment to improvement, constructive engagement with the regulator, and evidence that

Members and officers understood the scale of the issues and had begun to respond. In addition, examples of good practice (e.g. electrical safety compliance, partnership working on anti-social behaviour, and establishment of a damp and mould function) demonstrate that where governance focus has been applied, outcomes have improved. The Council has therefore demonstrated an improving control environment, albeit one that requires significant strengthening to provide consistent assurance across all housing functions.

- The Council has implemented a comprehensive Housing Improvement Plan (HIP) supported by strengthened governance arrangements. These include a multi-tier structure (Strategic Oversight Board, Improvement Board, Delivery Group and operational workstreams), regular reporting to Members, and closer regulatory engagement through monthly oversight. The Improvement Plan focuses on key governance themes: strengthening compliance (particularly health and safety), embedding robust performance and data systems, enhancing transparency and reporting, and introducing formal tenant engagement structures and capacity. Early evidence shows progress in areas such as complaints handling performance, development of performance dashboards, and clearer communication of service standards.

Risk Management Processes:

- The Council has recently reviewed the Risk Management process, with the involvement of Internal Audit Services, to ensure that adequate arrangements are in place for the management of strategic Corporate Risks. A risk register is now in place identifying all corporate and service risks which are updated regularly. A Strategic Risk Management Group is now meeting on a quarterly basis to feed into quarterly reporting to Audit, Governance and Standards Committee. A revised Terms of Reference has now been agreed.
- The development of an Opportunity Risk Management Strategy is the next step in development, due this summer and produced in conjunction with the Member Risk Champion. In the new year it is anticipated that a second review of the entire opportunity risk management process will be completed by Internal Audit to inform next steps.
- Several Corporate Risks are included in the risk register that do not reflect a governance issue as follows:

Corporate Risk	Governance Issues
COR001 Non-Compliance with Health and Safety Legislation	None. This has been highlighted as a high risk (with mitigations and action plan in place) but does not represent a governance issue.
COR006 Protection from Cyber Attack	None. This risk is well managed but remains a high risk in its own right due to the external operating environment.
COR011 Cost of Living Crisis	None. This is an external driver of risk in its own right and does not represent a governance issue.
COR013 Failure to meet waste requirements of the Environment Act 2021	None. This is an external driver of risk in its own right and does not represent a governance issue.
COR019 Risk of Terrorist Attack	None. This is an external driver of risk in its own right and does not represent a governance issue
COR022 Compliance with the Procurement Act 2023	None. This is an external driver of risk in its own right and does not represent a governance issue
COR024 Non-Implementation of the Renters Rights Act 2025	None. This risk is well managed but remains a corporate risk in its own right due to the external operating environment

Assurance Framework:

- Assistant Directors are responsible for establishing and maintaining an adequate system of internal control arrangements when within their own services. They are required to sign off annual Governance and Internal Control returns where they can raise any items of concern.
- The review this year presented a broadly positive picture of the Council's governance arrangements, showing that across most services there are well-established processes for:
  - Aligning staff roles to strategic objectives
  - Defining responsibilities
  - Maintaining awareness of key corporate and service procedures
  - Supporting performance, financial management, risk management and compliance.
- The evidence suggests that governance is generally embedded through appraisals, supervision, team meetings, service planning, corporate systems and regular monitoring
- The findings suggest particular strengths in staff understanding of purpose, access to corporate policies, performance reporting and the implementation of audit recommendations.
- Overall, the findings indicated a sound control environment with governance processes operating effectively, while also identifying areas where further strengthening and greater consistency would enhance assurance.
- The Chief Executive (appointed March 2025), established early on in his tenure a weekly meeting of the Senior Leadership Team (the "Golden Triangle" plus the Executive Director of Communities and Environment) as described above and a regular Assurance and Governance Meeting including the Head of Internal Audit. This includes reporting on and tackling assurance matters across a broad range of key issues.

Review of Effectiveness

Redditch has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within Redditch Borough who have responsibility for the development and maintenance of the governance environment, by the Head of Internal Audit's annual report, and by comments made by the external auditors.

The Constitution identifies the terms of reference, roles and responsibilities of Full Council, Executive, Overview and Scrutiny Committee and Audit, Governance and Standards Committee all of which have fully considered governance responsibilities.

Throughout 2025/26, the Council adopted a robust approach to corporate governance, which has been advised through the work of the Audit, Governance and Standards Committee, Overview and Scrutiny as well as the statutory roles of the S151 Officer and the Monitoring Officer.

Audit, Governance and Standards Committee

The Committee played a role by reviewing and monitoring internal control issues throughout the year. An annual report is due to be approved by the Committee on 23 July 2026 setting out the role of the Committee and the key areas of work over the preceding twelve months including:

- Standards and ethical governance (including Monitoring Officer reports, complaints, dispensations and regulatory updates)
- Management and oversight reports including Treasury, Capital and Investment Strategies and accounting policies
- Financial governance and compliance reporting (including Statements of Accounts and statutory returns)
- Internal Audit Reports
- External Audit Assurance
- Risk Management and Risk Champion updates
- Review and approval of the Annual Governance Statement
- Cyber security and organisational resilience updates

Internal Audit

The Council's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2015.

The Worcestershire Internal Audit Shared Service Team operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient, and effective use of resources.

During 2025/26 the Internal Audit team delivered a comprehensive programme including:

- several core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
- several operational systems, for example, payroll and environmental impact assessments were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.

The Internal Audit Team's work programme helps to assure Audit, Governance and Standards Committee that the framework and statement can be relied upon based on the following:

- Evidence streams which were verifiable and could be relied upon
- Monitoring and reporting mechanisms were in place to report issues,
- These streams and reporting mechanisms are embedded in the Redditch Borough Council governance process.

Internal Audit reports are considered by the relevant Assistant Directors and Director of Finance, before submission to the Audit, Governance and Standards Committee for further scrutiny.

In 2025/26 there were two audit reports returned with an assurance level of 'limited". One related to the General Ledger. While significant progress had been made since the last internal control review in terms of central procedures, budget uploads, year end balances and quarterly monitoring, the suspense account reconciliations had not been completed and the bank reconciliations were behind schedule. The second report related to Corporate Health and Safety at the request of Senior Management. The review found that several areas were working well, including the Senior Health and Safety Advisor post, securing first aider training, understanding of responsibilities relating to Health and Safety and the operation of the Joint Health and Safety Committee. There was, however, no standardised or corporately driven method for monitoring first aider training, training for new starters was limited, health & safety risk assessments were not available for all areas and there was no explicit requirement for associated services to be notified of incidents which may be relevant to their areas of operations.

In 2025/26, five of the ten graded internal audit assignments resulted in a Limited assurance opinion. These were General Ledger, Procurement, Corporate Health and Safety, Environmental Impact Assessments, and Data Protection – Retention and Sharing. This represented a decline in assurance compared with previous years; however, several of the reviews were either requested by Senior Management or focused on areas where significant control weaknesses were expected, reflecting a more proactive and transparent approach to identifying and addressing risk.

The reviews attracting limited assurance all identified areas where controls were operating effectively but also highlighted significant weaknesses requiring improvement. Common issues included incomplete or delayed reconciliations, inconsistent application of procedures, gaps in training and monitoring, weaknesses in documentation and oversight, and limited evidence that key governance arrangements were operating consistently across the organisation.

Management has agreed action plans to address the weaknesses identified in the Limited assurance reviews. These recommendations and actions do not, in themselves, however, demonstrate significant governance issues and are not, therefore, reflected in the AGS Action Plan. Internal Audit will revisit all

Limited assurance areas during 2026/27 and provide updated reports and assurance opinions based on progress made.

The Head of Internal Audit considers the audits completed over the year, responses to previous audit reports, their understanding of the business and oversight of the risk management process to provide an opinion on the Council's Internal Control Environment.

Significant Governance Issues

The Annual Governance Statement identifies governance issues and risks for the Council to address and these are linked to the External Auditors Completion Report for 2023/24 and 2024/25 and ahead of the external audit of the Statement of Accounts being completed for 2025/26. Together, these risks and significant governance issues are considered and form the basis of an action plan, attached to this Annual Governance Statement at Appendix 1.

External Audit and Financial Reporting Assurance

The Statements of Accounts for the years ended 31 March 2024 and 31 March 2025 are due to be presented for approval by Audit, Governance and Standards Committee on 13 July 2026. On 11 June 2026, Audit, Governance and Standards Committee received a Completion Report from the Council's external auditor, Ernst & Young LLP which included a disclaimer of audit opinion for both years. The disclaimer did not arise from identified misstatements within the financial statements, but from the auditor's inability to obtain sufficient appropriate audit evidence. This primarily reflected historical weaknesses in financial reporting processes, capacity constraints, and the cumulative impact of delays in the production and audit of prior years' accounts, which continued to affect audit assurance during 2023/24 and 2024/25.

The External Auditor's Completion Report for 2023/24 and 2024/25 reports the following findings:

"As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 and 2024/25 in-year movements and closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements and 2023/24 comparative amounts disclosed in 2024/25 financial statements. We did not plan to rebuild this assurance in our 2023/24 and 2024/25 audits.

"As set out within this report we have also not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over closing balances and in-year transactions for both 2023/24 and 2024/25 financial years. Taken together with the requirement to conclude our work as the back stop dates for both 2023/24 and 2024/25 have passed and the delays in preparation of draft financial statements for 2023/24 mean we are unable to conclude that the 2023/24 and 2024/25 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing disclaimed 2023/24 and 2024/25 audit opinions"

The Council recognises that the circumstances leading to the disclaimer indicate a significant weakness in financial governance and assurance arrangements up to 31 March 2025. This presents a loss of assurance baseline across several years as a continuing governance risk, with an on-going inability to gain assurance from prior years' balances. In response, the Council has:

- Strengthened its financial management capacity
- Improved the timeliness and quality of working papers
- Enhanced senior management and Audit, Governance and Standards Committee oversight
- Implemented a recovery plan to support the timely production and audit of future statements of accounts.

Together, these actions are intended to help restore assurance over the effectiveness of the Council's financial reporting framework. Further actions in this area are included in the Action Plan included at Appendix 1.

Section 24 Statutory Recommendation and Governance Response

In October 2022, the Council received a statutory recommendation under section 24 of the Local Audit and Accountability Act 2014, reflecting the auditor's concerns regarding the effectiveness of the Council's arrangements for financial reporting, governance and the timely production of audited accounts for the Statement of Accounts 2020/21. The Council formally considered the recommendation at Full Council on 7 December 2022 in accordance with statutory requirements (including reporting to

Members and publishing its response) and were advised that 'the majority of issues had now been resolved or were in the process of being resolved'. Nevertheless, the s24 Statutory Recommendation remained in place for the 2021/22 Statement of Accounts and continued through to the 2024/25 Statement of Accounts.
The Council fully accepts the findings of the section 24 recommendation and recognises that the issues identified represent significant governance weaknesses relevant through to the 2024/25 financial year. In response to the original statutory recommendations, the Council committed to a programme of corrective action overseen by senior management, including strengthened capacity and capability within the finance function, clearer accountability for financial reporting, enhanced audit liaison arrangements, and improved member oversight, primarily through the Audit, Governance and Standards Committee. Progress against the agreed actions was monitored through formal governance arrangements to provide assurance that the weaknesses identified are being addressed and that sustainable improvements to financial governance and assurance are being delivered.

The Statutory Recommendation is referenced in the External Auditor's Completion Report for 2023/24 and 2024/25 wherein it makes the following observation:
"The predecessor auditor issued statutory recommendations to the Council on 31 October 2022 and on 27 November 2023 with respect to the flawed implementation of a new financial system (ERP) and the subsequent failure of the Council to publish the 2020/21, 2021/22 and 2022/23 draft financial statements in accordance with statutory requirements. We have reviewed the actions taken in response to these recommendations and whilst there were matters impacting the arrangements for effective financial management and financial reporting, we are satisfied that further statutory recommendations are not currently required."
In response to this position statement, the Council intends to produce a single, all-encompassing Action Plan to respond the outstanding risks and recommendations as assessed by our incumbent external auditors, Ernst and Young. This forms part of the Action Plan is attached at Appendix 1.

Organisational Capacity
At an organisational level the Council can demonstrate significant recent progress in developing workforce planning and capacity including:

- Workforce priorities that are subject to clear corporate oversight through the People Board
- Monitoring arrangements that are strengthened through structured, regular reporting

A revised Corporate People Action Plan in development to consolidate activity and provide clarity of delivery, ownership, and accountability. These actions form part of the Action Plan attached at Appendix 1.

In relation to the finance capacity within the Council, a clear link can be made between capacity, audit delay and governance weakness. This has resulted, for example, in a failure to deliver to the statutory reporting cycle. The following arrangements are being put in place. On 13 April 2026 the Council appointed a new, permanent, section 151 Officer. This role forms part of the Director of Finance Post responsibilities with a finance only remit to ensure adequate prioritisation is given to the significant issues experienced within the finance team over recent years. The new s151 Officer is working with the Deputy s151 Officer and senior members of the finance team to:

- Review and revise the Finance Team Structure, where necessary, to create a fit for purpose team with adequate resources to deliver the key recommendations and priorities for which they have management control.
- Ensure that capacity, capability and resilience are the foundations for the finance team providing appropriate and adequate coverage to meet the needs of the organisation and statutory and regulatory needs.
- Ensure appropriate resource capacity and capability is available to resolve outstanding issues with the ERP Financial system.
- Reduce the reliance on temporary, fixed term and agency staff
- Improve succession planning across the team
- Instigate robust trainee and apprenticeship arrangements to future proof the team's sustainability and 'grow our own' resources.
- Ensure arrangements are appropriate to deliver the imminent programme for Local Government Reorganisation.

These actions form part of the Action Plan attached at Appendix 1.

Whistleblowing Arrangements
The Council has recently reviewed its Whistleblowing Policy. Alongside this, the Council has recently created a single document to aggregate all Council policies, status and refresh/renewal dates to ensure that sound governance processes are in place going forwards. The Whistleblowing Policy has been considered alongside a new Anti-Fraud, Bribery and Corruption Policy and Anti Money-laundering arrangements as part of a comprehensive refresh of all policy documentation. Relevant policies will be approved by the relevant committee of the Council and forms part of the AGS Action Plan included at Appendix 1.

VAT Accounting and Compliance
Historic VAT accounting and compliance matters relating to periods from April 2021 to October 2024 have been a significant governance issue and represent non-compliance with laws and regulations. These matters were reported to Audit, Governance and Standards Committee and Executive in June 2026, and arose primarily from weaknesses in system configuration following the implementation of the TechnologyOne ERP system, compounded by staffing changes, loss of internal VAT expertise, and ineffective reconciliations and assurance processes. As a result, VAT returns were not submitted in a timely manner and the Council was unable to demonstrate adequate management oversight and internal control over VAT reporting through to November 2024, when regular VAT returns to HMRC were reintroduced. Development of the manual process and the ERP system will continue throughout 2026/27 and forms part of the AGS Action Plan attached at Appendix 1.

Finance System
The Council's ERP system (TechnologyOne) implemented in February 2021 has not proved to be sufficiently robust to be relied upon, and manual workarounds, reconciliations and internal controls have been implemented in response to this. In the system's first year of operation, the Council was unable to produce a Statement of Accounts (2020/21) resulting in a s24 Statutory Recommendation that remained in place through to 2023/24. While this element is being managed, with the timely delivery of 2024/25 and 2025/26 Statement of Accounts, development of the system is still necessary. The VAT module of the system is considered above, although wider system issues remain. A recent health check identified issues remaining within several areas including:

- Ledgers and rolling balances
- Reconciliations
- Receipts process
- Aged Debt
- Access and roles

A comprehensive recovery programme is being produced to deal with the issues remaining and forms part of the AGS Action Plan attached at Appendix 1.

Housing
The Council received a C3 judgement by the Regulator of Social Housing in July 2025, indicating serious failings in meeting the Consumer Standards, particularly in relation to repairs and maintenance, fire safety compliance, tenant engagement, and the quality and reliability of data underpinning service delivery and oversight. The inspection highlighted significant operational backlogs (including around 3,000 overdue repairs and fire safety actions) and weaknesses in strategic oversight, performance visibility, and mechanisms for tenant influence. These issues pointed to underlying governance gaps, including insufficient assurance on statutory compliance, limited performance management grip, and the need for stronger resident-focused accountability arrangements. This forms part of the AGS Action Plan attached at Appendix 1.

Capital Programme
The Council has reported significant underspends against its capital programme in recent years and appropriate oversight of the entire capital programme has not been in place. Underspending in terms of delivery delay can mask overspends driven by delays and insufficient oversight can lead to inefficient delivery and financial risk associated with funding, application of grants, internal and external borrowing requirements and multiple calls on finite contingency funds. Furthermore, the Council does not have a dedicated Capital Accountant or capital monitoring team in place, relying instead on revenue finance business partners to provide support.
Implementation of a new Capital Programme Board and review of the finance team structure will help ensure the Council has an effective Capital Strategy and Programme. In turn these will optimise the

resources available to deliver the Council's priorities and enable better management of capital projects, ensuring benefits are realised and lessons are learnt. Continued development will help address recommendations from Ernst & Young and forms part of the AGS Action Plan attached at Appendix 1.

Risk Management

The Council's current risk management processes are not adequately embedded to provide adequate assurance that they are operating appropriately and managing overall risk. The current Risk Management Strategy has not been updated for several years. The new risk management dashboard has only recently been introduced and populated and does not reflect the requirements of an up to date risk management strategy. Furthermore, without a mature opportunity risk management Strategy, the Council cannot define and work to an agreed risk appetite in its strategic and day to day decision making.

Ultimately a strong opportunity risk management approach enables better decision making and the lack of a robust risk management framework was a key recommendation made by Ernst and Young and forms part of the AGS Action Plan attached at Appendix 1.

Local Government Reorganisation

The council's approach to local government reorganisation is robust. LGR remains, however, a significant and complex change programme and therefore continues to present material governance risks that require close monitoring. The principal risk is the potential impact of the reorganisation programme on the Council's capacity to maintain effective business-as-usual delivery while also meeting the demands of transition planning. This is recognised in the corporate risk register and reflects the scale, pace and technical complexity of the work now underway.

Overall, the governance arrangements currently in place provide a reasonable framework for managing the programme and, as such, LGR does not form part of the AGS Action Plan at Appendix 1. LGR is, however, considered a significant governance risk within the Annual Governance Statement because of its scale, the interdependencies involved, and the potential effect on capacity, decision-making and organisational resilience during the transition period.

Assurance Framework

The annual assurance framework review requires assurance statements to be completed by Assistant Directors. These highlighted, some variability in maturity and consistency between services, including workforce capacity, budget monitoring, the quality and usability of procedures, the consistency of service-specific documentation, financial systems usability and knowledge, and the formalisation of risk and inventory arrangements.

Several recurring themes require ongoing management attention. These include:

- Staffing and capacity pressures
- Reliance on temporary staff and key individuals
- Uneven maturity in service planning, risk management and performance reporting
- Inconsistent documentation and review of service procedures
- Some weaknesses in training, system usability, data quality and inventory control.

In a small number of areas there is some potential for more significant governance implications if issues are prolonged or left unaddressed. These include:

- Financial resilience
- Management of high-impact risks
- Fragmented data processes
- Inventories in higher-risk services
- Delays in implementing actions in compliance-critical areas.

Overall, the findings suggest that governance arrangements are broadly in place and operating, but will be strengthened by continued focus on standardisation, clearer documentation, improved training, sustained corporate oversight and targeted action to address any identified resilience and compliance risks. No corporate-wide, significant governance failure has been identified and arrangements put in place by the Chief Executive since March 2025 have established strong foundations for improved governance throughout the Council. This includes quarterly Assurance Forms covering several key topics designed to draw attention to, and ensure appropriate action is taken to address, assurance related issues. Robust arrangements are therefore in place to help ensure the Internal Audit opinion on the Internal Control Environment demonstrates continuous

improvement. This governance framework is expected to improve results in audit reviews but will take time to feed through to deliver higher assurance levels in future years. Consequently, there are no specific assurance framework issues that form part of the AGS Action Plan at Appendix 1.

Conclusion and Evaluation

As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We are also satisfied that over the coming year, the Council will take appropriate steps to address any significant governance issues and we will monitor their implementation and operation as part of our next annual review.

