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**Our reference:**  
**Your reference:**  
**Date:** 5 November 2014

To all Members of the Corporate Governance Group

Dear Councillor

A meeting of the **Corporate Governance Group** will be held on Thursday 13 November 2014 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely

Executive Manager Operations and Corporate Governance

### ***AGENDA***

1. Apologies for absence
2. Declarations of Interest
3. Notes of the Meeting held on Thursday 4 September 2014 (pages 1 - 7).
4. Internal Audit Progress Report November 2014/15

The report of the Executive Manager – Finance and Commercial is attached (pages 8 - 15).

5. Health and Safety Interim Report – April to September 2014

The report of the Executive Manager - Operations and Corporate Governance is attached (pages 16 - 30).

6. