



NOTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY 6 FEBRUARY 2014

Held at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford

PRESENT:

Councillors G S Moore (Chairman), N A Brown, R Hetherington, K A Khan, E A Plant, P Smith (Substitute for A M Dickinson), J A Stockwood (Substitute for J E Cottee), J E Thurman and H Tipton

OFFICERS PRESENT:

A Goodman	Member Support Officer
P Linfield	Service Manager - Finance and Commercial
P Steed	Executive Manager - Finance and Commercial
E Shaw	Emergency Planning Officer

APOLOGIES FOR ABSENCE:

Councillors J E Cottee and A M Dickinson

Prior to the start of the meeting, the Chairman informed the Group that the order of agenda had been amended and that Item 5 - Risk Management Review Update would now be the first item to be considered.

30. Declarations of Interest

There were none declared.

31. Notes of the Previous Meeting

The notes of the meeting held on Thursday 7 November 2013 were accepted as a true record.

The Chairman reported that, as requested by the Group, training on Treasury Management had been held on 27 January 2014, by Phiroza Katrak from Arlingclose Limited. The session was attended by 28 Councillors and had been well received. The training would prove beneficial for all Members when considering Treasury Management items, both at Corporate Governance Group and Council.

32. Risk Management Review Update

The Executive Manager - Finance and Commercial informed Members that the Executive Manager - Operations and Corporate Governance had reviewed the Council's risk management arrangements to ensure they were aligned to the revised management structure and to address issues identified by the Annual Internal Audit of risk management arrangements, which had been allocated an

amber/red opinion. It had been intended to report the findings of the review to the meeting of the Group on 7 November 2013, however due to the volume of items on the Agenda the item was deferred until this meeting.

The Executive Manager - Finance and Commercial reported that as part of this review the Council's Risk Management Strategy had been revised and subsequently considered by the Executive Management Team in September 2013. The Strategy specified that the Corporate Governance Group had responsibility "to regularly oversee and scrutinise the effective management of risk by officers". The Executive Management Team operated as the Council's Risk Management Group and had responsibility for overseeing the management of risk across the organisation. As part of this role, they reviewed the risk register on a quarterly basis to ensure it remained accurate and relevant. In addition operational and strategic risks were reviewed each week as part of each service area's individual performance clinic.

At its meeting on 10 September 2013, the Risk Management Group considered the actions taken in response to the recommendations arising from the Internal Audit of risk arrangements. On 14 January 2014 the Group met in order to oversee the management of risk across the organisation and review, where necessary, the operational and strategic risks.

The Executive Manager - Finance and Commercial explained that as part of the review, the risk register had been revised to ensure that all corporate and operational risks were relevant and that control measures to mitigate these risks were accurate and up to date. The risks that had the lowest likelihood or impact, or had effective mitigation were removed from the register and new items were added to the list due to the changing nature of the Council's business and its priorities. Consequently, as a result of the exercise, 5 corporate risks were removed from the register and 3 new items were added, reducing the overall total from 21 to 19. The operational risks were also decreased from 52 to 21, ensuring a more relevant, accurate and appropriate register. The review also highlighted the need to evaluate and regularly review the internal controls identified to mitigate and minimise risks.

In relation to the addition of corporate risk CRR-FC07 - revaluation of major business rates, the Executive Manager - Finance and Commercial explained that recent experience had highlighted that the likelihood of an appeal was high and could have a high impact on business rates income.

Failure to manage Legionella remained a relatively high risk, as although there were adequate mitigation controls were in place, the council remained cautious due to previous occurrences.

Members requested that the next Risk Management Update be provided to the September meeting and that they received further updates on a six monthly basis.

The Executive Manager - Finance and Commercial gave an update to Members on the work undertaken in respect of Emergency Planning, since the last report to the Group. He informed Members that work had been undertaken on the development of guidance to encourage parish and town councils to consider a variety of community resilience schemes. These included acquiring

a resilience store containing flood protection equipment, developing a community emergency plan and joining the Environment Agency's flood warden scheme. Emergency Planning was also the focus of the Parish Forum held on 30 October 2014.

Residents that had made frequent requests for sandbags would be encouraged to purchase their own flood protection equipment where possible. It was hoped this would assist them in the management of flooding and how best to protect themselves and their property. Additionally, information on flooding, including a list of frequently asked questions, had been published on the council's website. The training needs of all managers and staff within the emergency plan had been assessed to ensure they had the relevant skills and technical knowledge in the case of an emergency.