Signed ……. **Date**

Signed ……. **Date**

Leader of the Council & Chief Executive on behalf of Redditch Borough Council

Appendix 1 - Action Plan

Ref	Governance Issue and Targeted Outcome	Corporate Risk Reference (See Appendix 2)	Activity	Sponsor	Completion Date
1.	**Governance Issue:** The Council should ensure that the actions required to deliver its Workforce Strategy are robustly monitored to achieve delivery and where relevant mitigating actions are identified and agreed for areas of non delivery. The Council also needs to ensure that the finance team has adequate resources to enable the effective discharge of financial management responsibilities. **Targeted Outcome:** The Council has adequate capacity, capability and resilience in its workforce to deliver the Council's priorities and strategic objectives.	COR007	Workforce Strategy - HR are currently bringing together a Corporate People Action Plan to consolidate: • Any remaining actions from the existing Workforce Strategy action plan (Sep 2026) • Workforce-related actions arising from the LGR programme / LGR Routes (Sep 2026) • Other corporate people priorities (Sep 2026) Finance Team • Review of current Finance Team Structure and approach (Jun 2026) • Recruitment to cover immediate resource issues (Jul 2026) • Review of Permanent / Agency staffing (Sep 2026) • Workforce Plan for Finance Team completed (Dec 2026) • Implementation of sustainable team model (Jan 2027)	Assistant Director Corporate Services & Transformation Director of Finance (s151 Officer)	Sep 2026 Jan 2027
2.	**Governance Issue:** The Council should ensure that there is accurate and timely submission of all statutory returns. **Targeted Outcome:** Robust and automated process for timely submission of statutory returns (monthly VAT returns)	COR002 COR026	VAT Returns: • Regular reporting to Audit, Governance and Standards Committee on Penalty Suspension actions (from Nov 26) • Creation of KPIs to manage error rate, training requirements and potential for automation (Sep 2026) • Review of TechOne submission modules (Dec 2026) • Implementation of automated VAT returns without manual workarounds (Apr 2027)	Director of Finance (s151 Officer)	Apr 2027

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 23rd July 2026

Ref	Governance Issue and Targeted Outcome	Corporate Risk Reference (See Appendix 2)	Activity	Sponsor	Completion Date
3.	**Governance Issue:** The Risk Management Framework should: identify the relevant key controls for each risk; ensure responsible officers are identified; and highlight the direction of travel for each key risk. The Council should also clearly define its risk appetite. **Targeted Outcome:** The Council has a robust and embedded risk management process to strengthen internal controls and improve decision making.	Opportunity Risk Management Strategy, and by extension all Corporate Risks	Risk Management • Development of Risk Management Dashboard to incorporate refreshed Corporate, Project and Service Risks (Sep 2026) • Approval of Opportunity Risk Management Strategy (Dec 2026) • Embedded Risk Management process involving Member oversight by Risk Champion and Executive (Dec 2026) • Third party review by Internal Audit Services (Mar 2027)	Director of Finance (s151 Officer)	Mar 2027
4.	**Governance Issue:** The Council should establish a set procedure to ensure that related party relationships and conflict of interests are identified, complete and reported on a timely basis **Targeted Outcome:** The Council has robust processes to protect Members and Officers	None identified	Third Party Relationships and Conflicts of Interest: The Council has processes to ensure the recording and reporting of third-party relationships (see below) and will continue to work to ensure this is widely publicised and training delivered where necessary. Actions include: • Delivery of training to ensure compliance with the existing processes as listed below (from July 2026): Redditch Members' Code - Gifts and Hospitality Redditch Members - Gifts and Hospitality Declaration Form Redditch Members' Code of Conduct Register of Interest form for Redditch Borough Councillors	Assistant Director of Legal, Democratic and Procurement Services (Monitoring Officer) and the Assistant Director for Corporate Services and Transformation	Dec 2026

Ref	Governance Issue and Targeted Outcome	Corporate Risk Reference (See Appendix 2)	Activity	Sponsor	Completion Date
			There is an officer code of conduct, an office declaration of interest form and an officer declaration of gifts and hospitality form all of which are available on the council's intranet for staff to access.		
5.	**Governance Issue:** The Council should ensure that all policies have been reviewed, and where relevant updated, and are available on the Council's website. The council should have in place a framework to regularly review policies, with responsible officers clearly identified and expected dates for future reviews identified. **Targeted Outcome:** The Council has robust and up to date policies that are embedded and followed, thereby protecting staff, Members and the General Public	None identified	Policy Review: • Definition approved for Strategies, Policies, Procedures and Guidance (Jul 2026) • Collation of Council wide Policies for review (Jul 2026) • Identification of key requirements – lead officer, review dates, status. (Sep 2026) • Approval internally or by relevant committee or Council (tbc)	CEO	Sep 2026
6.	**Governance Issue:** The Council should ensure that the Monitoring Officer is appropriately engaged throughout the whistleblowing investigation process **Targeted Outcome:** The Council has robust and embedded processes to protect	None identified	Whistleblowing Policy: • Policy approved by Audit, Governance and Standards Committee (Jul 2026) • Communication roll out (Jul 2026)	Assistant Director Legal Democratic and Procurement Services (and Monitoring Officer)	Jul 2026

Ref	Governance Issue and Targeted Outcome	Corporate Risk Reference (See Appendix 2)	Activity	Sponsor	Completion Date
	staff, Members and the General Public				
7.	**Governance Issue:** The Audit, Governance and Standards Committee should receive regular reports on whistleblowing activities. **Targeted Outcome:** The Council has robust and embedded processes to protect staff, Members and the General Public	None identified	Whistleblowing Policy Reporting: • MO to provide quarterly updates to Audit, Governance and Standards Committee (Jul 2026)	Assistant Director Legal Democratic and Procurement Services (and Monitoring Officer)	Jul 2026
8.	**Governance Issue:** To set more realistic capital budgets the Council should review the capital programme and assess if it has the capacity and resources to deliver planned projects within originally planned timescales. **Targeted Outcome:** Safe and efficient delivery of asset development and improvement.	COR002 COR021	Capital Programme: • Revision of Capital Programme Board Terms of Reference and refresh of Group (Jul 2026) • Regularised reporting and risk assessment of programme (Sep 2026) • Incorporation into Quarterly Reporting from Q2 (Nov 2026) • Revised Capital Programme (Mar 2027)	Director of Finance (s151 Officer)	Mar 2027
9.	**Governance Issue:** External Audit Reporting Assurance for 2025/26 Statement of Accounts **Targeted Outcome:** The Council has robust financial	COR002 COR008	SoA 2025/26 • Closedown timetable in place and updated weekly (Jun 2026) • Draft SoA published - fully compliant, true and fair view (Jun 2026) • Quality assessed complete and auditable working papers and audit evidence produced (Nov 2027)	Director of Finance (s151 Officer)	Mar 2027

Ref	Governance Issue and Targeted Outcome	Corporate Risk Reference (See Appendix 2)	Activity	Sponsor	Completion Date

	management procedures and systems to deliver Value for Money		• External Audit 2025/26 planning and liaison (Jan 2027)
			• Final SoA audit opinion and approval (Jan 2027)
			
			SoA 2026/27 and future years - s151 Officer leadership of audit recovery (build clear milestones towards unmodified opinion)
			• Regular 'golden triangle' engagement with external auditors (from July 2026)
			• Stabilise finance team structure reviewing capacity and capability planning for SoA delivery (Sep 2026)
			• Implement alignment and closedown training across finance team (from Sep 2026)
			• Closedown programme with earlier internal deadlines agreed (Dec 2026)
			• Pre-work, documentation and engagement implemented from 2026/27 SoA - consider mock audit (Dec 2026)
			• Introduce formal pre-audit quality review process (Dec 2026)
			• Strategy to rebuild assurance/phased recovery (Dec 2026):
			  ○ Opening balances and in-year movements
			  ○ High-risk balances
			  ○ Retrospective reviews
			• Review internal controls (journals, revenue/capital, inter-authority, VAT, reconciliations) and document procedures (Feb 2027)
			• Enhanced reporting to Audit, Governance and Standards Committee of audit readiness and associated risks (from Oct 2026)
			• Links to ERP recovery programme (10 below)		

Ref	Governance Issue and Targeted Outcome	Corporate Risk Reference (See Appendix 2)	Activity	Sponsor	Completion Date

10.	**Governance Issue:** The Council's ERP system has not provided a sufficiently reliable and embedded control environment since implementation. Underlying system and control weaknesses continue to present a governance issue.
	
	Targeted Outcome: The Council has reliable financial systems to strengthen assurance over financial governance and provide trusted information for decision making.
		COR002	ERP Recovery Programme
			• Complete Health Check review to identify key priorities and critical path (Aug 2026)
			• Develop ERP recovery plan
			  ○ Outcomes
			  ○ Outputs
			  ○ Inputs/Resourcing
			  ○ Governance
			  (Sep 2026)
			• Implement resourced plan (Oct 2026)
			• Delivery Outputs (from Jan 2027)
				Director of Finance (s151 Officer)	Mar 2028

11.	**Governance Issue:** The Council does not have effective processes and systems in place to plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities ensuring it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. **Targeted Outcome:** The Council has a robust financial	COR002	Financial Planning Process: • Quarterly reporting throughout the MTFP process and approved timetable (from Jul 2026) • Growth, Inflation, Demand and Funding Review to inform MTFP (Sep 2026) • Savings Programme commenced with public consultation (Nov 2026) • Public Consultation responses considered (Jan 2027) • Balanced Budget (2027/28) and sustainable MTFP (2027/28 to 2030/31) approved by Council (Mar 2027) • Enhanced s25 Report to evidence robust management of the budget process, reserves utilisation and overall sustainability • Scrutiny by Budget Working Group (throughout)	Director of Finance (s151 Officer)	Mar 2027

Ref	Governance Issue and Targeted Outcome	Corporate Risk Reference (See Appendix 2)	Activity	Sponsor	Completion Date
	planning process providing trusted information to enable resilient and sustainable decision making.				
12.	**Governance Issue:** The Council should ensure that it is robustly monitoring the delivery of the action plan which has been agreed to address the issues raised by the Regulator of Social Housing **Targeted Outcome:** Improved compliance with the Consumer Standards, stronger tenant satisfaction, better performance, and an improved regulatory grade.	COR003 COR027	Social Housing • Monitoring, scrutiny and reporting of progress against the Housing Improvement Plan throughout 2026/27 • Design and implement a package of formal and informal mechanisms to enhance customer feedback and scrutiny (Jan2027) • Implement modern housing IT systems to improve service delivery and communication (Aug 2026) • Delivery of fire door replacement programme (Mar 2028)	Executive Director Environment and Communities	Mar 2028
13.	**Governance Issue:** The Council should review whether DBS checks are required for employees working with or providing services to vulnerable individuals. **Targeted Outcome:** Vulnerable individuals are kept safe	None identified	DBS Checks • Initial scoping work to review current DBS arrangements and identify areas for further assessment (Jul 2026) • Report to officer Senior Leadership Team to agree full project scope, including resource requirements and delivery timeline (Aug 2026) • Approval and implementation of plan (From Sep 2026)	Assistant Director of Environmental and Housing Property Services	tbc Mar 2028
14.	**Governance Issue:** Risk monitoring reports should be prepared and presented to the	Opportunity Risk Management Strategy, and by extension all	Risk Management • Quarterly Reporting to Audit, Governance and Standards Committee (Jul 2026) • Embedded Risk Management process involving Member	Director of Finance (s151 Officer)	Dec 2026

Ref	Governance Issue and Targeted Outcome	Corporate Risk Reference (See Appendix 2)	Activity	Sponsor	Completion Date
	Audit, Governance and Standards Recommendation Committee for review and consideration **Targeted Outcome:** The Council has a robust and embedded risk management process to improve decision making.	Corporate Risks	oversight by Risk Champion and Executive (Dec 2026)		

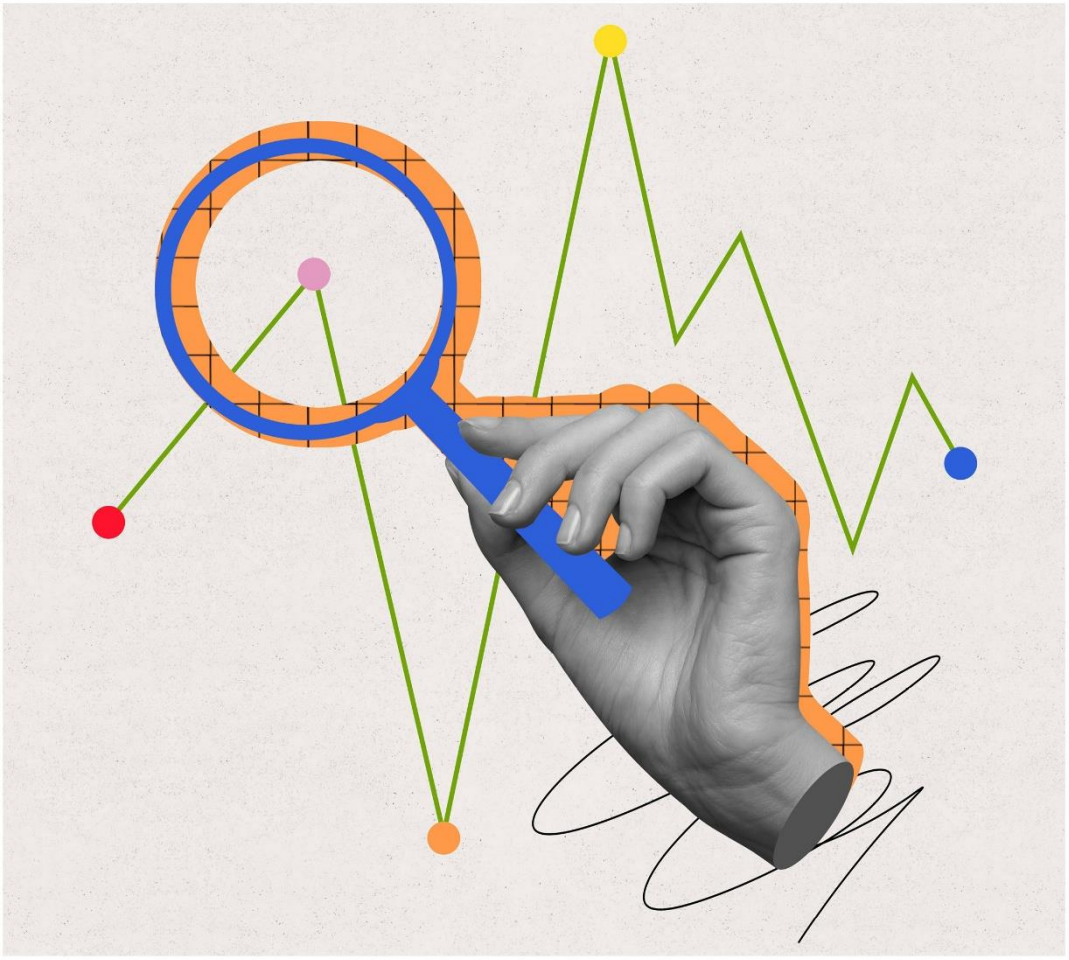
Key

	Raised by EY – High Risk
	Raised by EY – Moderate Risk
	Raised Internally – High Risk

Appendix 2 – Risk References Key

Corporate Risk Ref	Risk	Owner	Risk Lead	Inherent	Residual
COR001	Non-Compliance with Health and Safety Legislation	Guy Revans	Hannah Corredor	20	9
COR002	Financial Resilience of the Council and ability to manage financial shocks	James Walton	Debra Goodall	16	6
COR003	Failure to meet requirements of Regulator for Social Housing	Guy Revans	Simon Parry	15	12
COR006	Protection from Cyber Attack	John Leach	Mark Hanwell	25	16
COR007	Adequate Workforce Planning	Hannah Corredor	Becky Talbot	12	9
COR008	Resolution of Section 24 Notice	James Walton	Debra Goodall	6	6
COR011	Cost of Living Crisis	Judith Willis	Lisa Devey	12	9
COR013	Failure to meet waste requirements of the Environment Act 2021	Simon Parry	Matthew Austin	16	9
COR014	Local Government Reorganisation (LGR) prevents the Council from delivering business as usual and work associated with LGR is also ineffective	John Leach	Hannah Corredor	20	12
COR019	Risk of Terrorist Attack	Judith Willis	Bev Houghton	8	8
COR021	Redditch Town Deal Programme	Rachel Egan	Neil Batt	12	8
COR022	Compliance with the Procurement Act 2023	Claire Felton	Claire Green	9	4
COR024	Non-Implementation of the Renters Rights Act 2025 (New)	Judith Willis	Matthew Bough	6	4
COR026	Risk of Cash Flow Strain	Debra Goodall	—	16	12
COR027	Remedial Fire Safety Actions	James Walton	Debra Goodall	9	9

Redditch Borough Council



Audit, Governance and Standards Committee

ANNUAL REPORT

2025 - 2026

Redditch Borough Council

Working together for our communities

Contents

Chair's Foreword 3
Membership 4
Introduction 5
The Role of the Audit, Governance and Standards Committee 6
Summary of Committee meetings 2025/26 9
24th July 2025 9
23rd October 2025 13
20th January 2026 18
24th February 2026 21

Chair's Foreword

It is with pleasure that I present this annual report, covering the work undertaken by the Audit, Governance and Standards Committee in the 2025/26 municipal year.

Following on from progress made in 2024/25 municipal year, 2025/26 has seen further work being undertaken to resolve the issues highlighted by the previous Auditors in their Interim Auditors Annual Reports for financial years 2020/21, 2021/22 and 2022/23. This includes assurance to the Committee on the significant work undertaken to rectify the outstanding issues with, and improve the capabilities of, the Council's financial system.

There had been some further delays experienced with the audits of Council's accounts for the financial year 2023/24, exacerbated by the impact of changes to the Council's external auditor arrangements for financial years 2023/24 onwards with an interim period in the 2024/25 municipal year when the Council had no appointed auditor. The positive step forward was that the Council's new auditors had been onboarded and were working on the audits of the Council's 2023/24 and 2024/25 Statements of Accounts, with the audit completion report expected to be reported to the Committee in June 2026.

The Committee had been gaining assurance over the financial statements through continued audit procedures reported to the Committee, including Value for Money reporting by the External Auditor and Internal Audit reports.

Throughout the 2025/26 municipal year, the Committee also closely monitored corporate and departmental risks and on occasions identified risk areas that require further review or recommended adding risks to the corporate risk register. The risks identified for a more in-depth review include cyber security, cash flow and treasury management, and a risk relating to the backlog of outstanding fire remedial actions across the Council's Housing stock. These risk areas are being followed up by the Committee in the 2026/27 municipal year.

I hope that the positive work of rebuilding assurance in the Council's financial statements and position, as well as managing risks, will continue over the next municipal year.

Councillor Gemma Monaco

Chair of the Audit, Governance and Standards Committee (2025-26)

Membership



Cllr Gemma Monaco (Chair)



Cllr Chris Holz (Vice-Chair)



Cllr William Boyd



Cllr Andrew Fry



Cllr James Fardoe



Cllr Wanda King



Cllr Gary Slim



Cllr Rita Rogers



Cllr Paul Wren

Feckenham Parish Council Representative: Alan Smith (Chair of Feckenham Parish Council)

Introduction

The purpose of this report is to provide a summary of the Audit, Governance and Standards Committee's activities during the 2025/26 municipal year.

During the year the Committee had considered reports and updates on the following subjects:

- Monitoring Officer's Report – details Members complaints and training that had taken place during the period between meetings.
- Standards updates regarding Feckenham Parish Council – the only parished area in the Borough of Redditch.
- Updates from the Internal Auditor – including internal audit opinion for 2024/25 and the internal audit plan for 2025/26
- Updates from the External Auditors (including update on 2023/24 Accounts audit and the Value for Money audit for 2023/24).
- Annual Governance Statement
- General and Individual Dispensations Report (granting of dispensations)
- Annual Update Report on Regulation of Investigatory Powers Act 2000 (RIPA) Report.
- Financial Compliance Report (including updates on Statements of Accounts).
- Financial Savings Monitoring Report (July 2025 meeting)
- Risk Management Report/Quarterly Risk Update.
- Risk Champion Updates.
- Annual Review from the Local Government Ombudsman.
- Review of Accounting Policies (January 2026 meeting)
- Capital Strategy 2026/27 including Treasury Management Strategy
- Cyber Security Updates (including WhatsApp and Artificial Intelligence Policies)

Further information about some of the key responsibilities of the Committee are detailed within this report.

Meeting dates and minutes of the Audit, Standards and Governance Committee meetings can be found on the Redditch Borough Council website, link included below:

Audit, Governance and Standards Committee

The Role of the Audit, Governance and Standards Committee

Scope and Responsibility

The Audit, Governance and Standards Committee provides independent assurance to the Council in respect of:

- The effectiveness of the Council's governance arrangements
- The adequacy of the Council's system of internal control by ensuring that an adequate and effective system of internal financial controls is maintained, that financial procedures are regularly reviewed.
- The effectiveness of the Council's financial (and non-financial) management through reviewing the Council's Statements of Accounts, Annual Governance Statements, Financial Regulations and to ensure good stewardship of the Council's resources by assisting the Council to achieve value for money in the provision of its services.
- The effectiveness of the Council's Risk Management Framework and risk strategies and policies and monitor actions to address risk related issues.
- The promotion of transparency through monitoring of the Council's Anti-Fraud arrangements, Whistle-blowing and anti-bribery strategies among others.

The Committee is also responsible for the Council's Standards Regime which covers both the Borough Council and the Parish Council. Areas encompassed within the Standards Regime include:

- Promoting high standards of conduct by Councillors and co-opted members of Council bodies.
- Assisting Councillors and co-opted members to observe the Members' Code of Conduct.
- Advising and training Members and co-opted members in respect of the Code of Conduct.
- Formulating advice to members and officers in declarations of gifts and hospitality.
- Granting dispensations to Councillors and co-opted members from requirements relating to interests as set out in the Code of Conduct.
- Considering reports from the Monitoring Officer following investigation into complaints about elected Members.

Standards Regime

The standards regime is monitored by the Committee mainly through regular Monitoring Officer's reports. There are other annual reports in relation to standards (covered in individual meeting summaries) such as the annual review of Local Government and Social Care Ombudsman complaints data and the update on report on the Regulation of Investigatory Powers Act 2000.

Monitoring Officer's Report

This covers Member Training, Member Complaints, and Council's Constitutional matters.

If the elected Member was found to have breached the Authority's Code of Conduct, the powers available to the Authority include a formal letter of warning to the Member and formal censure by motion, of a committee, for the removal of the Member from a Committee (which does not legally prevent the Councillor in question from attending), in addition to adverse publicity.

The Council's Code of Conduct is designed primarily with the view of maintaining standards through a conciliatory approach and there is a high reliance on the Monitoring Officer working in cooperation with political Group Leaders when finding resolutions to Member complaints.

It was reported through the Monitoring Officer's report on the training that Members received throughout the 2025/26 municipal year. A small number of Member training sessions had been arranged for 2025/26. In line with the approach agreed, some of this training was delivered jointly with Bromsgrove District Council, whilst other sessions were bespoke and being delivered to Redditch Members only.

The Monitoring Officer's report also covers updates on the Constitution Review Working Party (CRWP). which is a cross-party group where any potential changes to the Council's constitution are discussed.

Member Complaints

An update on Member complaints had been provided at all Monitoring Officer's reports. It was noted that a number of complaints against Members had been received in 2025-26, most of which had been resolved locally. There had been no investigations about Members which required a Hearings Sub-Committee to be convened.

Dispensation Report

The Audit, Governance and Standards Committee considered a dispensations report at its meeting on 24th July 2025. The individual member and outside body appointment dispensations were granted at that meeting, in addition to the general dispensations for all councillors in respect of allowing members to vote at council meetings on budget matters. The dispensations agreed at these meetings remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in May 2026 unless amended by the Committee prior to that date.

Parish Council Involvement

The Feckenham Parish Council's representative provided updates on Feckenham Parish Council standards matters on a quarterly basis and can request an item on the agenda as required (in line with the Committee's Terms of Reference). The Feckenham Parish Council's Representative for the municipal year 2025-26 was Mr Alan Smith.