The Executive Manager - Finance and Commercial informed the Group that personnel from Rushcliffe Borough Council had been placed on standby to assist the response to the storms and east coast tidal surge that affected the Country on 5 December. However, the east coast flooding was less severe than had been feared and Lincolnshire County Council was able to provide sufficient local accommodation to care for approximately 900 evacuees. Although severe weather had caused flooding and loss of electricity supplies in many parts of the Country over the Christmas period, no significant disruption had occurred in Nottinghamshire. However, preparations had been made and officers were on standby to respond to any incidents that could have arisen.

In response to questions, the Emergency Planning Officer confirmed that flood warnings were issued by the Environment Agency. These were forwarded to relevant personnel at the Council by Nottinghamshire County Council's Emergency Planning team. Nottinghamshire County Council were a Lead Local Flood Authority (LLFA) under the Flood and Water Management Act 2010 and had powers and duties for managing flooding from local sources. The County Council's flood Risk Management team worked with the Environment Agency, Internal Drainage Boards (IDBs) and other local authorities to manage flood risk. Riparian owners still retained responsibility for maintaining the stretch of watercourse on their land.

It was AGREED that the Group;

- a) note the contents of the report;
- b) endorse the actions taken to review the risk management arrangements, and
- c) request updates on a six monthly basis from September 2014 and amend the work programme to reflect this.

33. Internal Audit Progress Report 2013/14

The Executive Manager - Finance and Commercial informed Members that in line with the internal audit plan, six reports had been finalised since the last meeting of the Group, for the areas of Governance – Compliance with Expenses Policy, Strategic Housing Capital, Community Facilities, Community Support Grants, Purchasing Ordering & Creditors and Income & Debtors.

He informed Members that the assurance level for Governance – Compliance with Expenses Policy, Strategic Housing Capital, Community Support Grants and Income & Debtors audits was green, the highest achievable. The audits of Community Facilities and Purchasing Ordering & Creditors had been given an assurance of amber/green. There was only one high risk recommendation from the six audits for the area of Purchasing Ordering & Creditors. There were currently three audits at the work in progress stage for the areas of NNDR, Council Tax and Capital Programme & Assets which would be presented to the next meeting of the Group in April 2014.

The Executive Manager - Finance and Commercial confirmed that the internal audit plan was on schedule and that all audits would be completed by the end of the financial year.

It was AGREED that the Internal Audit Progress Report 2013/14 be noted.

34. Treasury Management Strategy 2014/15 - 2018/19

The Group considered the report of the Executive Manager - Finance and Commercial that provided details of the Capital Prudential Indicators, and the Council's Treasury Management and Investment Strategy, for 2014/15 to 2018/19.

The Service Manager - Finance and Commercial reported that under the Local Government Act 2003, when carrying out capital and treasury management activities, the Council was required to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities. He explained that objectives of the Code were to ensure that capital investment plans were affordable, prudent and sustainable, and that treasury management decisions were taken in accordance with the Council's Treasury Management Strategy.

The Service Manager - Finance and Commercial outlined the main points of the Capital Prudential Indicators, as follows;

- The projected capital expenditure plans and funding
- The Council's Borrowing Need (the Capital Financing Requirement CFR);
- The Minimum Revenue Provision (MRP) Policy Statement, if the Council was to borrow how much it would charge the revenue account for the cost of borrowing;
- The on-going impact of the capital programme on the investment balance;
- The estimates, limits and prudence of future debt levels; and
- The affordability impact of the capital programme.

The Group considered the Treasury Management and Investment Strategy 2014/15 to 2018/19, which covered:

- Statutory and professional requirements;
- The current economic climate and prospects for interest rates;
- The Council's debt and investment projections;
- The Council's borrowing and investment strategies;
- Specific limits on treasury activities; and
- Any local treasury issues.

In conclusion, The Service Manager - Finance and Commercial informed the Group that the Capital Prudential Indicators and Treasury Management Strategy gave both a position statement and details of the future position of the Council's Capital and Treasury plans. The documents complied with best professional practice and were recommended to Council for approval as part of the Council's Medium Term Financial Strategy (MTFS).

In response to questions, Executive Manager - Finance and Commercial confirmed that, if approached, the Council would consider inter local authority or parish council investments. In respect of the current loans to Nottinghamshire County Cricket Club the Council had renegotiated its interest rate to not less than 3%.

Members felt that training specific to Capital Prudential Indicators and the Treasury Management Strategy would be beneficial in considering future reports.

It was AGREED that the Group recommend to Council for approval, as part of the Council's budget setting process:

- a) the Prudential Indicators and Limits for 2014/15 to 2018/19 contained within Appendix A of the report;
- b) the Minimum Revenue Provision (MRP) Statement (paragraph 9 of Appendix A, of the report) which sets out the Council's policy on MRP; and
- c) the Treasury Management Strategy 2014/15 to 2018/19 and the Treasury Indicators, contained within Appendix B of the report.

35. Revenue and Capital Budget Monitoring

The Group considered the report of the Executive Manager - Finance and Commercial that gave details and explanations of significant variances against the profiled budget to 31 December 2013.

The Revenue budget monitoring reports indicated an underspend against the profiled budget of £1,039,700, with a projected favourable variance of £990,810 for the year. Officers informed Members that the underspend reflected a number of positive variances which included additional income from fees for a number of major planning applications and savings from a reduction in staffing costs at the Depot and Corporate Management costs. However, it was noted that the variance would be reduced at year end as it was likely that accounting adjustments would be required in relation to delays in expenditure on the Local Plan and additional Development Control income that related to work that would not be undertaken or finalised until 2014/15.

The main adverse variance related to the cost additional staffing resource within Finance and Commercial and an increase in the overall cost of IT contracts which had previously been funded from the IT Reserve.

In respect of the Capital budget monitoring, the report indicated a net underspend of £8,297,000 to the end of December 2013, with a projected favourable variance of £3,736,000 for the year. The main projected underspends related to £584,000 from the Cotgrave Masterplan, £323,000 from the vehicle replacement programme, £301,000 underspend on the Streetwise franchise, £200,000 in relation to the Alford Road Pavilion redevelopment, £61,000 for lift repairs at the Civic Centre and £49,000 in relation to repayment of decent homes grants. The £2,000,000 underspend in relation to the Nottinghamshire County Cricket Club loan and £250,000 for the A453 contribution would be carried forward into 2014/15. Members were informed that the underspend for the Cotgrave Masterplan and the Civic centre lifts would also require carrying forward into next year.

In response to questions, the Executive Manager - Finance and Commercial confirmed that Nottinghamshire County Cricket Club had not yet requested the loan, therefore the sum would be carried forward into next year.

It was AGREED that the Group;

- a) note the current projections for revenue and capital, and
- b) recommend to Cabinet that the following Capital Programme carry forwards are approved:
 - i. NCCC Loan, £2,000,000
 - ii. A453 Contribution, £250,000
 - iii. Cotgrave Masterplan, £584,000
 - iv. Civic Centre Lift, £61,000

36. **Work Programme**

The Group considered the report of the Executive Manager – Operations and Corporate Governance that set out details of the proposed work programme for the municipal year 2013/14 and 2014/15

Following consideration of Agenda Item 5, the timings of the Risk Management Updates were rescheduled to the September and January meetings.

The Group AGREED the Work Programme as set out below:

Date of Meeting	Item
23 April 2014	<ul style="list-style-type: none"> • External Audit Plan 2013/14 • Certification of Grants and Returns – Annual Report 2012/13 • Internal Audit Progress Report 2013/14 • Internal Audit Strategy 2014/15 • Revenue and Capital Budget Monitoring • Work Programme
19 June 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2014/15 • Internal Audit Annual Report 2013/14 • Health and Safety Annual Report • Annual Governance Statement 2013/14 • Corporate Governance Annual Report 2013/14 • Fraud & Irregularities 2013/14 • Revenue & Capital Budget Monitoring • Work Programme
4 September 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2014/15 • Statement of Accounts 2013/14 • External Auditors Annual Governance Report 2013/14 • Risk Management Update • Treasury Management Update • Revenue & Capital Budget Monitoring • Work Programme
13 November 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2014/15 • Health and Safety Interim report • Annual Audit Letter • Revenue & Capital Budget Monitoring • Work Programme
29 January 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2014/15 • Treasury Management Update and Presentation • Risk Management Update • Revenue and Capital Budget Monitoring • Work Programme
26 March 2014	<ul style="list-style-type: none"> • External Audit Plan 2014/15 • Certification of Grants and Returns – Annual Report 2013/14 • Internal Audit Progress Report 2014/15 • Internal Audit Strategy 2015/16 • Revenue & Capital Budget Monitoring • Work Programme

The meeting closed at 8.20 pm.

Action Sheet
Corporate Governance Group - Thursday 6 February 2014

Minute Number	Actions	Officer Responsible
31 Notes of the Previous Meeting	None	
32 Risk Management Review Update	None	
33 Internal Audit Progress Report 2013/14	None	
34 Treasury Management Strategy 2014/15 - 2018/19	None	
35 Revenue and Capital Budget Monitoring	None	
36 Work Programme	None	