Internal Audit Reports

During the year the Committee had continued to receive updates on the work of the Internal Audit team including the Internal Audit Plan 2025-26, Internal Audit Annual Report 2024-25, and the Internal Audit - Progress Report (presented at every meeting).

External Auditors

On the 3rd of October 2024, the Council appointed Bishop Fleming as the Auditors for the Council for the financial year 2023/24 onwards (i.e. for auditing the Council's financial statements for the years 2023/24 onwards). Subsequently, Bishop Fleming notified the Council that they were unable to take up the appointment. The Council, following liaison with Public Sector Audit Appointments Limited (PSAA) for the appointment of alternative Auditors, confirmed that Ernst & Young (EY) would officially become the Council's External Auditors.

The onboarding of the new auditors had been concluded by the start of 2025/26 municipal year. During the year the Committee received regular updates from Ernst & Young on the audit work for the Council and more specific updates such as on the audit of 2023/24 Accounts and Value for Money work.

Section 24 Notice

One of the legislative reporting requirements the Council had not achieved was the delivery of the 2020/21, 2021/22 and 2022/23 Statements of Accounts by the required statutory deadlines, due to the implementation of a new financial ledger and the delays and inherent financial risks that had been associated with that process.

The Section 24 Statutory Recommendation was first issued on 31st October 2022 (by the Council's External Auditors at the time, Grant Thornton) as a result of the non-delivery of the 2020-21 financial statements at that time. Grant Thornton issued an updated Section 24 Statutory Recommendation on 23rd November 2023 as the Council remained unable to publish the draft 2020-21 Accounts (and therefore had also not achieved the delivery of 2021/22 and 2022/23 Accounts).

Backstop Report

On 30th July 2024, the Minister of State for Local Government and English Devolution provided a written statement to Parliament confirming the Government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13th December 2024. A backstop date for 2023/24 was proposed of 28th February 2025 and a date for 2024/25 audits of 27th February 2026.

The Council's External Auditors at the time, Grant Thornton considered that there would be insufficient time to conclude their work in advance of the 13th December 2024 backstop deadline. On that basis, subsequently the backstop for the 2020/21, 2021/22 and 2022/23 years was applied. Given that several key audit areas remained outstanding, the Council's Statements of Accounts for these years received a disclaimer of opinion, effectively meaning Grant Thornton had been unable to gain the assurance necessary to give an audit opinion by the statutory backstop dates for these sets of accounts.

The Section 24 Recommendation around the delivery of the 2020/21 to 2022/23 accounts is still in place and has been extended to the subsequent accounting periods (extension to 2023/24 and 2024/25 accounts).

The Committee commented on the significant progress that had been undertaken by the Council's finance team, over the last two financial years, to rectify the outstanding issues and improve the capabilities of the Council's financial system, TechnologyOne. The amount of work over 2024/25, when the Council's finance team had effectively undertaken work on preparation of three sets of accounts within one year was also noted, and through the year 2025/26 the bulk of the work in catching up on outstanding accounts from previous years had been completed.

It was expected that in the 2026/27 financial year the Council would be back on track in the audit cycle. At the meeting on 11th June 2026, the Committee received the External Audit Completion Report for financial years 2023/24 and 2024/25, these accounts having received a 'disclaimer opinion'. A detailed Recovery Plan has been prepared to address the recommendations within that Completion Report.

The Committee was expected to receive the final (audited) Statements of Accounts for financial years 2023/24 and 2024/25, as well as draft Statement of Accounts for 2025/26 financial year, at its meeting on 23rd July 2026.

Risk Champion Updates

Councillor Rita Rogers was appointed as the member risk champion for 2025/26. She provided updates on any pertinent risk from a member perspective, when applicable.

Summary of Committee meetings 2025/26

Below is a summary of the main matters discussed at Audit, Governance and Standards Committee meetings in 2025/26:

24th July 2025

Feckenham Parish Council Representative's Report – Standards Regime

The Chairman of Feckenham Parish Council provided an update on Feckenham Parish Council standards matters and stated that there were no specific standards matters to update on. However, he provided a brief overview of matters of general concern for Feckenham Parish Council including local planning applications and house-building targets for the Parish area. Also, raised was the uncertainty with regard to the Local Government Reorganisation (LGR) and what this would mean for parish areas like Feckenham.

Standards Regime – Monitoring Officer's Report

The Committee considered the Monitoring Officer's report which updated on Member Complaints, Constitution Review and Member training as follows:

- Since the last report to the Committee in January 2025, there had been two complaints submitted by members of the public against a Borough Councillor and one complaint

submitted by a County Councillor against a Borough Councillor. After initial investigation, all three complaints were found not to be standards matters.

- It was confirmed there were no outstanding members' standards complaints awaiting decision.
- Concerns were raised about low Member attendance at some of the recent training sessions.
- Cyber security training had been mandated for all Members by the Executive Committee due to this being a high-risk area for the Council
- It was noted that member briefings and member engagement sessions on local government reorganisation (LGR) would continue in the run up to November 2025 when the LGR proposal for Worcestershire was due to be submitted to the Government.

Annual Update Report on Regulation of Investigatory Powers Act 2000 (RIPA)

During this meeting Members were asked to consider the annual update report on the Regulation of Investigatory Powers Act 2000 (RIPA). It was explained that the Council had not used RIPA powers in recent years. The policy document that the Council had been recently reviewed by inspectors with the document deemed to be of high standard nationally and only minor updates were required. The latest version of the Council's RIPA Policy was endorsed by the Committee.

Localism Act 2011 – Standards Regime – Dispensations

During consideration of this report the Committee considered the approval of Member dispensations with the following points discussed:

- Dispensations fell into four categories: general, council tax arrears, individual member and outside body appointment dispensations.
- The Committee approved the individual and outside body appointment dispensations requested by Members (detailed under paragraph 4.10 of the report) to participate in discussions where they might otherwise have a conflict of interest.
- The Committee also approved General dispensations.
- Members were reminded to update their dispensations as roles changed.

External Audit On Boarding Discussion Update

The External Auditor from Ernst and Young provided an update and explained that Ernst and Young onboarding procedures with the Council had now been completed. It was explained that the Council would receive a disclaimer opinion on its 2023/24 Accounts due to the backstop date requirement but that the Value for Money opinion for 2023/24 remained to be completed. It was anticipated that this work would be completed and reported to Members in September 2025. The External Auditor stated that the backstop date for the auditing of 2024/25 Accounts was in February 2026.

Annual Report of Internal Audit for 2024/25

This report provided the Annual Internal Audit Opinion for the financial year 2024/25, as required by the Accounts and Audit Regulations 2018 and the Public Sector Internal Audit Standards. It supported the Council's Annual Governance Statement by offering independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

The overall audit opinion of the Council's system of internal control was Reasonable Assurance (the second highest grading). This meant a reasonable level of independent assurance that the Council's internal controls and risk management processes were effective and supported the achievement of its strategic objectives.

There were 13 graded internal audit assignments in 2024-25 of which three received substantial assurance, seven reasonable assurance, three limited assurance. There were no assignments that were graded as no assurance.

Of the three assignments that received limited assurance, the Accounts Payable received this level of assurance due to the internal auditors being unable to complete full review of this area as the finance team focused their efforts in 2024-25 on the work of completing the statements of accounts in line with statutory backstop dates.

Procurement and Contract Management received limited assurance pdue to the Council not yet being fully compliant with the new procurement regulations. Procurement team was supporting services to achieve full compliance with the rules, and a follow up review would be performed by Internal Audit in 2025-26. This would include comprehensive monitoring of compliance with the new regulations across departments.

The review of Corporate Credit / Procurement Cards found limited assurance owing to the current issues with authorisation controls and accountability for the overall process. To address this, the senior management team had vested authority and provided support to the Procurement Manager to monitor service-level compliance and challenge those officers who were not following the procurement procedure correctly.

It was noted that a review of council tax arrears in respect of single person discounts had not been undertaken for eight years, and this review would now be undertaken in 2025-26. It was highlighted that regular checks were undertaken by officers in this area but a review was now due and it needed to be fully assessed whether it was economic for the Council to undertake a full-scale approach to chasing arrears in this area.

Members raised concern about the Statutory Inspections internal audit review finding missing details and inconsistent approach in respect of fire safety controls and commented that this was a significant risk for the Council. Officers explained that internal audit reviews contained some mandatory actions for the Council to carry out in this area and relevant service managers had been tasked with rectifying the issues found in this review.

Internal Audit Plan 2025/26

The Internal Audit Plan for 2025/26 was presented to Members. It was noted that this Internal Audit Plan prioritised areas where there was high risk to the Council and areas where failings could have serious financial and/or reputational repercussions for the Council.

The Internal Audit Plan had a basic resource allocation of 261 chargeable days for undertaking specific audits. It was explained that there was a contingency within the overall Plan to enable the Council's Chief Finance Officer to call on the Internal Auditors to undertake reviews to respond to emerging risks identified during the year, should the need arise.

The Internal Audit Plan for 2025/26 was approved by the Committee.

Financial Compliance Report including Update on Statement of Accounts

The report updated on the submission status of key legislative reporting requirements to central Government and the Council's position with regard to auditing of its Statements of Accounts.

In reference to Government reporting requirements, the Council continued to provide the majority of key legislative deliverables within timeframes and was compliant with national requirements. The key outstanding issue was the Council's VAT returns. It was highlighted that since December 2024 the Council had been submitting VAT returns to HMRC on a monthly basis, but discussions were ongoing with HMRC regarding the prior three years of VAT returns.

It was noted the Council had published and made their draft 2023-24 Accounts available for public inspection from 17 January 2025 to 3 March 2025. The Council was listed by the Ministry of Housing, Communities and Local Government (MHCLG) as one of the local authorities that had not met the statutory backstop deadline of 28 February 2025 for having the audited 2023-24 Accounts available, but a note was included to explain that the Council had no appointed auditor for 2023-24 at the time of the backstop deadline when the Accounts were being submitted.

It was noted that the new External Auditor, Ernst & Young, have now finished their onboarding checks and had begun the audit of 2023-24 Accounts with the expectation that these would receive a 'disclaimer opinion'. The backstop date for publishing the audited statements of accounts for 2024-25 was 27 February 2026 with Ernst & Young being the Council's auditors for that set of accounts.

Financial Savings Monitoring Report

The Committee received a report which set out the outturn (final) position on the financial savings for 2024/25:

- The Council ended the year with a £4k underspend on a full year revenue budget of £10.8 million. This was a marked improvement to quarter 3 at which point a revenue overspend of £138k for the year was predicted.
- The position at year 2023/24 in terms of departmental savings: two departmental savings items remained amber (indicating risk to delivery). This related to establishment (service) reviews, where it was found that the spending on establishment salaries and Agency was above budgeted figures and as such there remained a significant risk. The second item related to the Capacity Grid project, recouping old Council Tax and Business Rates debt, which was nearing the end of its allocated time.
- There was a surplus in the collection fund of £1.004m, of which £0.125m related to
- The 2024-25 savings position was presented in Appendix A. It was highlighted that the vast majority of savings items linked to increases in grant, agreed increases in tax or items no longer to be delivered until future financial years. The largest savings in recent years was on pension cost which linked to the 2023 triennial revaluation with revised figures applicable until the end of this financial year. Initial advice from actuaries indicated that these figures would not change in the next revaluation.
- Queries were raised on the additional spending on items including contract with Wychavon District Council to deliver parking civil enforcement service.
- It was reported that although one of the public sector tenants had not been secured as previously planned, the Town Hall hub project was overall progressing as planned and was at the RIBA 4 technical design stage at present. A question was asked with regard

to what contingency was in place if tenants could not be secured. It was responded that the hub redevelopment would allow the Council's customer service centre to move back to the Town Hall, and the additional office space capacity would in any case allow other Council assets such as the Greenlands Business Centre and the Oakenshaw Community Centre to be released for other purposes.

- It was noted that going forward, savings monitoring would be reported through the quarterly finance and performance monitoring reports, to be considered by the Executive Committee and scrutinised by the Budget Scrutiny Working Group rather than through the Audit, Governance and Standards Committee.

Risk Management Report/Quarterly Risk Update (Q1 2025-26)

The Committee considered an update report about corporate and departmental risks with the following key points discussed:

- A new, simplified risk report format was introduced.
- There were 13 Corporate risks with a number of those risks RAG-rated red (being high risk).
- There were 47 departmental risks of which 1 risk relating to revenues was red.
- The Council's insurance team was commended for their successful effort to insure the Council for the right assets, including appropriate premiums and excesses. It was highlighted that through this work £250,000 saving was delivered across shared service councils (Redditch and Bromsgrove Councils).

23rd October 2025

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 concern in the Feckenham Parish, as this Committee was the main forum where Feckenham Parish Council matters could be raised with Borough Councillors. The Committee was updated on these issues.

Standards Regime – Monitoring Officer's Report

During this meeting the committee considered the Monitoring Officer's report which provided updates on Member Complaints, Constitution Review and Member training as follows:

- Since the last report to the Committee (24th July 2025) there had been one complaint submitted from a member of the public against three Borough Councillors, which was currently at the initial assessment stage.
- One other 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.

Annual Review Letter of the Local Government and Social Care Ombudsman

During this meeting Members considered a report on the Local Government Ombudsman's Annual Review Letter, which set out the statistics for complaints made against the Council covering the year ending 31st March 2025.

Members were informed that the Local Government Ombudsman had changed its reporting approach. Annual letters would only be issued in cases of exceptional practice or concerns about complaint handling. Redditch Borough Council (RBC) was one of the authorities that had not received such a letter for the period ending 31st March 2025.

During the reporting period, 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.

External Audit Update Report 2023/24

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

Context was provided regarding the Government's legislation aimed at clearing the backlog of local audits and establishing a sustainable audit system. The backstop legislation was an approach to address the audit 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. 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 due 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, respectively.

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 & Young's confirmation as auditor to the Council by PSAA only after the 2024/25 financial year started, and due to the necessary time needed to complete acceptance and onboarding procedures, the audit of 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 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.

Despite the disclaimer of opinion on the 2023/24 financial statements, EY confirmed that auditing standards required certain procedures to be performed, which were underway. The local regulations also required Value For Money (VFM) work to be completed, which was also in progress.

Internal Audit Progress Report

The Committee received the internal audit progress report. It was noted that at the time of this report being written, of the internal audit assignments planned for 2025-26, 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 of 90 per cent delivery of audit days against the full year plan target was on track to be achieved.

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.

In view of the cyber security risk, the Committee requested that presentation be provided at the next meeting of the Committee 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.

Annual Governance Statement

The Committee received the Annual Governance Statement (AGS) for the financial year ending 31st March 2025 (2024/25). It was explained that the AGS was a statutory requirement under the Accounts and Audit Regulations 2015 and provided a corporate overview of governance arrangements. Although it formed part of the Statement of Accounts process, it was not a financial report.

The AGS set out 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.

It was noted that the AGS identified significant governance issues. 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, as well as disclaimer opinion being expected 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 Committee was informed that although disclaimer opinions were expected for 2023/24 and 2024/25, each audit cycle would be leading to improvements in the levels of assurance that could be provided. The Council was working towards achieving a full audit opinion in future years.

The Annual Governance Statement (AGS) for 2024/25 was approved by the Committee.

Financial Compliance Report

The report updated on the submission status of 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 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 (WOGA) 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 the financial years 2020/21 to 2022/23, receiving a 'disclaimer' audit opinion for these three sets of accounts. For 2023/24 Accounts, the draft accounts had been presented for public inspection, and this ended on 27 February 2025. The draft 2024/25 Accounts had been prepared and had been ready for public consultation by 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 in the report. This included the drafting of the Financial Stability Plan following the successful completion of the Financial Improvement Plan, the health check on the TechOne system being undertaken 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.

Cyber Security Update (including WhatsApp and AI Policy)

The report concerning the proposed 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.

Officers explained that explained that the use of AI tools by the Council was 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 out of AI and the AI Acceptable Use policy was designed to provide guidelines for the use of this technology across the Council.

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 included:

- Permitted Use – If utilised, WhatsApp may only be used by staff for non-sensitive, logistical communication (e.g. meeting times, location changes chats).
- 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 not deemed secure for handling any sensitive data by the Council. It was reiterated that 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.

Members requested that consideration be given to producing specific AI Acceptable Use and WhatsApp policies for Councillors, alternatively to expend the scope of these policy documents to cover both the Council's Elected Members and Officers.

Members expressed the view that training on AI was essential requirement for Councillors. As such it was requested that arrangements for provision of AI training for elected members be considered at the next meeting of Member Support Steering Group.

The Audit, Governance and Standards Committee recommended that the Executive approve the Artificial Intelligence (AI) Acceptable Use Policy, and the WhatsApp Policy as formal policy documents for the Council.

Feckenham Parish Council Representative's Report – Standards Regime

The Parish Council Representative provided an update on the Parish Council's standards matters. It was reported that Feckenham Parish Council now had a full representation of councillors with no vacancies. All Parish Councillors had recently undertaken a course on data protection / GDPR. In addition, the Parish Council had recently updated its documentation relating to conduct matters.

Request was made for more regular information on the Local Government Reorganisation (LGR) to be passed to the Parish Council whenever there was new information. It was clarified that in Worcestershire two LGR proposals had been submitted to the Government – one for the creation of two unitary authorities, the other advocating for a single unitary authority. The Government was expected to make a decision on the proposals in summer 2026. The unitary arrangement decided on would then come into force on 1st April 2028 according to the Government's timetable.

Standards Regime – Monitoring Officer's Report

During this meeting the committee considered the Monitoring Officer's report which provided updates on Member Complaints, Constitution Review and Member training as follows:

- Since the last report to the Committee (23rd October 2025) there had been one complaint submitted from a member of the public against a Borough councillor, which did not pass the initial assessment stage.
- Several complaints against Borough councillors were received from County councillors and a member of the public. It was expected these complaints would be resolved informally.
- The complaint which was reported at the last Committee meeting (23rd October 2025), submitted by a member of the public against three Borough councillors, was still at the initial stage awaiting further information from the complainant.
- The complaint received after this meeting's agenda publication, relating to the Council meeting on 13th January 2026, was currently being assessed.
- The meeting of Constitutional Review Working Group (CRWG) took place on 6th January 2026, relating to the taxi licensing scheme of delegations and the recommendation to permanently delegate 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 from the CRWG would be reported to full Council.

External Audit Progress Report and Sector Update

An update was provided on behalf of the External Auditors, Ernst & Young, the following key updates being raised:

- External Auditors were currently undertaking the work to audit the Council's 2023/24 Statement of Accounts concurrently with work on the Council's 2024/25 Accounts in order to meet the backstop deadline of 27th February 2026 for publishing the audited Accounts for the 2024/25 financial year.
- Meetings continued to take place between Council officers and the External Auditor in relation to outstanding queries, including with regard to whistleblowing cases and how these cases were being actioned by the Council.

- The 2023/24 Value for Money (VfM) part of the audit had been completed by the External Auditors. The two main issues identified related to the outstanding VAT returns for the period prior to December 2024 as well as the write-off value for the Town Hall Hub project as a result of the change to the project remit (i.e. the existing library in Redditch no longer being relocated to the Town Hall).

Internal Audit – Progress Report

During this item the Committee received the routine internal audit progress report with the following key points raised:

- 186 productive days of internal audit work for the Council had been delivered against the full year plan of 308. It was anticipated that the objective of delivering 90 per cent of the full year plan would be achieved by year end (31st March 2026).
- As of end of December 2025, four audit assignments had been fully completed, one assignment was at the draft report stage, seven assignments were in progress, two assignments were at the planning stage, and one assignment had been put on hold until February due to a request from management.
- Of the four fully completed audit assignments, three had been finalised since the last meeting of the Audit, Governance and Standards Committee. These were Payroll, General Ledger, and Corporate Health and Safety.
- Payroll had received 'substantial assurance' following internal audit with only minor issues identified.
- The General Ledger was given 'limited assurance', although it was recognised that considerable progress had been achieved since the last internal audit review. However, at the time of the audit control suspense account reconciliations had not yet been completed for 2024/25 and completion of bank reconciliations was behind schedule for both authorities (i.e. Redditch and Bromsgrove). It was noted that this was mainly due to the legacy issues following implementation of the new finance system after February 2021 and the subsequent focus on managing the issues with the system and bringing statutory accounts up to date. Internal Audit was due to revisit this area in 2026/27.
- The audit of Corporate Health and Safety resulted in 'limited assurance' being provided. This audit was requested by the Council's senior management and resulted in a number of major issues being identified including 59 per cent of new starters since September 2023 not having received Health and Safety Induction training and no standardised means of ensuring role specific health and safety training was being provided. Furthermore, a significant number of service areas did not provide health and safety risk assessments when requested by the auditor.
- There were 29 outstanding internal audit recommendations and 1 high priority overdue action in relation to assurance that cyber security awareness training had been completed by all elected Members. It was stated that five Members were yet to start this training, and one Member had an outstanding module to complete.
- It was requested that the deadline be set for the remaining Members to complete this training and that political Group Leaders be notified of those members of their Groups who had not completed the training. In addition, it was asked that the Internal Auditor contact these Members directly with a reminder to complete the training and that an in-person 'mop up' session be organised to provide opportunity for Members to receive help if they struggled with completing the training due to IT barriers.

Capital Strategy 2026/27 including Treasury Management Strategy

Details of the Capital, Treasury Management and Investment Strategies were presented to the Committee. The following was discussed in more detail:

- Capital Strategy provided an overarching framework of how the Council planned, financed, and managed capital expenditure to deliver services and maintain financial sustainability. The planned capital expenditure for 2026/27 was £15.5 million of which £3.3 million was for General Fund projects, £11.5 million Housing Revenue Account, and £0.7 million for Towns Fund schemes. Funding sources to cover this capital expenditure were borrowing (£12 million), Council resources (£2.8 million), and external grants (£0.7 million).
- As of 31 March 2026, the Capital Financing Requirement (CFR) was forecast at £159.8 million, reducing to £158.2 million by March 2027. This included £10.5 million General Fund and Regeneration and £147.7 million for Housing Revenue Account.
- The Treasury Management Strategy detailed how the Council managed its cash flows, borrowing and investments, and the associated risks. The current long-term borrowing by the Council was at £103.9 million related to the Housing Revenue Account (HRA). £6.2 million was invested by the Council with an average return rate of 4.2 per cent. The Council's investment priorities were security and liquidity over yield with environmental, social and governance principles embedded.
- The associated Minimum Revenue Provision (MRP) statement showed, for areas where the Authority finances capital expenditure by debt, the amount charged to the revenue budget for the repayment of debt. It was noted that the purpose of the policy was to ensure borrowing for capital projects was repaid over the life of the asset. It was stated that the Council typically used the annuity method for depreciation, which apportioned depreciation in regular and equal amounts over the life of the asset.
- The Investment Strategy covered investments made by the Council. It was noted that the Council only invested for service and regeneration purposes and did not invest for profit. It was highlighted that there were no commercial investments planned by the Council for 2026/27.

The Committee recommended that the Capital Strategy, the Treasury Management Strategy (and the associated MRP policy), and the Investment Strategy all be approved by full Council.

Review of Accounting Policies

During this meeting Members were updated on the Council's accounting policies. The policies were designed to ensure that the accounts presented a true and fair view of the Council's financial position. The Interim Director of Finance and Section 151 Officer reassured Members that the policies presented continued to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) code and International Financial Reporting Standards (IFRS).

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 the key legislative reporting requirements to central Government, it was noted that the Council continued to provide the majority of these legislative deliverables within timeframes. The key outstanding returns remained the Value Added Tax (VAT) returns and Whole of Government Accounts (WOGA).

As reported at previous meetings, although from December 2024 the Council returned to monthly VAT returns, work had continued to provide assurance to HMRC regarding VAT return

that had been submitted in December 2024, which covered the previous three years. Additional resources had been added to strengthen the finance team in relation to VAT including a VAT Accountant and mandatory VAT training for all finance staff.

The Whole of Government Accounts (WOGA) had not been produced by the Council for a number of years and required a substantial mapping exercise in order to be undertaken. It was unlikely that the Council would be able to achieve this before the Cycle 2 deadline of 3 October 2026. However, the Council was working to achieve a submission for the 2026/27 financial year.

In relation to the Council's Statements of Accounts, Members were reminded that the Council's External Auditor, Ernst & Young, had started its audit work on the 2023/24 Accounts and it was expected this set of accounts would be disclaimed. The 2024/25 Accounts had been completed by the Government's deadline of 30 June 2025 and the public consultation period for inspection of draft accounts finished on 11 August 2025. These Accounts were expected to be audited close to the Government backstop date of 27 February 2026.

The key recent deliverables achieved since the last meeting were set out which included upgrading the Council's finance system, TechOne to the latest version and setting up a project team to reinstall the cash receipting functionality within the system. A question was raised by a Member whether this was the most appropriate option given the issues experienced by the Council with the TechOne cash receipting module following implementation of the TechOne system.

It was explained that the Council had three options in relation to its financial system which were: to fix its current system which was tried and did not work successfully, to purchase a new and different system altogether which would involve a substantial cost, or to reinstall the functionality that is already available as part of the TechOne package. It was highlighted that more local authorities in the UK were now using the TechOne cash receipting module than when the Council first tried to implement it, including Worcestershire County Council. In addition, Officers were in discussion with TechOne around specific resource requirements and exact mechanism which would be in place to operate the cash receipting module. Therefore, the Council was proceeding with the option to reinstall the functionality that is already available as part of the TechOne system in order to strengthen the system's capabilities.

Cyber Security Update

An update was considered in exempt (closed) session on the current position with regards to cyber security within the Council. The position statement discussed outlined the Council's ongoing cyber security initiatives, current threats and achievements, and future planned improvements.

24th February 2026

External Audit – Accounts Backstop Report

This item had been withdrawn. It was clarified that the External Auditors would submit a backstop accounts report for 2023/24 financial year to a future meeting of the Committee (most likely in June 2026).

Risk Management Report/Quarterly Risk Update (Q3 2025/26)

The corporate risk register as well as departmental risks were reviewed by Members. In particular, Members requested the addition of two risks to the Corporate Risk Register: Cash Flow and Treasury Management and Backlog of Fire Remedial Actions.

Cash Flow and Treasury Management:

The Interim Director of Finance and Section 151 Officer explained that this was not a risk from a single event but has arisen out of a combination of related factors. This included:

- Uncertainty around council tax collection rates - There was a risk highlighted that if Worcestershire County Council's (WCC) went ahead with increasing their element of council tax by 8.98%, there could be an increased number of residents who were unable to pay council tax, which would significantly affect the Borough Council's (as the council tax billing authority) cash flow in the short term.
- VAT Recovery – It was noted that the Council had been unable to submit periodic VAT returns for period from April 2021 to October 2024 as a result of issues with the TechnologyOne ERP (ledger) system and was in the process of working out a resolution with HMRC. Whilst the Council hoped to be credited by HMRC in VAT refund in the near future, there remained a cash flow risk to the Council as long as the funding was not in the Council's account as there remained a reliance on the council tax income to sustain the revenue budget at a time of year when council tax income was unstable due to the end of old billing period in February and March, and before regular collection was resumed from April – start of new financial year.

It was agreed by Members that the combination of the factors above necessitated adding this item to the Corporate Risk Register.

Backlog of Fire Remedial Actions:

This risk related to overdue fire remedial actions in social housing properties in the Borough. The Deputy Leader and Portfolio Holder for Performance, Engagement and Governance (present at the meeting) explained that she attended the Housing Improvement Board meeting and noted that insufficient detail was available with regard to mitigations to address these overdue fire remedial actions. The Committee agreed with the seriousness of the risk and requested that it be added to the Corporate Risk Register. It was noted that progress had been slow in the Council clearing the backlog, especially of high-risk fire remedial actions, with 695 outstanding actions at Q2 2025/26, this only reducing by 18 to 677 as of end of Q3 2025/26.

The Interim Director of Finance and Section 151 Officer explained that the resolution of this risk required a review of capital financing for the Housing Revenue Account (HRA) which was scheduled to take place at Quarter 1 of 2026/27. It was noted that the Council was legally required not to run a deficit on its HRA account and therefore the review of financing would seek to identify headroom for borrowing to enhance the Council's ability to grow and invest in existing housing stock more quickly, including investment in expediting fire remedial actions works. Members commented that there needed to be a detailed plan produced that set out how the works would be undertaken. It was requested that an update on this area be reported back to Members.

It was explained that in addressing the backlog of fire remedial actions, in addition to a requirement for additional funds from the HRA being freed up, there were also issues with capacity of the housing team and contractors to deliver the works. It was noted that most of the outstanding fire remedial actions were in relation to fire doors. It was clarified that most of fire risks in this area were now classed as a fire risk due to a recent tightening of regulations in regard to the fire doors safety, rather than because there were no fire doors in place.

Response and Recovery to a Possible Cyber Attack on the Council - Presentation

A bespoke update on the Council's cyber security arrangements and procedures in case of a serious cyber attack was provided. Members considered this update in private (exempt) session.

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REDDITCH BOROUGH COUNCIL

Audit Governance & Standards Committee 23rd July 2026

Report: Treasury Management Outturn Report 2025/26

Relevant Portfolio Holder	Councillor Craig Warhurst Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Debra Goodall
Report Author: Debra Goodall	Job Title: Assistant Director of Finance and Customer Services Contact email: Debra.goodall@bromsgroveandredditch.gov.uk
Wards Affected	ALL
Ward Councillor(s) consulted	No
Relevant Council Priority	Underpins all Council priorities
Key Decision NO – Information only	
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 to:

1.1 Acknowledge the Treasury Management outturn position for 2025/26

1.2 Acknowledge that treasury management activities were undertaken in accordance with the approved Treasury Management Strategy and Prudential Indicators

2. BACKGROUND

2.1 The Council operates its Treasury Management function in line with the CIPFA Treasury Management Code of Practice and the CIPFA Prudential Code.

2.2 An annual Treasury Management Strategy is approved by Council. This sets out the Borrowing and Investment Strategies along with Prudential Indicators.

2.3 The Council's borrowing activity has been undertaken in line with the approved limits and external borrowing has been managed to ensure affordability, sustainability and prudence.

2.4 Investments have ben made in accordance with the approved counterparty limits and creditworthiness criteria. Priority has been given to security of capital, liquidity and yield.

2.5 All Treasury indicators set by the Council were complied with throughout the year. These include the Authorised Borrowing Limit, Operational Boundary and Investment limits.

2.6 Treasury decisions have been taken with regard to the economic position, advice from Treasury Advisors, Arlingclose, and the risk appetite of the Council.

2.7 Treasury activities have been monitored throughout the year and reported as part of the Council's governance framework.

3. FINANCIAL IMPLICATIONS

3.1. The treasury performance has contributed to the General Fund position through interest generated from investments. The financial outturn position for the Council is reported separately.

4. LEGAL IMPLICATIONS

4.1. There are no direct legal implications arising from this report.

5. OTHER - IMPLICATIONS

Local Government Reorganisation

5.1. There are no direct implications for Local Government Reorganisation.

Relevant Council Priority

5.2. Financial resilience and good governance underpin the council's ability to meet all of its priorities.

Climate Change Implications

5.3. None directly resulting from this report

Equalities and Diversity Implications

5.4. No adverse impacts resulting from the content of this report

6. RISK MANAGEMENT

6.1. The Council has a corporate risk relating to the financial position; this work will enable the Council to improve strategic decisions based on accurate and timely financial information.

7. APPENDICES and BACKGROUND PAPERS

7.1. Treasury Management Outturn Report 2025/26

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REDDITCH BOROUGH COUNCIL

Executive **28th July 2026**

Appendix 1

Treasury Management Outturn Report 2025/26

Relevant Portfolio Holder	Councillor Craig Warhurst – 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 set out the annual outturn for 2025/26 on the Council's Capital and Treasury Management Strategies, including all prudential indicators.

2. RECOMMENDATIONS

The Executive Committee is asked to:

1) **Recommend the Council's Treasury performance for the financial year 25/26.**
2) **Recommend the position in relation to the Council's Prudential indicators.**

3. BACKGROUND

Introduction

3.1 The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.

3.2 This report includes the requirement in the 2021 Code, mandatory from 1st April 2023, of reporting the treasury management prudential indicators. The non-treasury prudential

indicators are incorporated in the Authority's normal quarterly revenue report.

3.3 The Authority's treasury management strategy for 2025/26 was approved in February 2025. The Authority has invested and borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

External Context

3.4 **Economic background:** The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

3.5 After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.

3.6 The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.

3.7 The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

3.8 Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

3.9 The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January

2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

3.10 While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

3.11 After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

3.12 Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

3.13 The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

3.14 The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.

3.15 **Financial markets:** After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and

bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

3.16 Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.

3.17 The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31st March.

3.18 **Credit review:** Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

3.19 Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.

3.20 Moody's affirmed OP Corporate's rating at Aa3 In May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.

3.21 After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

3.22 Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.

3.23 Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

Local Context

3.24 On 31st March 2025, the Authority had net borrowing of £28.06m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.25 Actual £m	**31.3.26 Actual £m**
General Fund & Regeneration CFR	25.24	43.05
HRA CFR	126.80	126.80
Total CFR	**152.04**	**169.85**
External borrowing**	103.93	115.93
Internal borrowing	48.11	53.92
Less: Usable reserves	-18.10	-20.96
Less: Working capital	-4.90	-4.90
Net borrowing	**25.11**	**28.06**

** shows only loans to which the Authority is committed and excludes optional refinancing

3.25 The treasury management position at 31st March and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	31.3.26 Balance £m	31.3.26 Rate %
Long-term borrowing				
- PWLB	-98.93	0.00	-98.93	3.31%
- LOBOs				
- Other	-5.00	0.00	-5.00	4.71%
Short-term borrowing	0.00	-12.00	-12.00	5.25%
Total borrowing	**-103.93**	**-12.00**	**-115.93**	
Long-term investments				
Short-term investments	4.20	-4.20	0.00	5.00%
Cash and cash equivalents				
Total investments	**4.20**	**-4.20**	**0.00**	
Net borrowing	**-99.73**	**-16.20**	**-115.93**	

Borrowing Strategy and Activity

3.26 As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.27 Gilt yields slightly decreased over most of the period; reflecting expectations of lower interest rates, a tepid economy and to some extent an improvement in the UK governments fiscal position following tax rises in the autumn budget. Subsequent to the war in the Middle East however, gilt yields saw a rapid rise to above the yield at the beginning of the financial year.

3.28 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.72% at the end. The lowest available 10-year maturity certainty rate was 5.13% and the highest was 5.88%. Rates for 20-year maturity loans ranged from 5.71% to 6.37% during the period, and 50-year maturity loans from 5.46% to 6.24%. The cost of short-term borrowing from other local authorities has been similar to or a little above

Base Rate for most of the period, with interest rates between 4.0% and 4.5%. However, as is commonly seen, rates rose higher towards the end of the financial year, with rates of 5.0% - 7.0% being seen.

3.29 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.

3.30 **Loans Portfolio:** At 31st March the Authority held £115.93m of loans, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st March 2026 are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.25 Balance £m	Net Movement £m	31.3.26 Balance £m	31.3.26 Weighted Average Rate %	31.3.26 Weighted Average Maturity (years)
Public Works Loan Board	98,93		98,93	3.31%	14
Banks (LOBO)					
Banks (fixed term)	5.00		5.00	4.71%	25
Local authorities (long-term)					
Local authorities (short-term)		12.00	12.00	5.25%	0.25
Total borrowing	103.93	**12.00**	**115.93**		

Treasury Investment Activity

3.31 The CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (revised in 2021) defines treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

3.32 The Authority does not hold any invested funds, representing income received in advance of expenditure plus balances and reserves held. During the period, the Authority's investment balances ranged between £0.3 and £12.0 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.25	Net	31.3.26	31.3.26
	Balance	Movement	Balance	Weighted Average Maturity
	£'000	£'000	£'000	days
Banks & building societies (secured deposits)				
Covered bonds (secured)				
Government				
Local authorities and other govt entities				
Corporate bonds and loans				
Money Market Funds	6.50	-6.50	**0.00**	**24**
Total investments	**6.50**	**-6.50**	**0.00**	

3.33 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

3.34 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term investor and treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

3.35 Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025 and to 3.75% in December 2025. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between 3.9% and

4.45% and money market rates between 3.4% and 4.2%.

Non-Treasury Investments

3.36 The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

3.37 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

Treasury Performance

3.38 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 5 below.Table 5: Performance

	Actual £m	Budget £m	Over/ under
PWLB Maturity Loan 1	**15.00**		
PWLB Maturity Loan 2	**25.00**		
PWLB Maturity Loan 3	**40.00**		
PWLB Maturity Loan 4	**18.93**		
Barclays Loan	**5.00**		
Local Authority Loans	**12.00**		
Total borrowing	**115.93**		
PFI and Finance leases			
Total debt	115.93	175.00	-59.07
Short-term Investments	0.00	10.00	-10.00
Total treasury investments	**0.00**	**10.00**	-10.00

MRP Regulations

3.39 On 10th April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7th May 2024 sufficient MRP must be charged so that the outstanding Capital Financing Requirement (CFR) in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.

3.40 The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

Compliance

3.41 The Director of Finance and Section 151 officer reports that all treasury management activities undertaken during the year complied fully with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 6 below.

Table 6: Investment Limits

	2025/26 Maximum	**31.3.26 Actual**	**Complied?** Yes/No
Any single organisation, except the UK Government	£4m each	£0m	Yes
UK Central Government	Unlimited	£0m	Yes
Unsecured investments with banks and building societies	£2.5m in total	£0m	Yes
Loans to unrated corporates	£1m in total	£0m	Yes
Money Market Funds	£20m in total	£0m	Yes
Foreign countries	£5m per country	£0m	Yes
Real Estate Investment Trusts	£2.5m in total	£0m	Yes

3.42 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 7 below.

Table 7: Debt and the Authorised Limit and Operational Boundary

	2025/26 Maximum	31.3.26 Actual	2025/26 Operational Boundary	2025/26 Authorised Limit	Complied? Yes/No
Borrowing	175.00	115.93	170.00	180.00	Yes
PFI and Finance Leases	1.50	0	1.50	1.50	Yes
Total debt	**176.50**	**115.93**	**171.50**	**181.50**	

3.43 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure

Treasury Management Prudential Indicators

3.44 As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

Liability Benchmark

3.45 This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £2m required to manage day-to-day cash flow.

	31.3.25 Actual	31.3.26 Actual	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	149.26	169.85	158.21	160.58
Less: Balance sheet resources	-21.80	-29.12	-26.18	-24.86
Net loans requirement	127.46	140.73	132.09	135.72
Plus: Liquidity allowance	0.20	0.20	0.20	0.20
Liability benchmark	**127.66**	**140.93**	**132.29**	**135.92**
Existing borrowing	**103.93**	**115.93**	**110.93**	**120.93**

3.46 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £11.10m, minimum revenue provision on new capital expenditure based on a 40 year asset life and income, expenditure and reserves all increasing by inflation of 2% p.a. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing.

Maturity Structure of Borrowing

3.47 This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper Limit	Lower Limit	31.3.26 Actual	Complied?
Under 12 months	50%	0%	0%	Yes
12 months and within 24 months	50%	0%	0%	Yes
24 months and within 5 years	50%	0%	0%	Yes
5 years and within 10 years	50%	0%	0%	Yes
10 years and above	100%	0%	0%	Yes

3.48 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term Treasury Management Investments

3.49 The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2025/26	2026/27	2027/28
Limit on principal invested beyond year end	£1.0m	£0.5m	£0m
Actual principal invested beyond year end	0	0	0
Complied?	Yes	Yes	Yes

3.50 Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Additional indicators

Security**:**

3.51 The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2025/26 Target	31.3.26 Actual	Complied?
Portfolio average credit rating	A	-	Yes

Liquidity**:**

3.52 The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	2025/26 Target	31.3.26 Actual	Complied?
Total cash available within 3 months	£2.5m	£2.5m	Yes
Total sum borrowed in past 3 months without prior notice	Nil	Nil	Yes

Interest Rate Exposures:

3.53 This indicator is set to control the Authority's exposure to interest rate risk.

Interest rate risk indicator	2025/26 Target	31.3.26 Actual	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	500,000	0	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	500,000	0	Yes

3.54 For context, the changes in interest rates during the year were:

	1/4/25	31/3/26
Bank Rate	4.50%	3.75%
1-year PWLB certainty rate, maturity loans	4.82%	5.04%
5-year PWLB certainty rate, maturity loans	4.94%	5.28%
10-year PWLB certainty rate, maturity loans	5.38%	5.72%
20-year PWLB certainty rate, maturity loans	5.88%	6.23%
50-year PWLB certainty rate, maturity loans	5.63%	6.04%

3.55 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

4. IMPLICATIONS

Legal Implications

4.1 A number of statutes governing the provision of services covered by this report contain express powers or duties to charge for services. Where an express power to charge does not exist the Council has the power under Section 111 of the Local Government Act 1972 to charge where the activity is incidental or conducive to or calculated to facilitate the Councils statutory function.

Service / Operational Implications

4.2 Monitoring is undertaken to ensure that income targets are achieved, with Treasury Management activities taking place on a daily basis.

Equalities and Diversity Implications

4.3 The only impact of treasury transactions is in respect of ethical investment linked to the Councils investment counterparties. Presently the Council has a limited counterparty list based on financial risk to the Authority.

Local Government Reorganisation

4.4 The level of debt and investments the Council holds will transfer over to the new unitary on vesting day.

Relevant Council Priority

4.5 Financial resilience and good governance underpin the council's ability to meet all of its priorities.

Climate Change Implications

4.6 None directly as a result of this report.

5. RISK MANAGEMENT

5.1 There is always significant risk in relation to treasury transactions, this is why Councils appoint Treasury advisors, which in the case of Redditch is Arlingclose. In addition, there is the requirement in this area to provide an Annual Strategy report containing indicators/limits that must be met, a quarterly update and closure report all of which must be reported to full Council.

6. COMMUNITY IMPLICATIONS

There are no Community implications as a result of this report.

7. APPENDICES

None

8. BACKGROUND PAPERS

MTFP 2025/26 – February 2025 which contains the years Capital Strategy, Treasury Management Strategy and MRP Policy.

AUTHOR OF REPORT

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REDDITCH BOROUGH COUNCIL

Audit Governance & Standards Committee 23rd July 2026

INTERNAL AUDIT STRATEGY, CHARTER AND MANDATE

Relevant Portfolio Holder		Councillor Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Assistant Director		James Walton, Director of Finance and s151 officer
Report Author: Chris Green	Job Title: Head of Worcestershire Internal Audit Shared Service Contact email: chris.green@worcester.gov.uk Contact Tel: 07542 667712	
Wards Affected		All
Ward Councillor(s) consulted		None
Relevant Council Priority		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

The Internal Audit Strategy, Charter and Mandate be approved.

2. BACKGROUND

2.1 The purpose of this report is to meet the requirements of the new Global Internal Audit Standards by presenting, for approval, an Internal Audit Strategy, and updated Charter, including a mandate.

2.2 The Global Internal Audit Standards represent a single, principles based framework for all internal audit professionals. They define the purpose of internal audit, set out requirements in relation to ethics and professionalism, governance and management of the internal audit function, as well as setting out how internal audit work should be performed.

2.3 The Standards are mandatory and are designed to improve the quality of audit functions globally.

3. OPERATIONAL ISSUES

3.1 New Global Internal Auditing Standards are in force. These new Standards require the internal audit service to formally adopt a Strategy

setting out its vision, strategic objectives and initiatives. Appendix 1 sets out the proposed Strategy for the period 2026 to 2028.

3.2 The opportunity has also been taken to update the existing Internal Audit Charter to ensure alignment with the new Standards. The main change has been to incorporate a formal mandate, and the updated Charter is set out at Appendix 2.

3.3 Options:

Members may wish to approve the Strategy, Charter and Mandate subject to agreed amendments. Provided any such amendments do not contradict the requirements of the Global Internal Audit Standards then this would be acceptable.

Not approving an Internal Audit Strategy, Charter and Mandate would not be a viable option because the service would not have the authority for its work and would lack any strategic direction. The service would also not be operating in line with Global Internal Auditing Standards, which could cause stakeholder concern and reputational damage.

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

5.1 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”.

6. OTHER - IMPLICATIONS

Local Government Reorganisation

6.1 There are no Local Government Reorganisation implications arising from this report.

Relevant Council Priority

6.2 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

6.3 There are no Climate Change implications arising from this report.

Equalities and Diversity Implications

6.4 There are no Equalities and Diversity implications arising from this report.

7. RISK MANAGEMENT

7.1 Approving the Internal Audit Strategy, Charter and Mandate would not create any additional risks for the Council.

8. APPENDICES and BACKGROUND PAPERS

- Appendix 1 shows the Internal Audit Strategy
- Appendix 2 shows the Internal Audit Charter and Mandate

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providing assurance, adding value

WORCESTERSHIRE

Internal Audit Shared Service

APPENDIX 1

INTERNAL AUDIT STRATEGY

2026 - 2028

1. Introduction

1.1 The Head of Internal Audit (HOIA) oversees the Worcestershire Internal Audit Shared Service (WIASS) in accordance with the Internal Audit Charter and relevant professional internal audit standards. Under the Global Internal Audit Standards, the HOIA must have a strategy that supports the strategic objectives and priorities of our partners and aligns with the expectations of their Senior Management, the Audit Committee and other key stakeholders.

Purpose

1.2 Deliver independent, objective and client-focussed assurance and advisory services to our partners which enhance the effectiveness of governance, risk management and control processes so that strategic objectives are more likely to be achieved.

Vision

1.3 We aspire to be recognised as an efficient, effective and valued service that helps our partners to achieve their strategic objectives and remain a trusted source of assurance, advice, insight and foresight.

1.4 To achieve this vision, we will:

- Develop and deliver a risk-based IA plan which complies with the Institute of Internal Auditors' Global Internal Audit Standards and Public Sector Application Note.
- Produce the statutory HOIA's annual opinion statement on the partners' internal control, risk management and corporate governance arrangements.
- Provide progress reports to the Client Officer Group (COG) and the partner Audit Committees on a regular basis which highlight any identified significant deficiencies or potential areas for improvement in our partners' internal control, risk management and corporate governance arrangements
- Assist and appropriately challenge the key assumptions and judgements taken by management, through IA's assurance and advisory services, to ensure they are fitting and in accordance with the relevant policies, guidelines and professional standards.

2. Alignment of Strategy with Partners' Objectives

2.1 A key underlying factor in developing this strategy was ensuring that the work of Internal Audit remains aligned with the strategic objectives and assurance needs of our partners. This consideration is not limited to ensuring a comprehensive understanding of our partners corporate priorities and objectives but also expands to an understanding of their operations and performance (financial and operational); the risks and issues they are

currently facing; and those they are likely to face in the future. Consequently, in developing this strategy, we considered the following:

- The core objectives of our partners and the specific risks that can impact on the achievement of those objectives.
- The IA requirements under the Global Internal Audit Standards and Public Sector Application Note.
- Transformation priorities and ongoing changes across our partners' businesses.
- The content of our partners' risk registers and assurance frameworks to understand the risks faced and the controls in place to manage those risks.
- An analysis of the risks, strengths, weaknesses, opportunities and threats to the IA Service.

2.2 The IA Strategy will be reviewed every three years and adjusted whenever significant changes occur. Factors that may prompt a more frequent review of this strategy include significant changes to our partners' strategy, policies or legal requirements, significant stakeholder changes, or any significant findings from an assessment of the IA service.

3. Strategic Objectives

3.1 The table below sets out our strategic objectives:

Agile Planning and Delivery	**Continuous Core Assurance**	**Expert Insight, Foresight and Advice**	**Lead Integrated Assurance**
Adopt an agile, fluid and risk-based approach to audit planning and delivery. Review, revise and update our programme of work at regular intervals throughout the year to respond to changing risks and priorities.	Identify the core systems and processes that will be scheduled for coverage on a periodic and cyclical basis, rather than a pure risk basis, with all scheduled to be covered at least once during the duration of this strategy. Ensure that outcomes,	Be proactive and engaging to promote our consultancy and advisory services. Ensure our involvement in major and essential transformation and change initiatives and projects. Report the results of significant consultancy and	Lead in developing an integrated assurance framework/model, including the mapping and coordinating of other sources of assurance from across our partners' business to ensure any gaps or overlaps are managed. Implement a joined-up, informative

Agile Planning and Delivery	Continuous Core Assurance	Expert Insight, Foresight and Advice	Lead Integrated Assurance
Enhance data, information and technology utilisation for continuous risk assessment development.	including follow-up outcomes, are reported and communicated to all stakeholders in a clear and joined-up way	advisory work to the applicable Audit Committee. Leverage our relationships within partner institutions and external partners to enhance opportunity for benchmarking and cross Council learning.	approach to reporting assurance to senior management and the Audit Committees. Collaborate with other assurance providers to share resources, information and intelligence.

3.2 The four goals set above are to guide the delivery of our service over the next three years. Nevertheless, these will be reviewed at the beginning of each financial year to assure they remain relevant and appropriate.

4. Strategy Delivery - Annual Strategic Planning

4.1 We will continue to develop annual plans in consultation with our partners' Senior Management and Audit Committees. Our planning and delivery will be more flexible and less rigid than in the past. Whilst retaining the key core assurance work, we will ensure the plan is more responsive to changing risks and challenges. To this end, the focus will be on:

- The key/core systems and processes will be reviewed on a cyclical basis with all such areas being reviewed at least once during the next 3 years. Though the plan may be flexed in reaction to significant risks and changes however, it is expected that the programme of core assurance work will remain unchanged.
- To keep pace with the changing needs and risks of our partners, the plan will be developed through several methods including assurance mapping against strategic and key inherent risks, horizon-scanning to identify emerging areas of risk, and continuous engagement with senior management.
- A portion of time each year will be retained to cater for requests from senior management for advisory and consultancy work. Consideration will be given to facilitating discussions around risks and controls, advising on design and implementation of new systems or processes, policies and procedures, and providing training.

- Continuous attention will be given to follow ups via the established follow up process and tracking action to confirm implementation of management actions. This will provide assurance that improvements in our partners' governance, risk management and control have been implemented and embedded.

5. Assuring Value for Money and Maintaining Quality

5.1 We will continue to deliver the internal audit work within the established quality standards for the planning, execution and reporting. These arrangements are set out in our Quality Assurance and Improvement Policy. The report and output from the audit work will be balanced, clear, concise and constructive, and will provide an objective and independent opinion on the effectiveness and efficiency of controls. The reports will provide recommendations, where necessary, highlighting areas to provide insight and share best practices.

5.2 Regular reports will continue to be produced to Senior Management and Audit Committees, to provide assurance on the effectiveness and adequacy of our partners' governance, risk management and internal control arrangements. The HOIA will provide a written annual report to those charged with governance of our partners to support their Annual Governance Statements. This report will profess the statutory opinion and conclusion on the overall adequacy and effectiveness of the system of internal controls, risk management and governance arrangements

5.3 Key to successful delivery of this strategy largely depends on effective deployment of collective skills and resources of the IA service. The IA team will prioritise strong business continuity and succession planning. We will provide opportunities and support internal auditors to develop their competencies and maintain up to date knowledge and skills to respond to the needs of the internal audit service and changes in the professional practice of internal audit. This includes the provision of funding to enable staff to study towards relevant professional qualifications. As such, when a more senior member of staff decides to leave the organisation, an existing member of staff should be in a strong position to obtain promotion. We will continue to promote an inclusive culture – embracing diversity of thought and background in all we do to attract, develop and retain the right people in the right roles.

5.4 Furthermore, we will continue to collaborate with peers in other institutions who are in our partners' business for learning and improvement opportunities. We will identify priority areas for improvement through the service's quality assurance and improvement programme and specifically through individual staff 1:1s, performance reviews and performance monitoring arrangements.

6. Challenges and Opportunities

6.1 In identifying more opportunities for improvement, we have carried out a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, as summarised in the tabled below:

SWOT Analysis

Strengths	Weaknesses
➢ Effective processes and working methods. ➢ Well positioned in our partner organisations. ➢ Positive EQA assessment. ➢ Well-regarded profile and reputation. ➢ Supporting ongoing improvement efforts. ➢ We have a good staff training and development offer. ➢ The service has been stable and fully resourced for the last year, which compares very favourably with peer organisations. ➢ The service is performing well and building a track record of delivery.	➢ Promptness and swiftness of reporting. ➢ Historic difficulty in recruiting and retaining appropriately skilled staff. ➢ Limited use of data analytics at present. ➢ Limited capacity and capability to undertake Fraud, bribery and corruption investigation work, particularly if multiple referrals arose at the same time.
Opportunities	**Threats**
➢ Leveraging the use of technology for audit processes. ➢ Expanding scope for internal audit including areas such as environmental, social and governance (ESG) in audit activities. ➢ Increasing collaboration with management and making impactful contributions to change programmes and initiatives. ➢ Developing staff knowledge and skillsets, including in relation to fraud investigation. ➢ Continuing performance improvements, and developing workplans, so that the service is well positioned for Local Government Reorganisation.	➢ Changes in regulations and standards creating compliance concerns. ➢ Major governance, control and fraud challenges. ➢ Competing demands and priorities. ➢ Increased difficulty in recruiting and retaining staff during the period of uncertainty created by Local Government Reorganisation.

6.2 Additionally, we continue to identify, assess and manage risks that pose threat to the achievement of our objectives through our service risk register.

6.3 Informed by the outcomes of the SWOT assessment, the following improvements and development commitments will support the delivery of this strategy:

- To leverage technology, including the use of data analytics where appropriate.
- To design agile auditing methods and techniques, with a greater focus on prioritising testing where the level of risk, and therefore need for assurance, is greatest.
- A sustained focus on continuing professional development and preparing for Local Government Reorganisation.

7. Evaluating Success

7.1 To ensure that we remain aligned with our partners' strategic objectives, provide value to stakeholders and maintain optimal operational efficiency and effectiveness, ongoing monitoring and assessment of our work will be crucial. Consequently, the following key indicators have been set to assess performance:

Description	Narrative	Target
Delivery	% of audit days delivered by Year End	90%
Productivity	% of available time spent on chargeable audit work	85%
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%

7.2 There are a broad number of ways any internal audit function can add value to an organisation, including levels of engagement and requests for advice or consultancy work, the rate and level of the implementation of recommendations, and stakeholders feedback. Nevertheless, relying exclusively on KPIs will not give a true reflection of the value added by internal audit in a more holistic manner. As a result, in addition to the above KPIs, we also aim to:

- Obtain consistent and formal feedback from Client Officer Group (COG) and Audit Committees.
- Pinpoint areas and instances where the work of internal audit has facilitated notable improvements in processes and controls.
- Highlight any aspects and occasions where the work of internal audit has resulted to considerable savings and/ or income generation.

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APPENDIX 2



INTERNAL AUDIT CHARTER

1. Introduction

1.1 This charter sets out the mandate of Internal Audit (IA) including its purpose, activities, scope, management and responsibilities in the Partner Organisations.

1.2 Worcestershire Internal Audit Shared Service (WIASS) covers five district authorities and two Fire and Rescue Authorities as follows:

- Worcester City Council (the host Authority)
- Wychavon District Council
- Malvern Hills District Council
- Redditch Borough Council
- Bromsgrove District Council
- Hereford and Worcester Fire and Rescue Service; and
- Shropshire and Wrekin Fire and Rescue Authority.

Worcester City Council hosts the Shared Service provision under an on-going Administrative Collaborative Agreement. WIASS is governed by a Client Officer Group (COG) which is made up of the district and Fire Service s151 officers each having an 'equal say'. The COG meets approximately 4 times a year.

1.3 For line management matters internal audit will report to the Corporate Director of Resources (s151 Officer within Worcester City Council) and the Monitoring Officer in any prolonged absence.

2. Purpose of the Internal Audit Service

2.1 Internal Audit's purpose is to promote, assist, challenge and add value to its partner organisations' operations by providing independent, risk based and objective assurance, advice, insight and foresight.

2.2 WIASS accomplishes this by reviewing whether significant risks are identified and appropriately reported by management to the Board and Senior Management; assessing whether they are adequately managed; and by challenging Senior Management to improve the effectiveness of governance, risk management and internal controls, enhance transparency and effectiveness in decision-making, build trust and confidence among stakeholders, and ensure there is focus on serving the public good.

3. Mandate for the Internal Audit Service

3.1 The internal audit mandate is governed by the Accounts and Audit Regulations (2015) No. 234 Part 2 Regulation 5:

(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations as are considered necessary by those conducting the internal audit.

(3) In this regulation "documents and records" includes information recorded in an electronic form.

3.2 The internal audit service will comply with the mandatory components of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements, subject to Application Note (the Global Internal Audit Standards in the UK Public Sector) on how these standards should be applied in the UK Public Sector.

4. Scope of Activities and Right of Access

4.1 Internal Audit is authorised to review all areas of the partner organisation and has full, free, and unrestricted access to all activities, records, property, personnel and information necessary to complete their work.

During reviews internal audit staff, under the direction of the Head of Service, shall have authority in all partner organisations to: -

- at all reasonable times after taking account of audit requirements, enter on any partners' premises or land.
- have access to, and where the internal audit deems necessary, take into their possession any records, documents and correspondence relating to any matter that is the subject of an audit.
- require and receive such explanations as may be considered necessary from any officer regardless of their position.
- require any officer to produce forthwith cash, stores or any other property under their control.

4.2 Internal Audit work will include but is not restricted to:

- Review of the process for identifying and managing risks relating to the achievement of partner's strategic objectives.
- Review and assessment of the soundness, adequacy, integrity and reliability of financial and non-financial management and performance systems, including the quality of data.
- Reviewing the means of safeguarding assets.
- Promoting and assisting in the effective use of resources.
- Examining, evaluating and reporting on the adequacy and effectiveness of internal control, and recommending arrangements to address weaknesses as appropriate.
- Advising upon the control and risk implications of new systems or other organisational changes.
- Providing a 'critical friend' approach to support services in achieving value for money.
- Reviewing compliance with policies, procedures, applicable laws, regulations, and governance standards.
- Undertaking independent investigations into allegations of fraud and irregularity in accordance with applicable policies, procedures and relevant legislation.

4.3 Internal Audit's remit extends across the entire control environment and is not limited to certain aspects or elements.

5. Roles and Responsibilities

5.1 Audit Committee

- Ensures that the Internal Audit function has the necessary authority and resources.
- Reviews and approves the risk-based internal audit plan.
- Oversees the quality assurance and improvement program.
- Provides input on the performance of the Head of Internal Audit.

5.2 Head of Internal Audit

- Responsible for ensuring that the internal audit service functions with the highest standard of professionalism, objectivity, ethical standards, and strategic alignment.
- Develops risk-based internal audit plans with input from Audit Committees and senior management. Ensures the plan is reviewed and adjusted as needed to address changes in partner's business, risks, operations, programs, systems, and controls.

- Establishes and ensures adherence to the methodologies designed to guide the service, keeping pace with developments in internal auditing and integrating best practices.
- Develops and implements an internal audit strategy that aligns with the expectations of the board, senior management, and other key stakeholders.
- Coordinates activities and considers relying upon other internal and external assurance and advisory service providers to highlight gaps in coverage of key risks and enhance value added.
- Maintains a team with the necessary skills, qualifications, and other competencies to fulfil the internal audit mandate and meet professional standards, highlighting any resource constraints that may impact the delivery of the internal audit plan.
- Identifies trends and emerging risks with potential effects on the partners and keeps the Audit Committee and senior leadership informed as needed.
- Follows up on audit findings and confirms the implementation of agreed actions, with results communicated to the Audit Committee and senior management.
- Ensures adherence to partner policies and procedures.
- Ensures that the relevant Head of Service and/or Section 151 Officer is briefed on any matter coming to the attention of internal audit, either through a review or otherwise, that could have a material impact on the finances, create an unacceptable risk, or be fraudulent as quickly as possible, and will ensure the appropriate Officer of the Authority e.g. Director, Monitoring Officer is regularly briefed on the progress of audits having a corporate aspect. Matters involving fraud or malpractice are to be reported in line with the anti-fraud and corruption policy. The most appropriate action/ engagement of the relevant Head of Service will be determined depending on the circumstances.

5.3 **Senior Management** supports the internal audit service to perform its role and mandate by:

- Actively collaborating with the internal audit service, promoting the authority granted to the service, and commits to the principles of good governance, acknowledging its importance to the institution’s strategic objectives.
- Coordinating with the Audit Committee and management to ensure internal audit service’s unrestricted access to the data, records, information, personnel and physical properties required to fulfil the internal audit mandate.
- Ensuring appropriate action is taken on recommendations and advice of internal audit. Management must accept and implement the advice and

recommendations or formally reject accepting responsibility and accountability for doing so.

- Designing and maintaining adequate controls to ensure systems meet their objectives and notifying without delay of any instances where systems are failing to operate properly. However, when there is evidence or reasonable suspicion of a potential breakdown in a significant system, the Head of Internal Audit Shared Service should be promptly informed of the issue, along with any existing or proposed countermeasures, to enable the Head of Service to determine whether involvement is necessary.
- Ensuring adequate controls are in place to prevent and detect fraud or other irregularities. Internal Audit will assist Management to effectively manage these risks. All cases of actual or suspected fraud should be reported to the Head of Internal Audit who then determines the course of action while ensuring compliance with relevant policies and procedures.

6. Independence

6.1 The Internal Audit Service is organisationally independent for all Partners. Although the Head of Internal Audit reports directly to the s151 Officers of the Partner organisations the role has direct and unrestricted access to the senior management teams and Audit Committee Chairs. The COG, which governs the Service, meets on a quarterly basis and is made up of the Partner s151 Officers. They each have an equal vote and consider the strategic direction of the Service as well as progress and performance.

6.2 The independence of the Internal Audit service is further safeguarded and enhanced by ensuring that any performance evaluation of the Head of Internal Audit Service is not solely influenced by those subject to audit. This is accomplished by ensuring that both the Section 151 Officers contribute on the performance evaluation of the Head of internal Audit.

6.3 Internal Audit must operate independently from activities it audits to enable internal auditors to make impartial professional judgments and recommendations. Internal auditors have no operational roles and responsibilities towards systems and functions audited.

6.4 The Head of Internal Audit confirms annually to the Audit Committees the organisational independence of the Internal Audit function. Further independence and safeguard checks are reported throughout this Charter in the form of checks, actions and process.

7. Planning and Reporting

7.1 To meet the objectives above, the Head of Internal Audit shall:

- Prior to the beginning of each financial year, following consultation with management and after taking into account comments from Members and other stakeholders arising from the reporting process set out below, provide each Audit Committee with:
  - A risk-based audit plan setting out which activities are due to receive audit attention in the next 12 months. The risk-based plan will take into consideration a number of factors including corporate risk registers, service risk registers, local and national knowledge, corporate promises or objectives, key strategic documents and any external audit guidance. Ongoing development of the plan remains aligned with the provision of an annual opinion that reflects the evolving risk environment in which each partner operates, and which is required to support the Annual Governance Statement.

  - A detailed operational plan using a risk-based assessment methodology showing how/ what resources will be required/ allocated in the coming financial year. The Plans will be flexible and include a small contingency contained as part of the consultancy (advisory) budget to allow for changes in priorities, emerging risks, ad hoc projects, fraud and irregularity, etc. The Head of Internal Audit will bring to the attention of the s151 Officer if this budget is depleted so an additional contingency can be agreed.

- During the course and at the close of each financial year provide the Board with:
  - Quarterly progress reports on actual progress compared to the plan and performance indicators. Such reports highlight serious problems, either affecting the implementation of the plan, or, in the take up of audit recommendations.
  - An annual report summarising the overall results for the year compared to the plan and pointing out any matters that will impact on internal audit's ability to meet the requirements in the strategic plan.

- During the course and close of each audit, provide the client manager with:
  - A copy of an audit brief and audit information request setting out the objectives and scope of the audit prior to commencement of the audit and, a confirmation of resource requirements for the audit.

- Draft recommendations, which will be discussed with the manager/s responsible prior to issuing the draft audit report. The manager is responsible for confirming the accuracy of the audit findings and is invited to discuss the report during the 'clearance' meeting prior to the issue of the draft report.
- An audit report containing an overview of the quality of the control system, an opinion as to the level of system assurance and detailed findings and recommendations including priority.

- Shortly after the close of each financial year provide for the purposes of the Annual Governance Statement an annual audit opinion of the governance, risk management and control processes, a statement of conformance with the Global Internal Audit Standards, the Application Note: Global Internal Audit Standards in the UK Public Sector, and the results of quality assurance and improvement programme.

7.2 Managers and staff should co-operate with the Auditors, and responses should be made to draft reports. Responses should include an action plan, dates for action and responsibility where actions are delegated.

7.3 Audit reports will be drawn up following the internal audit report framework. A matrix type report displaying audit findings, risks and recommendations along with a column for management comments will be provided to management.

7.4 In accordance with professional standards, follow-up audits are undertaken to ensure that the agreed recommendations and action plans have been implemented or are in the process of being implemented. A formal follow up procedure / methodology is used to follow up audit reports and reported on an exception basis.

7.5 Escalation for late or non-return of audit reports will be instigated when after two requests the reports have not been provided by management. The escalation will commence with the s151 Officer being informed of the late return. If the report remains outstanding, then the Audit Committee will be informed of the inaction with a view to them calling in the Officer to justify the late return.

8. Quality Assurance and Improvement Programme

8.1 Internal Audit maintains a Quality Assurance and Improvement Programme (QAIP) that applies to all aspects of the internal audit function. This programme aligns internal audit activities with the Global Internal Audit Standards, incorporating both internal and external assessments to evaluate performance and identify areas for enhancement. It includes performance measurement

mechanisms to track progress toward strategic objectives and drive continuous improvement. Quarterly and annual reports are issued to the Committee demonstrating trends in productivity and value. Individual reviews via 1-2-1 meetings are regularly held with the Head of Service, and internally generated client feedback forms are used to ensure improvements and changes are made. Any gaps or deficiencies identified, appropriate action plans are developed to address them and improve the function's effectiveness.

8.2 Every year the Head of Internal Audit Shared Service will provide updates to the Audit Committee and senior management on the status of the QAIP. External assessments will be carried out at least once every five years by an independent and qualified assessor or review team from outside the partner organisation. The assessment team must include at least one member who holds an active Certified Internal Auditor (CIA) credential.

9. Principles of Public Life and how WIASS interprets and applies them

Selflessness - protecting the public purse and ensuring all actions taken are solely in the public interest.

Integrity - completely independent and above undue bias or influence in the work that we do.

Objectivity - demonstrate impartiality and fairness in all aspects of our work and when reporting uses only the best evidence without discrimination or bias.

Accountability – provide transparency and assurance holding people to account in regard to decisions and actions and provide assurance to those in governance roles.

Openness – to promote and ensure through good governance that decisions are taken in an open and transparent manner and no information is withheld from the public unless there are clear and lawful reasons for so doing.

Honesty – to provide independent assurance to those in governance of confirmation of truthfulness

Leadership – through the audit work actively promotes and robustly supports the principles and shows a willingness to challenge poor behaviour wherever it occurs.

10. Ethics & Professionalism Principles: WIASS Interpretation & Application

Demonstrate Integrity:
Officers are to approach their role with honesty and professional courage. Officers that have conflicts of interest, or if they are / have been working in the area of audit, will not undertake any audits in the conflicting area for a minimum of three years, safeguarding the officers and WIASS' integrity. The Head of Service and supervisors are available to support officers and for officers to reach out to them to navigate challenges that test their integrity. Engagement supervision and periodic 1-2-1 meetings with officers provide appropriate guidance to officers to address situations that could pose a threat their honest and integrity in performance of their duties.

Maintain Objectivity:
Objectivity means preforming internal audit work without compromise or subordination of judgement to others. Objectivity is important in providing objective assurance and advice to the members and senior management. All WIASS staff are vetted via the Basic Disclosure Check, as well as making a Declaration of Interest on an annual basis declaring any potential conflicts of interest with the upcoming audit programme and the partners that WIASS work with to ensure objectivity is not impaired. Officers will not have direct responsibility or authority over any operational activities reviewed and should not relieve others of such responsibilities. No auditor, who has transferred from a Service, will audit that Service for a minimum of three years.

Demonstrate Competency:
Officers receive financial support for their studies and are allocated time off to pursue professional qualifications. WIASS staff uses feedback provided by stakeholders, peers and supervisors to identify opportunities for improvement and competencies. The Head of Internal Audit engages external service providers when the service collectively does not possess the competencies to perform requested services. Officers are in some cases assigned to engagements involving processes or areas with which they have limited experience, albeit with appropriate supervision, so that they can develop new knowledge.

Exercise Due Professional Care:
WIASS staff consider the interests of the partner's customers, other stakeholders such as fair and honest business practices, safety and potential exposure risks when planning and performing internal audit services. Officers also consider laws and regulations, policies and procedures, process flowcharts, performance reports, and external evaluations relevant to the activity under review. Workpapers are reviewed by engagement supervisors as well as all reports reviewed and approved for issue by the WIASS Head of

Service to ensure sufficient and reliable evidence are gathered to support conclusions. Training is available and provided when deemed necessary and relevant.

Maintain Confidentiality:
WIASS staff have unrestricted access to the data, records and other information including information that is confidential, proprietary and /or personally identifiable. Respecting the value and ownership of information received by using it for professional purposes and protecting it from unauthorised access or disclosure is important. There are procedures for retention, disposal and releasing of engagement records in place which internal auditors are required to comply with. All WIASS staff are responsible for maintaining the confidentiality of information received in the course of their work and compliance with the General Data Protection Regulation (GDPR).

11. External Relationships

10.1 The main contacts are with:

- Institute of Internal Auditors
- External Auditors
- Local Authorities in the Worcestershire area
- Local Authorities in the Midlands area
- Chartered Institute of Public Finance Accountants (CIPFA)

10.2 Assurance will be accepted and reported from 3rd parties as long as Internal Audit can rely on their work, and they are suitably qualified to carry out the assessment. The relevance of the work will also be a consideration in using a 3rd party certification e.g. IT integrity testing.

12. Version Control

Version Control:	Date of Change	Action	Updated by
1.0	2nd March 2012	Charter for WIASS	AB
2.0	9th August 2012	Update to Charter	AB
3.0	23rd April 2013	Update to Charter re. International Standards	AB
4.0	21st Janaury2016	Update to Charter re. legislative requirements & title changes	AB
5.0	1st July 2016	Update re. titles and definition of 'consultancy' and 'assurance'.	AB
6.0	April 2017	Full review in line with Standards	HT
7.0	May 2017	COG suggestion: Update of H&WFRS name to reflect legal entity & 'Council's' to 'Partners'.	HT
8.0	June/July 2018	External Assessment recommendations: Update to Mission & Definition Inclusion of 3.4, IA remit Update to 4.6 regarding HIASS responsibility on briefing Inclusion of 5.7, escalation for late and non return audit reports Inclusion of 6 – Principle of Public Life Inclusion of 7 – Core Principles of Public Practice Inclusion of 8.2, assurance from 3rd Parties	HG, AB, HT

		Inclusion of 8.3, assurance to 3rd Parties	
9.0	June 2021	Review of Charter	AB
10.0	June 2022	Review of Charter	AB
11.0	June 2023	Review of Charter	AB
12.0	February 2026	Full review in line with new Standards	GO-K, CG

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REDDITCH BOROUGH COUNCIL

Audit Governance & Standards Committee 23rd July 2026

INTERNAL AUDIT PLAN 2026/27

Relevant Portfolio Holder		Councillor Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Assistant Director		James Walton, Director of Finance and s151 officer
Report Author	Job Title: Chris Green Contact email: chris.green@worcester.gov.uk Contact Tel: 07542 667712	
Wards Affected		All
Ward Councillor(s) consulted		None
Relevant Council Priority		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

The Audit, Governance and Standards Committee APPROVES the 2026/27 Internal Audit Plan subject to any agreed amendments.

2. BACKGROUND

2.1 The aims and objectives of the Worcestershire Internal Audit Shared Service are to:

- examine, evaluate and report on the adequacy and effectiveness of internal control, governance and risk management across the council and recommend arrangements to address weaknesses as appropriate;
- examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures;
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;
- undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
- advise upon the control and risk implications of new systems or other organisation changes, e.g. transformation.

2.2 Formulation of the Annual Plan

WIASS operates an Internal Audit Charter which sets out the standards to which it operates for this Council. The Internal Audit Plan for 2026/27, which is included at Appendix 1, is a risk-based plan which considers the adequacy of the Council's risk management, governance, performance management, other assurance processes as well as organisational objectives and priorities. It has been based upon the risk priorities per the Corporate and Service risk registers, as reported to the Audit, Governance and Standards Committee. Large spend budget areas have also been considered, along with direct association to the Council Plan. The Internal Audit Plan for 2026/27 has been formed in discussion with the s151 Officer, considered by the Senior Leadership Team, and is brought before Committee in draft form. All services and areas of potential audit have been considered and discussed; this was achieved by reviewing the 'long list' of potential audit areas. The annual plan has been formulated with the aim of supporting the Council to meet its strategic objectives. It is brought before the Audit, Governance and Standards Committee in draft format as the involvement of the Committee is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

Internal Audit recognises that there are other review functions which may provide other sources of assurance, both internally and externally, (e.g. ICT Public Service Network, Cyber Essentials, External Audit assurance testing) over aspects of the Council's operations. Where possible internal audit will seek to place reliance on such work thus increasing the coverage without adding additional costs.

To try to reduce duplication of effort internal audit understands the importance of working with the External Auditors. The audit plan is available to the external auditors for information.

Bringing a plan of work before the Audit, Governance and Standards Committee allows Members to have a positive input and make suggestions as to where they feel audit resources may be required under direction of the s151 Officer and within the finite resource available. Due to the continuing changing environment that exists, particularly in the context of upcoming Local Government Reorganisation, the plan must be seen as a framework for internal audit work for the forthcoming year. There is a need for improved flexibility in the plan due to a constantly changing risk profile. To ensure flexibility there is the possibility that the plan will be updated during the year to address such challenges and any

emerging risks. A regular review will take place to ensure the audit plan remains risk focussed, and any required changes can be considered. This is in line with the requirements of the Internal Audit Standards. Any changes will be submitted to the Audit, Governance and Standards Committee for consideration and approval, in line with its role as Gatekeeper.

2.3 Resource Allocation

The Internal Audit Plan has been based upon a resource allocation of 360 chargeable days, an allocation which has been agreed with the Council's s151 Officer. This is an increase of 52 days compared with the previous year and reflects additional Local Government Reorganisation assurance and advisory work which will be carried out. A summary of the days as well as the detailed plan provision has been included at Appendix 1. Although all areas have been considered an assessment has been made whether to include in the plan based on the overall risk and governance profile. The Head of Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts.

The Internal Audit Plan for 2026/27 is set out at Appendix 1.

2.4 Monitoring and reporting

Operational progress against the Internal Audit Plan for 2026/27 will be closely monitored by the Head of Internal Audit and will be reported to the Shared Service's Client Officer Group (which comprises the s151 officers from partner organisations), and, to the Audit, Governance and Standards Committee on a quarterly basis.

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 the Accounts and Audit Regulations 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 Institute of Internal Auditors Internal Audit Standards details 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 The actions proposed do not have a direct impact on climate change implications.

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:

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

REDDITCH BOROUGH COUNCIL

Audit Governance & Standards Committee 23rd July 2026

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8. APPENDICES and BACKGROUND PAPERS

- Appendix 1 shows the proposed Internal Audit Plan for 2026/27

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Appendix 1 - Proposed Internal Audit Plan 2026/27

Department	Audit Title	Indicative Budget (Days)	Comments
Corporate	Local Government Reorganisation (LGR)	50	This time is to be split between Internal Audit assurance work and time spent by the service leading and supporting the Worcestershire LGR Data Hub workstream. The assurance work is likely to cover governance, programme management, workforce baselining, financial modelling, systems inventory and risk management. Each shared service partner has committed the same time allocation for this work.
Corporate	Risk Management	15	Assessment of the effectiveness of the Council's arrangements to manage its risks, and the level of risk maturity of the Council. Fieldwork to commence January 2027.
Corporate	Risk Management Advisory Review	10	A review of service risk registers to ensure they are being used and maintained effectively, and advice on areas of potential improvement.
Corporate	Data Protection	8	Assurance that the Council operates in compliance with the Data Protection principles and legislation when storing and sharing data. Follow up of prior year audit which resulted in Limited Assurance.
Corporate	Quarterly Compliance Statements	10	Sample based review of statements to confirm accuracy.
Worcestershire Regulatory Services	Worcestershire Regulatory Service	12	This will be a shared audit undertaken for all Council partners at the same time. The focus will be on Licensing, Pest Control, Environmental Health, and Food Safety. It will also examine the new administrative arrangements for Temporary Event Notices.
Property	Statutory Inspections	10	Assurance of compliance with health and safety regulations and promote a safe working environment for all Council employees and the public. To ensure emergency plans, health and safety policies, and the identification of potential hazards are effective and sufficient.
Environment & Communities	Environmental Impact assessments	8	Assurance that the Environmental Impact Assessments are conducted thoroughly and that their outcomes are duly considered in the Council's decision-making process. Ongoing assurance that these assessments are reviewed as necessary. Follow up of prior year review.
Environment & Communities	Garage Operations	15	Policy and procedure compliance review including sample testing. Scope to include repairs & maintenance, materials ordering and usage, invoicing and vehicle fuel usage.
Corporate	Anti-Fraud, Bribery, Corruption and Whistleblowing	12	Assurance that the Strategy and response framework is operating effectively. To include arrangements for assessing fraud, bribery & corruption risks. To include whistleblowing policy and protocols.
Finance	Main Ledger System including Reconciliations	12	Assurance that main ledger controls are adequately designed and operating as intended to support the production of accurate financial statements. To include reconciliations. Including follow up of prior year review.
Finance	Treasury Management and Cashflow	12	Authorisation of transactions, compliance with Treasury Management Practices, assurance that there is an appropriate strategy in place, system access controls, accuracy and completeness of accounting records.
Corporate	Corporate Health & Safety	8	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 focuses on statutory obligations under health and safety legislation, internal policy adherence, and operational risk mitigation. Follow up of prior year audit.

Finance	Corporate Credit/ Purchasing Cards	8	To provide assurance that controls are adequately designed and operating effectively to mitigate the risk of inappropriate use, non-compliance, and financial loss. Follow up of prior year audit.
Finance	Creditors/ Accounts Payable	8	Accuracy and timeliness of payments, system accuracy, recovery of duplicate payments, accuracy of accounting records.
Corporate	Payroll	15	Review of arrangements for calculating and processing deductions.
Housing	Housing Rents, Service Charges and Voids	10	Advisory Review requested by Management. Scope to be agreed at the time of review but expected to cover rent setting, billing and income collection controls. Scope also expected to include arrangements for maximising Service Charge collection and for managing property void end to end times.
Housing	Housing Repairs including Stock Control	30	Assurance that management is making satisfactory progress towards delivery of the action plan arising from the 2025 Regulator of Social Housing inspection.
Environment & Communities	Bus Operators Grant	10	Review, sign off and submission of 6 monthly grant claims.
Finance	VAT Process	12	Assurance that the process is appropriately documented and followed correctly in accordance with the expertise provided by PSTax.
Corporate	Procurement	8	follow up on progress made in response to the 2025/26 audit. Assurance that procurement controls are sufficient and operating effectively to ensure compliance with relevant policies and regulations.

Audit Plan Management & Support

26	Includes audit management, corporate meetings, audit plan development and monitoring, reporting to and attendance at Audit, Standards & Governance Committee.
4	Statements of Internal Control (Annual Governance Statement)
20	Completion & Finalisation of Prior Year Audits - Accounts Payable, Procurement, Contract Management, Insurance.
12	Follow up of Recommendations
15	Advisory and Contingency including National Fraud Initiative (NFI)

Total Days	**360**

REDDITCH BOROUGH COUNCIL

Audit, Governance & Standards Committee 23rd July 2026

Report: Whistleblowing, Anti-Fraud, Bribery and Corruption Policies

Relevant Portfolio Holder		Councillor Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Debra Goodall
Report Author: James Walton	Job Title: Director of Finance and Section 151 Officer. Contact email: James.walton@bromsgroveandredditch.gov.uk	
Wards Affected		ALL
Ward Councillor(s) consulted		No
Relevant Council Priority		Underpins all Council priorities
Key Decision NO – Information only		
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 to:

1.1 Consider, with appropriate comment, the contents of the Whistleblowing Policy, Corporate Anti-Fraud, Bribery and Corruption Policy and Anti-Money Laundering Statement.

1.2 Confirm that the policies provide an appropriate framework for the prevention, detection, reporting and investigation of fraud, bribery, corruption and related financial misconduct.

2. BACKGROUND

2.1. The purpose of this report is to present the updated Whistleblowing Policy, Corporate Anti-Fraud, Bribery and Corruption Policy and Anti-Money Laundering Statement for Audit, Standards and Governance Committee consideration and recommendation for approval.

2.2. The policies forms a key component of the Council's governance framework and supports the Council's commitment to maintaining the highest standards of integrity, accountability, transparency and stewardship of public funds.

Whistleblowing Policy

2.3. The Whistleblowing Policy forms a key element of the Council's wider governance, ethical and counter-fraud framework and provides an important mechanism through which concerns can be raised and addressed at an early stage.

2.4. The policy reinforces the Council's commitment to maintaining an open and transparent culture in which employees, workers, contractors and others connected with the Council feel able to raise genuine concerns regarding wrongdoing, malpractice, fraud, corruption, financial mismanagement, health and safety matters or other issues that are in the public interest. The policy is designed to provide assurance that concerns can be raised without fear of victimisation, harassment or detriment where disclosures are made in good faith.

2.5. The revised policy strengthens reporting arrangements by providing multiple routes through which concerns can be raised, including management channels, senior officers, a dedicated whistleblowing email facility and a confidential whistleblowing hotline. It also provides greater clarity regarding the assessment, investigation and escalation of concerns, including referrals to Internal Audit, External Audit, regulatory bodies and the Police where appropriate.

Anti-Fraud, Bribery and Corruption Policy

2.6. Fraud, bribery, corruption and other financial irregularities present significant financial, legal and reputational risks to local authorities. Effective counter-fraud arrangements are fundamental to protecting public resources, maintaining public confidence and supporting good governance

2.7. The Council has historically maintained a range of counter-fraud related policies and procedures. This revised policy brings together the Council's overarching approach into a single corporate framework which clearly sets out expectations, responsibilities, reporting arrangements and governance arrangements for Members, officers and third parties.

2.8. The policy has also been updated to reflect changes in legislation, emerging fraud risks and current best practice within local government. In particular, the policy acknowledges the corporate offence of failure to prevent fraud introduced through the Economic Crime and Corporate Transparency Act 2023 and reinforces the Council's expectation that proportionate arrangements are maintained to prevent fraud and financial misconduct.

2.9. The policy adopts a clear zero-tolerance approach to fraud, bribery, corruption, theft and other forms of financial irregularity. It confirms the Council's commitment to preventing, detecting, investigating and taking appropriate action where concerns arise.

2.10. Key features include:

- Establishment of a single overarching policy framework linking together the Council's Constitution, Codes of Conduct, Financial Procedure Rules, Contract Procedure Rules, Whistleblowing Policy, Gifts and Hospitality arrangements and Anti-Money Laundering requirements.
- Clear definition of the responsibilities of Members, officers, managers, Internal Audit, the Monitoring Officer and the Section 151 Officer in preventing and responding to fraud and corruption.
- Strengthened reporting and escalation procedures, including clear routes for employees, Members and the public to report concerns.
- Defined investigation arrangements to ensure allegations are assessed consistently and investigated by appropriately qualified officers, with referrals to external agencies where necessary.
- Reinforcement of expectations relating to gifts, hospitality, conflicts of interest, facilitation payments and kickbacks, all of which can present corruption risks if not properly managed.
- Inclusion of practical guidance and indicators to support awareness and detection of fraud and bribery risks across the organisation.

2.11. The policy recognises that effective counter-fraud activity extends beyond investigation and enforcement. It places significant emphasis on prevention, organisational culture, management responsibility, internal controls and risk management as the first line of defence against fraud and corruption.

2.12. The Audit, Governance and Standards Committee is identified within the policy as the principal Member body responsible for receiving assurance over the Council's anti-fraud arrangements and oversight of fraud-related activity reported through Internal Audit.

2.13. The policy also provides a framework for corporate recording, reporting and monitoring of fraud-related matters, supporting transparency and continuous improvement of the Council's control environment.

Anti-Money Laundering Arrangements

2.14. The Anti-Fraud, Bribery and Corruption Policy incorporates an updated Anti-Money Laundering Statement. Whilst the Council is not directly regulated under the Money Laundering Regulations for most of its activities, it remains subject to relevant legislation including the Proceeds of Crime Act 2002 and the Terrorism Act 2000.

2.15. The Statement sets out the Council's approach to identifying and reporting suspected money laundering activity and confirms the roles of the Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officers. It also reinforces employee responsibilities in relation to recognising and reporting concerns and avoiding any actions that could constitute "tipping off".

Conclusion

2.16. In summary, the revised Whistleblowing Policy, Corporate Anti-Fraud, Bribery and Corruption Policy and Anti-Money Laundering Statement strengthen the Council's governance framework, reflect current legislative requirements and clearly articulate the Council's expectations regarding ethical conduct and the protection of public funds.

2.17. Adoption of the policies will support the Council's continuing commitment to robust governance, effective risk management and the prevention and detection of fraud, bribery, corruption and financial crime.

2.18. The Whistleblowing policy complements and supports the Anti-Fraud, Bribery and Corruption Policy by promoting early reporting of concerns and establishing clear protections for whistleblowers. Together, the documents provide a comprehensive framework for preventing, detecting and responding to fraud, corruption, misconduct and other forms of wrongdoing, whilst supporting the Council's commitment to high standards of governance, accountability and stewardship of public resources.

Status of Policies

2.19. The policies attached to this report are substantially complete. Finalisation processed will include adding relevant contact details and any comments to be incorporated from Members before publication on the Council's website.

3. FINANCIAL IMPLICATIONS

3.1. There are no direct financial implications from this report although, clearly, these policies articulate the Council's expectations regarding ethical conduct and the protection of public funds.

4. LEGAL IMPLICATIONS

4.1. There are no direct legal implications arising from this report although, clearly, these policies articulate the Council's expectations regarding ethical conduct and the protection of public funds.

5. OTHER - IMPLICATIONS

Local Government Reorganisation

5.1. There are no direct implications arising from this report in relation to Local Government Reorganisation or Devolution.

Relevant Council Priority

5.2. Financial resilience and good governance underpin the council's ability to meet all of its priorities.

Climate Change Implications

5.3. None directly resulting from this report

Equalities and Diversity Implications

5.4. No adverse impacts resulting from the content of this report

6. RISK MANAGEMENT

6.1. The absence of an effective and up-to-date counter-fraud framework and reporting process could increase the Council's exposure to financial loss, fraud, bribery, corruption, regulatory non-compliance and reputational damage. The policies included within this report help mitigate these risks by establishing clear responsibilities, reporting arrangements, investigation procedures and governance oversight. Furthermore, the policy supports compliance with relevant legislation and strengthens the Council's overall system of internal control and assurance

7. APPENDICES and BACKGROUND PAPERS

7.1. Appendix A - Whistleblowing Policy
7.2. Appendix B - Anti-Fraud, Bribery and Corruption Policy
7.3. Appendix B (Appendix 3) - Anti-Money Laundering Statement

Appendix A

Whistleblowing Policy

Redditch Borough Council
Bromsgrove District Council



Date of Issue: *July 2026*
Version 2.0

Contents

1. Introduction
2. Who does this policy apply to
3. Aims and scope of this policy
4. What is whistleblowing
5. Safeguards
    5.1 Protection from harassment or victimisation
    5.2 Confidentiality and support
    5.3 Anonymous disclosures
    5.4 Untrue allegations
    5.5 Safeguarding concerns
6. How to raise a concern
7. Detection and investigation
8. Further reporting routes
9. What happens when an employee is the subject of a concern in accordance with the Public Interest Disclosure Act?
10 Corporate Reporting and Assurance
11. Review

1. Introduction

Employees are often the first to realise that there may be something seriously wrong within the Council, but may not express their concerns because they feel that speaking out would be disloyal to their colleagues or the Council. Employees may also fear harassment or victimisation and may feel that it would be easier to ignore the concern rather than report what may be just a suspicion of malpractice. However this is not a culture that the Council wishes to encourage.

We are committed to the highest possible standards of openness, accountability and probity. In line with that commitment we encourage Employees with serious concerns about the Council's work to come forward and voice those concerns. This Policy document makes it clear that anyone wishing to highlight wrongdoings can do so without fear of reprisals and is intended to encourage and enable employees and other workers to raise concerns within the Council rather than overlooking a problem or blowing the whistle outside.

2. Who does this policy apply to

This Policy applies to all employees of the Council, officers, consultants, self-employed contractors, casual workers, agency workers, volunteers, and interns (collectively referred to as **Employees** in this policy).

3. Aims and scope of this policy

The purpose of this policy is: -

Provide confidential avenues for Employees to raise concerns and receive feedback on any action taken;
Allow Employees to take the matter further if they are not satisfied with the Council's response; and
Reassure Employees that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.

4. What is whistleblowing

Whistleblowing is the disclosure of information which relates to suspected wrongdoing or dangers at work. The Public Interest Disclosure Act 1998 gives legal protection to Employees against being dismissed or penalised by their employers for publicly disclosing serious concerns falling into certain specified categories. This policy is designed to be used to raise serious concerns which are in the public interest. Examples of serious misconduct or malpractice which may prompt such a disclosure are:-

- Criminal activity
- Failure to comply with a legal obligation
- Miscarriage of justice
- Endangering of health and safety
- Damage to the environment
- Bribery, financial fraud or financial mismanagement
- The deliberate concealment of any of the above matters.

A **"whistleblower"** is a person who raises a genuine concern relating to any of the above. If Employees have any genuine concerns related to suspected wrongdoing or danger affecting any of the Council's activities (a **"whistleblowing concern"**) they should report it under this Policy.

This Policy should not be used for complaints relating to an employee's own personal circumstances, such as the way they have been treated at work. In those cases, the employee should use the Grievance Procedure or the Bullying and Harrassment.

If a complaint relates to an employee's own personal circumstances but they also have wider concerns regarding one of the areas set out above (for example, a breach of our internal policies), the employee should discuss with a member of the Council's leadership team which route is the most appropriate.

If Employees are uncertain whether something is within the scope of this Policy, they should seek advice from a member of the Council's leadership team.

This Policy has been implemented following discussion with the recognised trade unions. It has been formally adopted by the Council.

This Policy does not form part of any employee's contract of employment or other contract to provide services and the Council may amend it at any time with consultation where appropriate.

5. Safeguards

5.1 Protection from harassment or victimisation

The Council is determined that the culture and tone of the organisation is one of honesty and opposition to all forms of wrongdoing.

The Council recognises that the decision to report a concern is a difficult one to make, not least because of the fear of reprisal from those committing the wrongdoing. Therefore, the Council will not tolerate harassment or victimisation and will take action to protect Employees when they raise a concern in good faith.

Whistleblowers must not suffer any detrimental treatment as a result of raising a concern. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. Victimising whistleblowers or deterring them from raising a concern about fraud, corruption or any other matter will not be tolerated and will be considered as a disciplinary offence. If Employees believe that they have suffered any such treatment, or if they are not happy with how their concerns has been handled, they should inform those persons referred to in section 6 immediately. If the matter is not remedied Employees should raise it formally using the Council's Grievance Procedure.

Employees must not threaten or retaliate against whistle-blowers in any way. If Employees are involved in such conduct then Employees may be subject to disciplinary action.

5.2 Confidentiality and support

The Council hope that Employees will feel able to voice whistleblowing concerns openly under this Policy. However, if Employees do not want their name to be disclosed, the Council will do its best to protect the identity of Employees who raise a concern. It must be appreciated that the investigation process may reveal the source of the information and a statement by the whistleblower may be required as part of the evidence (albeit that it may be presented anonymously). If it is necessary for anyone investigating a whistleblower's concern to know the whistleblower's identity, the Council will discuss this with the whistleblower.

The Council recognises that the type and level of support offered will depend upon the person concerned. Employees are, therefore, encouraged to talk to the person that they raised the concern with, and/or can contact the confidential Employee Assistant Programme (EAP) found on the Orb.

5.3 Anonymous disclosures

This Policy encourages Employees to put their name to any allegation they make as concerns expressed anonymously are much less powerful. Employees should be aware that proper investigation may be more difficult or impossible if the Council cannot obtain further information from a whistleblower. It is also more difficult to establish whether any allegations are credible.

5.4 Untrue allegations

There is a need to ensure that any investigation process is not misused and therefore any abuse such as raising unfounded, false or malicious allegations will be dealt with as a disciplinary matter.

5.5 Safeguarding concerns

Allegations of abuse of children and vulnerable adults will always be reported in line with our Safeguarding Policy via a safeguarding lead.

6. How to raise a concern

As a first step Employees should raise concerns with their immediate manager or superior.

Where the matter is more serious or Employees feel that their line manager or superior has not addressed the concern, or if Employees prefer not to raise it with them for any reason, Employees should contact one of the following:-

- Assistant Director for your team
- Human Resources and Organisations Development Manager
- Monitoring Officer or Deputy Monitoring Officer
- Chief Executive
- Section 151 Officer

Employees may raise concerns in writing to the Council's Monitoring Officer using the following address:

Redditch Borough Council
Town Hall
Walter Stranz Square
Redditch
Worcestershire
B98 8AH

Bromsgrove District Council
Parkside
Market Street,
Bromsgrove,
Worcestershire
B61 8DA

Concerns may also be raised via the Council's central whistleblowing email account: **xxxxxxx**

This email account is monitored in accordance with the Council's whistleblowing procedures, and all disclosures received through this route will be handled confidentially and managed in line with this policy.

The Council provides a confidential Whistleblowing Hotline, operated via the Audit function.

This facility enables employees, workers and third parties to raise concerns in confidence and, where appropriate, anonymously.

The Whistleblowing Hotline can be accessed via:xxxxxxxxxxxx

All concerns raised through the hotline will be recorded, assessed and managed in accordance with this policy and the Council's established whistleblowing procedures.

If an individual wishes to set out the background to their concern in writing and provide documents in support, this would be helpful. Alternatively, they may choose to explain the reasons for their concern verbally. A note of this conversation will be taken. Employees will be asked to agree to or amend the written note which may be used as evidence in any investigation and a copy of the written record will be provided to the whistleblower. We will also aim to give you an indication of how we propose to deal with the matter.

Although Employees are not expected to prove the truth of an allegation, they will need to demonstrate that there are sufficient grounds for their concern. Employees should remember that the earlier they express their concern, the easier it may be for action to be taken. If in doubt, Employees should contact one of the persons set out above and talk to them about the situation before formally making the allegation.

Whistleblowing concerns may sometimes relate to the actions of a third party such as a customer, supplier or service provider. In some circumstances the law will protect Employees if they raise the matter with the third party directly. However, Employees are encouraged to report such concerns internally first, in line with this Policy and should contact the persons detailed for guidance.

7. Detection and investigation

Reporting is an essential element of the Whistleblowing Strategy and all allegations of wrongdoing will be forwarded to

the Council's Monitoring Officer for investigation. This will ensure that:

- Incidents are correctly collated;
- There is consistent treatment;
- Evidence is collected properly and as early as possible; and
- Experienced Officers are available to investigate the claim.

Once a concern is raised, initial assessment and enquiries will be made to decide whether an investigation is appropriate (this will depend on nature and scale of alleged wrongdoing and the evidence that is available) and, if so, what form it will take. Some concerns may be resolved by agreed action without the need for investigation.

Within ten (10) working days of a concern being raised (if raised with one of the internal contacts), the Officer contacted will write to the whistleblower:

- Acknowledging that the concern has been received;
- Indicating how the matter is likely to be dealt with;
- Supplying the whistleblower with information on Employees support mechanisms in place; and
- Giving an estimate of how long the investigations will take.

The matters raised may:

- Be investigated internally;
- Be referred to the Police;
- Be referred to the Council's External Auditor
- Form the subject of an independent inquiry;

or any combination of all four of the above avenues.

The amount of contact between the Officers considering the issues and the whistleblower will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the whistleblower and the whistblower will be informed of the progress of the investigation and its likely timescale. Depending on the circumstances, the whistleblower

may be asked to maintain confidentiality and should treat any information about the investigation as confidential.

Whistleblowers may be required to attend additional meetings in order to provide further information. When any meeting is arranged with the whistleblower, if they so wish, they may be accompanied by a trade union or a colleague, such a person must respect any confidentiality that applies including the confidentiality of any disclosure and any subsequent investigation.

The Council will take steps to minimise any difficulties which Employees may experience as a result of raising a concern. For instance, if Employees are required to give evidence in criminal or disciplinary proceedings, the Council will advise the whistleblower about the procedure.

The Council's Disciplinary Procedures will be used where the outcome of the investigation indicates improper behaviour.

The Council will inform the Police to be made aware of and to independently prosecute offenders where financial impropriety is discovered or a criminal offence has been committed.

Arrangements will be put in place to ensure that if requested, and subject to legal constraints, a report back to the whistleblower indicating the outcome of the investigation and any proposed action will be made. However, sometimes the need for confidentiality may prevent information being shared which may include specific details of the investigation, an outcome or any disciplinary action taken as a result.

8. Further reporting routes

This Policy is intended to provide Employees with an internal route for reporting their concerns within the Council. In most circumstances, you should not find it necessary to alert anyone externally. However if Employees feel unable to report concerns internally or in circumstances where it may be appropriate for Employees to report concerns to an external body then Employees should contact.

- "Protect" / National Whistleblowing Helpline for advice.
- The Green House, 244-254 Cambridge Heath Road, London, E2 9DA
- Telephone: 020 3117 2520

- Website: https://protect-advice.org.uk/

However, Employees must remember that if the matter is taken outside the Council they must have reasonable grounds for suspicion and should not disclose confidential information unless it can be shown to be in the public interest. Therefore, the Council strongly encourages Employees to seek advice before reporting a concern to anyone external and the Council encourages Employees to report such concerns internally first in line with this Policy.

It will very rarely, if ever, be appropriate to alert the media. Employees are strongly advised not to refer any concerns they may have to the media TV, radio, press, websites or social media.

Adverse publicity may damage the reputation of the Council and by going to the media Employees may be in breach of their contract of employment and subject to disciplinary action. Employees may also lose their right to statutory protection against whistleblowing. In addition, it could leave the whistleblower more exposed to publicity and to counter allegations/actions by those accused.

However, disclosures made outside the Council are protected provided they are not made for personal gain and they were not raised internally because there was a reasonable belief of victimisation or that there would be a cover up, and the matter was exceptionally serious.

9. What happens when an employee is the subject of a concern in accordance with the Public Interest Disclosure Act?

The Council believes that everyone has the right to be treated fairly and in accordance with the principles of natural justice, and will therefore apply these principles to Employees if they are the subject of someone voicing their concern.

The following steps will be taken by the Council if Employees are the subject of such a concern:

- When appropriate Employees will be informed both verbally and in writing of the concern, and will be advised to seek the advice of their trade union, solicitor or professional association.
- There will be nominated people available for support who will be responsible for advising Employees at regular intervals on how the investigation is proceeding.
- Employees may be suspended from work on full pay during the investigative process but this will not be regarded as a punitive measure. It will be used in circumstances, where for example, public interest is likely to be high or where, it may aid the investigation itself.

- Employees will be advised of the outcome of the investigation and how this may impact their employment with the Council as soon as possible, once the investigation has been concluded.

10 Corporate Reporting and Assurance

The Council will maintain appropriate records of all whistleblowing concerns and ensure that effective internal controls are in place to support the secure recording, handling and monitoring of such cases.

The Monitoring Officer is responsible for oversight of whistleblowing arrangements and will report, as appropriate, to the Senior Leadership Team (SLT) and the Audit, Governance and Standards Committee on the number, nature and outcomes of whistleblowing cases, ensuring appropriate confidentiality is maintained.

11. Review

This policy will be reviewed by CMT on a regular basis to ensure that it remains relevant and is kept up to date.

NOTE: *We reserve the right to vary the content of this document where appropriate.*

Appendix B

Corporate Anti-Fraud, Bribery and Corruption Policy

And Anti-Money Laundering Statement

Introduction

The Council takes its legal responsibilities very seriously and will uphold all laws relevant to countering fraud, bribery and corruption. The Council is determined to maintain its reputation as an authority which will not tolerate fraud, bribery, corruption, theft or abuse of position for personal gain, wherever it may be found in any area of Council activity, and takes its responsibilities to protect the public purse very seriously.

To achieve this goal the Council will work to identify and eliminate any form of fraud, bribery and corruption through this anti-fraud, bribery and corruption policy (the "**Policy**"), through its wider counter-fraud framework and associated policies, and through risk assessment, ongoing monitoring and review. The Council takes a zero-tolerance approach to fraud, bribery and corruption, while ensuring that any response is proportionate, evidence-based and procedurally fair.

The Council recognises that fraud and other forms of financial irregularity can undermine the standards of public service it seeks to achieve, reduce the level of resources and services available to residents, and have serious consequences for public confidence in the Council.

Elected Members and employees play a key role in counter-fraud initiatives. This includes providing a corporate framework within which counter-fraud arrangements can flourish, promoting an anti-fraud culture, and leading by example. This should provide a sound defence against internal and external abuse of public funds and support the high standards of conduct expected by the Council. The Council has adopted relevant principles and is committed to embedding effective standards for countering fraud and corruption to support good governance and sound financial stewardship.

Through the 'Whistleblowing Policy' employees are encouraged to report any suspicion of bribery, fraud or corruption, safe in the knowledge that they can report concerns in confidence and without risk of reprisal. The Council recognises that prevention and, where necessary, investigation of fraud, bribery and corruption is an important aspect of its duties. This Policy sets out the key responsibilities within the Council for fraud prevention, what to do if fraud is suspected and the action that will be taken by management. The Policy provides overarching governance to the Council's suite of counter-fraud policies and procedures, including:

- the Council's Constitution, including the Members' Code of Conduct, Officers Code of Conduct, Contract Procedure Rules and Financial Procedure Rules
- the Whistleblowing Policy
- the Gifts and Hospitality Policy
- the Anti-Money Laundering Statement (see Appendix 3)
- the Acceptable Use of Electronic Services Information Security Policy
- contract terms and conditions and standard instructions for tenderers

Policy Statement

The Council is committed to maintaining the highest standards of honesty, integrity, accountability and transparency in the conduct of its business. It takes a zero-tolerance approach to fraud, bribery, corruption, theft and other forms of financial irregularity, and will take appropriate action where concerns are identified or substantiated.

The Council will not offer, promise, give, request or accept bribes, improper inducements or any other advantage intended to influence decisions, secure favourable treatment or obtain an improper benefit. The Council will not engage indirectly in bribery, fraud or corruption through third parties, nor will it encourage, permit or tolerate such behaviour by anyone acting for or on its behalf.

The Council will maintain and enforce effective systems, procedures and controls to prevent, detect, investigate and respond to fraud, bribery and corruption. Allegations will be considered carefully and, where appropriate, investigated in accordance with this Policy, the Council's counter-fraud framework, disciplinary procedures and relevant legal requirements.

This Policy supports the Council's wider governance framework, including the Constitution, Codes of Conduct, Financial Procedure Rules, Contract Procedure Rules, Whistleblowing Policy, Gifts and Hospitality arrangements, Anti-Money Laundering Statement (Appendix 3) and related counter-fraud procedures.

Under the terms of this Policy all employees and elected Members are prohibited from soliciting, arranging or accepting bribes intended for the benefit of the Council, or for their personal benefit, or for the benefit of the employee's family, associates or acquaintances. This Policy extends to all the Council's business dealings, transactions and decisions and reflects the Council's expectation that those associated with it will act with honesty and integrity and be accountable for their actions.

Objective of the Policy

The purpose of this Policy is to:

a) set out our responsibilities, and of those working for and on our behalf, in observing and upholding our position on fraud, bribery and corruption

b) provide information and guidance to those working for and on our behalf on how to recognise and deal with bribery and corruption issues.

This Policy aims to provide a coherent and consistent framework to enable the Council's employees and Elected Members to understand and implement arrangements enabling compliance.

Definitions
For the purposes of this Policy, the following definitions apply.

What is Fraud?

The Fraud Act 2006 identifies fraud as a single offence which can be committed in three ways: false representation, failure to disclose information where there is a legal duty to do so, and abuse of position. Put simply, fraud is an act of deception intended to make a gain, cause a loss, or expose another to a risk of loss.
The Council also notes the corporate criminal offence of failure to prevent fraud introduced by the Economic Crime and Corporate Transparency Act 2023, which came into force in September 2025. Where applicable, and in any event as a matter of good governance, the Council will maintain proportionate arrangements intended to prevent fraud by employees, agents or associated persons

What is Bribery?

Bribery is an inducement or reward offered, promised, given, requested or accepted to gain personal, commercial, regulatory or contractual advantage. It may involve financial or other advantages and can arise directly or indirectly.
There are four key offences under the Bribery Act 2010: bribery of another person, accepting a bribe, bribing a foreign public official, and failure by a commercial organisation to prevent bribery. The Council recognises the importance of maintaining adequate procedures to prevent bribery and to protect itself against the risk of corporate liability. The Bribery Act 2010 makes it possible for individuals to be convicted where they are deemed to have given consent or tacit approval to the giving or receiving of a bribe. This Policy, the Council's Codes of Conduct, the Whistleblowing Policy and staff training arrangements are intended to support the Council's arrangements for preventing bribery and corruption.

What is Corruption?

Corruption is the deliberate misuse of a position for direct or indirect personal gain. The Council defines corruption as the offering, giving, soliciting or accepting of any inducement or reward which would influence the actions of the Council, its members or its employees.

Scope

This Policy applies to all Council activities, services, decisions, transactions and business dealings, whether undertaken directly by the Council or on its behalf. It applies to all individuals and organisations who work for, act on behalf of, provide services to, receive funding from, or otherwise engage with the Council, including:

- employees, whether permanent, fixed-term, temporary, casual or agency
- elected Members and independent Members
- volunteers, trainees and secondees
- contractors, consultants, suppliers, agents and advisers
- partners, joint venture partners and Council-funded organisations
- third-party representatives and business partners
- service users
- members of the public.

For the purposes of this Policy, a "third party" means any individual or organisation that the Council, its employees or Members may deal with in the course of Council business. This includes actual or potential suppliers, contractors, consultants, advisers, partners, agents, representatives, public bodies and any other person or organisation associated with the Council.

The Policy covers fraud, bribery, corruption and other forms of financial irregularity, including theft, false accounting, misuse of Council assets, misuse or unlawful disclosure of information, abuse of position, conflicts of interest, and irregularity involving the improper use of information technology systems.

For partners, suppliers and other third parties, the Council will seek to promote standards and arrangements consistent with this Policy and will take appropriate action where conduct falls below the standards expected.

Policy Aims and Objectives

This Policy aims to:

- Promote and embed a strong anti-fraud culture across the Council, reinforcing a clear zero-tolerance approach to fraud, bribery and corruption.
- Safeguard Council resources by preventing losses through fraud and ensuring funds are directed towards delivering high-quality services for Redditch residents and visitors.
- Develop and provide clear recommendations to inform policies, procedures, risk management approaches and controls, reducing the Council's exposure to fraudulent activity.
- Deter and prevent fraud, bribery and corruption and, where required, detect and investigate suspected or known incidents.
- Maintain and operate effective counter-fraud systems and procedures, ensuring resources are sufficient, proportionate and delivered by appropriately skilled staff.
- Support and enable the application of appropriate sanctions and the full recovery of losses.
- Foster an environment that encourages the reporting of genuine concerns or suspicions of fraudulent activity.
- Protect the rights of individuals who raise legitimate concerns, ensuring they are treated fairly and confidentially.

- Collaborate with partners and relevant investigative bodies to strengthen and continuously improve the Council's resilience to fraud and corruption.

The Council's Approach

All stakeholders play a role in reducing the risk of fraud. Members and senior management are particularly well placed to set the ethical tone of the organisation and play a critical role in promoting a culture of high ethical standards and integrity.

Members and employees must lead by example by complying with established rules and procedures and by ensuring that all practices and processes are lawful, transparent and honest.

Managers take responsibility for identifying and managing fraud risks within their service areas and for ensuring these risks are properly considered when delivering strategic priorities, business plans, projects and programmes.

Senior managers should include within their Annual Governance Statements clear reference to the actions they have taken to counter fraud, bribery and corruption within their areas of responsibility.

Members play an important role, and the Council encourages open and honest dialogue between members and employees to support effective governance and risk management.

Managers apply appropriate supervision, robust recruitment and selection processes, effective scrutiny and professional scepticism as standard management practices. These measures reinforce positive attitudes and help create an environment that actively opposes fraudulent activity, rather than signalling distrust.

The Council relies on strong corporate governance arrangements as a key safeguard against fraud and corruption. The Audit, Governance and Standards Committee provide a principal forum for overseeing anti-fraud, bribery and corruption activity and reviews assurance provided by managers, members, risk management and other business intelligence as part of the Council's second line of defence.

What employees must not do

It is unacceptable and a criminal offence for employees (or someone on an employee's behalf) to:

- give, promise to give, offer, request or accept a payment, gift or hospitality with the expectation or hope that improper advantage will be received, or to reward a business advantage already given

- give, offer, promise, request or accept a gift or hospitality during any procurement, contract management, regulatory decision-making or tender process, if this could be perceived as intended or likely to influence the outcome

- give, promise to give, accept or offer a payment, gift or hospitality to or from a government official, agent or representatives or public official or representative without the prior approval of Line Manager or to "facilitate" or expedite a routine procedure

- accept or request a payment, gift or hospitality from a third party that employees know or suspect is offered or provided with an expectation that a business advantage will be provided by the Council to them or anyone else in return

- retaliate against or threaten another person who has refused to commit a bribery offence or who has raised concerns under this Policy

- engage in any other activity in breach of this Policy (or that might lead to a breach).

Breaches of this Policy

Any employee who breaches this Policy will face disciplinary action, which could result in summary dismissal for misconduct or gross misconduct. Disciplinary action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case.
The Council reserves the right to terminate it's contractual relationship with other individuals and organisations working on our behalf if they breach this Policy.

Role and responsibilities of Elected Members

As elected representatives, all Members of the Council have a duty to the citizens of the Borough to protect the Council from any acts of fraud and bribery and ensure that resources are used prudently and within the law to safeguard public money, including ensuring they do not procure an advantage improperly. Elected Members are required to operate and adhere to the Council's Constitution, which incorporates a Code of Conduct for Members (the "Code"). Please refer to Part 20 of the Constitution.

The Code includes rules regarding:

- the disclosure of relationships;
- the declaration of gifts and hospitality; and/or
- registering personal interests.

Elected Members are also referred to the Code of Conduct for Councillors in relation to Gifts and Hospitality set out at Part 21 of the Constitution. This sets out the process that should be followed by elected Members when declaring gifts. See further below under "Record Keeping".

Facilitation Payments and Kickbacks

"**Facilitation Payments**" are typically small, unofficial payments made to secure or expedite a routine or necessary action (for example, by a public or government official) and "**Kickbacks**" are typically payments made in return for a business favour or advantage. We do not make, and will not accept, Facilitation Payments or Kickbacks of any kind and they will not be tolerated. Employees must avoid any activity that might lead to a Facilitation Payment or Kickback being made or accepted by us or on our behalf, or that might suggest that such a payment will be made or accepted. If employees are asked to make a payment on our behalf, employees should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. Employees should always ask for a receipt which details the reason for the payment. If employees have any suspicions, concerns or queries regarding a payment, employees should raise these with their Line Manager.

Gifts and Hospitality

The Council's policy on gifts and hospitality for employees has been updated and is now found within the Officers' Code of Conduct. A copy can be found on the Orb.

Public contracts and failure to prevent bribery

The Council is committed to complying with all relevant bribery and corruption legislation. In relation to public contracts, this includes - but is not limited to - the Public Contract Regulations 2015 (the "2015 Regulations"). Under the 2015 Regulations, contracting authorities shall exclude a supplier from participation in a procurement procedure where they have established that supplier has been convicted of certain offences, including bribery. In circumstances where legislation does not stipulate a mandatory exclusion, the Council has the discretion to exclude organisations on the grounds of bribery and corruption.

Record Keeping

We must keep records and have appropriate internal controls in place which will evidence the business reasons for:

- receiving or declining gifts and hospitality which are offered to employees or elected Members; and/or

- providing gifts or hospitality on behalf of the Council to third parties

Employees must ensure that any gift or hospitality for employees that is accepted, offered or refused, is declared and recorded in writing in the Corporate Gift and Hospitality Register. The Register is held centrally by the Democratic Services and will be subject to managerial review

Any gifts or hospitality received by Elected Members must be reported to the Council's Monitoring Officer in accordance with Part 21 of the Constitution (Gifts and Hospitality – Code of Conduct for Councillors).

Reporting, Advice and Support

The Council requires all suspected fraud, bribery, corruption, theft or other financial irregularity to be reported promptly and handled in accordance with clear governance arrangements. Timely reporting is essential to protect evidence, safeguard public funds, support appropriate investigation and ensure that concerns are managed consistently and confidentially.

Employees should normally raise concerns with their line manager in the first instance. Where this is not appropriate, including where the line manager may be implicated or the matter is particularly serious or sensitive, concerns should be reported directly to the Monitoring Officer, Head of Internal Audit, the Section 151 Officer, or in line with the Council's Whistleblowing Policy or Anti-Money Laundering Statement (Appendix 3).

Elected Members should report concerns to the Monitoring Officer, Section 151 Officer or Head of Internal Audit, as appropriate to the nature of the concern.

Members of the public may raise concerns through the Council's published reporting routes, complaints arrangements, elected Members, External Auditor or other appropriate external bodies.

Managers who receive allegations or concerns must not investigate the matter themselves unless authorised to do so. They must escalate concerns without delay to the Monitoring Officer, Head of Internal Audit or the Section 151 Officer. Where the allegation relates to an employee, managers should also seek advice from Human Resources before taking any action that may affect employment procedures. Where an allegation involves, or may involve, an elected Member, the Monitoring Officer must be notified.

The Monitoring Officer, Head of Internal Audit and Section 151 Officer will assess reported concerns and determine the appropriate response, including whether the matter should be investigated by Internal Audit, referred to management for investigation or action under Internal Audit guidance, referred for consideration under disciplinary procedures, or reported to an external

agency such as the Police, Department for Work and Pensions, HM Revenue and Customs, or another relevant body.

No officer or Member with an actual, potential or perceived conflict of interest should be involved in assessing, investigating or deciding the outcome of a concern

All reports must be handled sensitively and confidentially. Information should only be shared with those who need to know to assess, investigate or respond to the matter. Any person implicated in the allegation must not be involved in the reporting, assessment or decision-making process.

The Council's Whistleblowing Policy provides a route for employees to raise serious concerns where they do not feel able to use normal reporting arrangements. The Council will take reasonable steps to protect individuals who raise genuine concerns from victimisation, harassment or retaliation, and will manage reports in accordance with the Whistleblowing Policy, disciplinary procedures and relevant legal obligations.

The purpose of these reporting arrangements is to:

- ensure that suspected fraud, bribery and corruption is reported and assessed consistently
- preserve evidence and protect the integrity of any investigation
- ensure that appropriate officers are notified at the earliest opportunity
- support correct application of employment, governance and legal procedures
- enable proportionate and timely investigation by suitably experienced officers or investigators
- protect the confidentiality and rights of all parties
- safeguard the interests of the Council, residents, service users and the public purse.

Practical guidance on how to report a concern, including key contact routes and immediate do's and don'ts, is set out in the section **"What to Do If You Suspect Fraud."**
A summary reporting process is included at Appendix 1.

Investigations

All reported concerns will be assessed to determine whether an investigation is required and, if so, the most appropriate way to proceed. The assessment will take account of the seriousness, sensitivity, complexity and potential financial or reputational impact of the matter.

The Monitoring Officer, Head of Internal Audit and Section 151 Officer (and other relevant senior officers where appropriate), will normally determine who should lead or support the investigation. Internal Audit will normally lead investigations involving significant, complex or high-risk allegations. In lower-

risk or service-specific cases, managers may be asked to undertake fact-finding or investigation activity, but only where authorised and guided by Internal Audit.

Investigations must be carried out in a proportionate, objective and confidential manner. Officers involved in an investigation must take appropriate steps to preserve evidence, avoid alerting individuals who may be implicated, and protect the integrity of any potential disciplinary, civil or criminal proceedings.

Where an allegation relates to an employee, Human Resources advice must be sought at an appropriate stage to ensure that any employment action is handled in accordance with the Council's disciplinary procedures.

Where an allegation involves, or may involve, an elected Member, the Monitoring Officer must be involved so that any Code of Conduct or governance implications can be considered.

The Council may work with, or refer matters to, relevant external bodies where appropriate, including the Police, Department for Work and Pensions, HM Revenue and Customs, the Immigration Service, External Audit or other regulatory or enforcement agencies. Decisions to refer matters externally will be made in accordance with the Council's governance arrangements and having regard to the nature and seriousness of the allegation.

Investigations will be conducted in accordance with relevant legislation, Council policies and professional standards. This includes, where applicable, requirements relating to data protection, surveillance, investigatory powers, money laundering, whistleblowing, employment procedures and evidence handling.

At the conclusion of an investigation, an outcome report including findings and recommended actions will be reported to the appropriate senior officer, the Section 151 Officer and/or the Monitoring Officer, as relevant. Outcomes may include disciplinary action, referral to external agencies, recovery of losses, improvements to systems and controls, or no further action where the allegation is not substantiated.

Potential Outcomes
An investigation may result in one or more of the following outcomes:

Criminal prosecution
The Section 151 Officer, in consultation with the relevant senior officer, Head of Internal Audit and Monitoring Officer will authorise referral to the Police where appropriate.

Disciplinary action
The relevant senior officer, taking appropriate Human Resources advice, will determine whether disciplinary action is required in relation to an employee. At the conclusion of an investigation, the Head of Internal Audit will produce a formal report. Where fraud by an employee is proven, it will normally be treated

as gross misconduct and may result in dismissal. Where fraud is not proven, the Council may still consider matters under its disciplinary procedures.

Recovery of losses
The Council will seek to recover all losses through civil or criminal proceedings where legally permissible and cost-effective Losses caused by employees may be recovered through lawful and appropriate routes, which may include salary deductions, pension-related routes, insurance arrangements, civil recovery or criminal compensation orders, subject to legal, HR and pension scheme advice. The senior officer will also notify the Insurance Service where an insurance claim may be appropriate.

Improvement of controls
Where investigations identify weaknesses in systems, supervision or controls, management must implement an action plan to address those weaknesses and reduce the risk of future fraud or error.

Outcomes for Elected Members
The Chief Executive and the Monitoring Officer will advise on appropriate action in cases involving elected members.

Recording

The Head of Internal Audit will maintain a fraud database to record summary details of financial irregularities and investigation outcomes. This will include:

- date received
- nature/category of allegation
- service area
- value/risk exposure where known
- assessment decision
- investigation outcome
- sanctions/recovery/control actions
- reporting status.

Corporate Reporting and Assurance

The Head of Internal Audit will include summary information on completed investigations into suspected fraud, bribery or corruption within routine progress reports to the Audit, Governance and Standards Committee, including cases subject to Police investigation. The Head of Internal Audit will also report annually on fraud and corruption activity through:

- The National Fraud Initiative
- The Local Government Transparency Code.

Where fraud has occurred, managers must take prompt action to strengthen systems, controls and procedures to prevent recurrence. Investigations may also identify weaknesses in supervision or control arrangements, and managers must address these issues without delay.

What to Do If You Suspect Fraud

Anyone who suspects fraud, bribery or corruption must report their concerns immediately. Prompt reporting helps protect evidence and enables the Council to take swift and appropriate action.

You can report your concerns through any of the following routes:

- Your immediate supervisor or line manager, or a more senior manager where the seriousness or sensitivity of the issue requires it, or where the manager may be implicated.
- The Head of Internal Audit - Chris Green (Tel xxxx xxx xxxx)
- Section 151 Officer - James Walton (Tel xxxx xxx xxxx)
- Monitoring Officer – Claire Felton (Tel xxxx xxx xxxx)
- The Whistleblowing Hotline (xxxx xxx xxxx)

Do:

Act quickly and report your concerns as soon as possible.

Record your suspicions, noting what you have seen, heard or discovered.

Preserve any evidence you hold and keep it secure until you can pass it to the Head of Internal Audit, provided this does not risk alerting the suspected individual.

Identify yourself when reporting, as you may hold important information that supports the investigation.

Remain outwardly calm and continue your normal duties while the matter is addressed.

Do not:

Delay reporting, as this may allow evidence to be lost or destroyed.

Approach or accuse individuals directly, as this may compromise the investigation.

Discuss the matter with others, as you may not know who else is involved.

Carry out your own investigation, as this could contaminate evidence and jeopardise any criminal proceedings.

Safeguards

The Council takes steps to protect anyone who raises genuine concerns:

Protection from victimisation: The Council will act to protect individuals from harassment, bullying or retaliation. Any mistreatment of a whistleblower will be treated as a disciplinary matter.

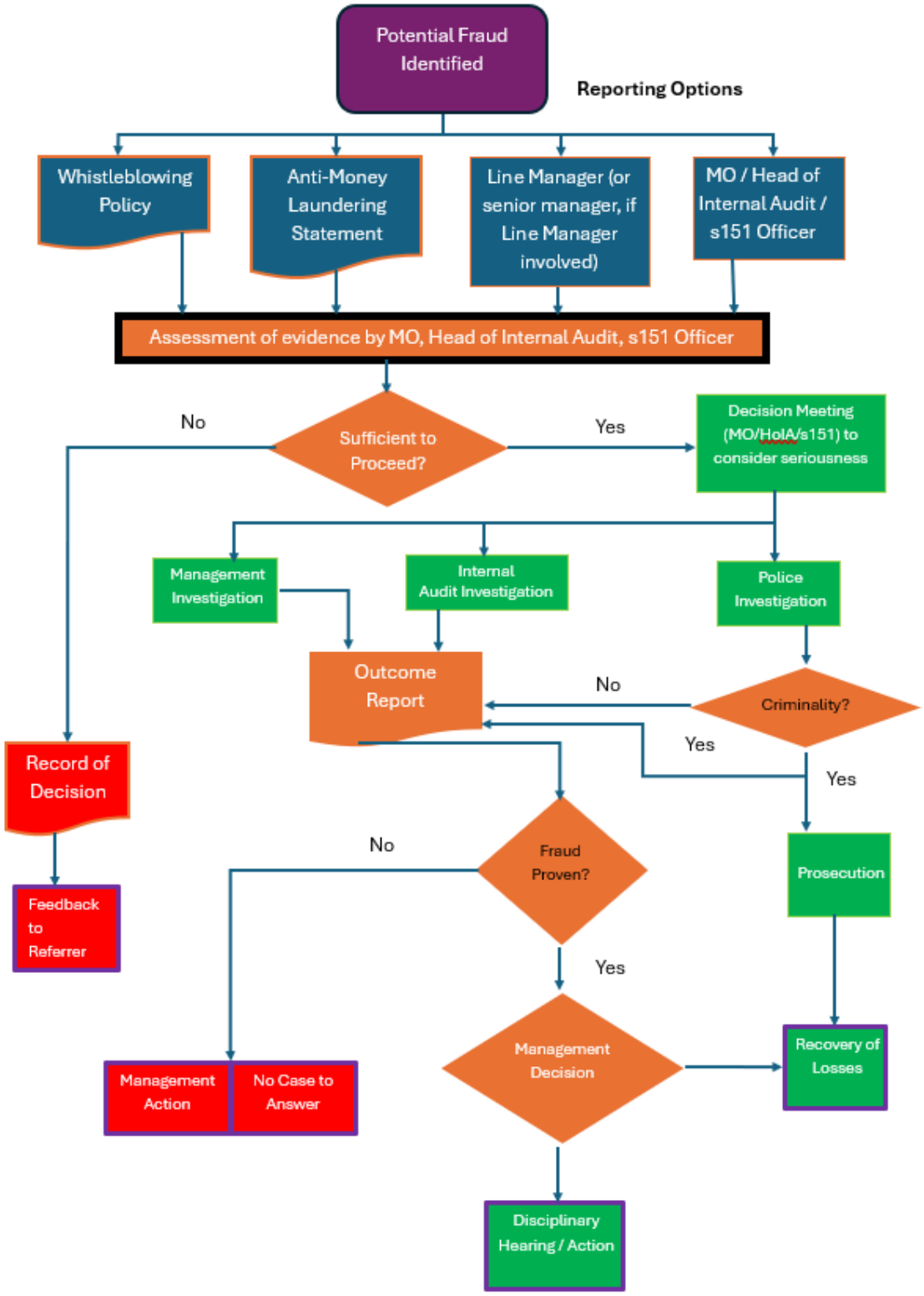
Confidentiality: The Council will make every effort to protect your identity where requested. However, the investigation process may reveal the source of information, and you may be asked to provide a statement as part of the evidence.

Anonymous referrals: The Council does not encourage anonymous reports, as they can limit the ability to investigate effectively. However, the Council will review and assess all reports of suspected fraud, bribery or corruption, regardless of how they are made.

Malicious referrals: Where a referral is found to be malicious or made for personal gain, the Council may take action under its Disciplinary Policy or relevant contractual arrangements. The appropriate senior manager will consider any action before it is taken.

Appendix 1

Reporting Process



Appendix 2

Example Red Flags of Bribery

The following is a list of example red flags that may arise during the course of employees working for us and which may raise concerns under various anti-bribery laws and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only to aid employees' understanding of bribery.

If employees encounter any of these red flags while working for us, employees must report them promptly to employee's line manager or to the Section 151 Officer or using the procedure set out in the Whistleblowing Policy.

a) Employees become aware that a third party engages in, or has been accused of engaging in, improper business practices;

b) Employees learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them or has a reputation for having a "special relationship" with foreign government officials;

c) A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;

d) A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;

e) A third party insists on receiving a commission or fee payment before committing to sign up to a contract with us or carrying out a government function or process for us;

f) A third party requests an unexpected additional fee or commission to "facilitate" a service;

g) A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;

h) A third party requests that a payment is made to "overlook" potential legal violations;

i) A third party requests that employees provide employment or some other advantage to a friend or relative;

j) Employees receive an invoice from a third party that appears to be non-standard or customised;

k) A third party insists on the use of side letters or refuses to put terms agreed in writing;

l) Employees notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;

m) A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;

n) Employees are offered an unusually generous gift or offered lavish hospitality by a third party.

Appendix 3

Anti-Money Laundering Statement

1. Introduction

Redditch Borough Council is committed to ensuring that it is not exposed to money laundering or terrorist financing activity and that it complies with relevant legislation and best practice.

Whilst the Council is not directly regulated under the Money Laundering Regulations in most of its activities, it is still subject to key offences under legislation such as the Proceeds of Crime Act 2002 and the Terrorism Act 2000. Employees therefore have a responsibility to remain alert and report any suspicions.

The Council has appointed a Money Laundering Reporting Officer (MLRO):

MLRO: James Walton, Director of Finance (s151 Officer)

Deputy MLROs: Debra Goodall (Deputy s151 Officer), Claire Felton (Monitoring Officer)

2. Scope

This policy applies to all Council employees, members and anyone acting on behalf of the Council.

What is money laundering?

Money laundering is the process of making money or assets obtained through crime appear legitimate. It can also include handling, using or facilitating the use of criminal property.

In a local authority context, risks are generally low but may arise through interactions with customers, payments, refunds or property-related transactions.

Possible signs (high level)

Staff should be alert to unusual or suspicious behaviour, for example:

- Unusual or excessive cash payments
- Requests involving third parties without clear reason
- Overpayments followed by refund requests
- Reluctance to provide basic information

- Transactions that appear inconsistent with normal expectations

These indicators do not prove wrongdoing but may give rise to suspicion.

3. What Should I Do?

If you become aware of, or suspect, money laundering:

- Do not ignore it – failing to act may expose you to liability
- Stay calm and act normally – do not alert the individual
- Keep it confidential – only discuss on a strict need-to-know basis ("tipping off" is an offence)
- Report it promptly – contact the MLRO or a Deputy MLRO as soon as possible
- Follow instructions – do not investigate yourself or take further action unless advised

Prompt reporting protects both you and the Council.

4. Disclosure

If you know or suspect that money laundering may be taking place, you must report it as soon as possible to the MLRO or a Deputy.

You should report where, for example:

- There are unusual levels of cash involved
- A transaction or pattern of activity appears inconsistent with what you would normally expect
- You have any reasonable grounds for suspicion, even if you are unsure

Do not delay reporting, and do not discuss your concerns with anyone other than the MLRO/Deputy MLRO.

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REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE – WORK PROGRAMME 2026-27

23rd July 2026 (Thursday)

Standards

- Localism Act 2011 – Standards Regime – General and Individual Dispensations
- Monitoring Officer's Report
- Feckenham Parish Council Representative's report - Standards Regime
- Whistleblowing and Anti-Fraud, Bribery and Corruption Policies

Governance

- Audit Governance and Standards Committee Annual Report 2025-26 (Annual Assurance Report to Council)

Accounts/External Audit

- Final Statement of Accounts 2023/24 and 2024/25
- Draft Statement of Accounts 2025/26
- Annual Governance Statement 2025/26
- Financial Outturn Report
- Annual Treasury Report 2025/26

Internal Audit

- Internal Audit Strategy, Charter and Mandate
- Internal Audit Annual Report and Audit Opinion 2025-26
- Internal Audit Plan 2026-27

Risk Management/Risks:

- Risk Management Report / Corporate Risk Register (Q1 2026/27)
- Risk Champion Update

Assurance

- Annual Treasury Report (2025/26)

Other Items:

- Committee Work Programme

3rd November 2026 (Tuesday)

Standards:

- Monitoring Officer's Report
- Feckenham Parish Council Representative's report - Standards Regime
- Annual Update Report on Regulation of Investigatory Powers Act 2000 (RIPA)

Governance

- Financial Compliance Report
- Audit, Governance and Standards Committee Terms of Reference
- Audit, Governance and Standards Committee Self-Assessment

Accounts/External Audit

- External Audit Progress Report and Sector Update

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE – WORK PROGRAMME 2026-27

Internal Audit:
- Internal Audit Progress Report

Risk Management/Risks
- Risk Management Report / Corporate Risk Register (Q2 2026/27)
- Risk Champion Update

Assurance
- Annual Review Statistics of Local Government and Social Care Ombudsman

Other items:
- Committee Work Programme

19th January 2027 (Tuesday)

Standards:
- Monitoring Officer's Report
- Feckenham Parish Council Representative's report - Standards Regime

Governance
- Financial Compliance Report
- Audit, Governance & Standards Committee Annual Work Programme and Future Training Requirements

Accounts/External Audit
- Review of Accounting Policies
- External Audit Progress Report and Sector Update
- External Audit – Audited (Final) Statement of Accounts 2025-26 [Provisional date TBC]
- External Audit – Audit Findings Report (SoA 2025-26) [Provisional date TBC]
- External Auditor's Annual Report (Value for Money 2025-26) [Provisional date TBC]
- External Audit – Audit Plan 2026/27 [Provisional date TBC]
- Annual Governance Statement 2025/26 [Provisional date TBC]

Internal Audit
- Internal Audit Progress Report

Risk Management/Risks
- Risk Management Report / Corporate Risk Register (Q3 2026/27)
- Risk Champion Update
- Council's Cyber Security Report

Assurance
- Capital Strategy 2027/28 including Treasury Management Strategy

Other
- Committee Work Programme

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE – WORK PROGRAMME 2026-27

8th April 2027 (Thursday)

Standards:

- Monitoring Officer's Report
- Feckenham Parish Council Representative's report - Standards Regime

Governance

- Financial Compliance Report

Accounts/External Audit

- External Audit Progress Report and Sector Update

Internal Audit:

- Internal Audit Progress Report

Risk Management/Risks

- Risk Management Report / Corporate Risk Register (TBC)
- Risk Champion Update

Other

- Committee Work Programme

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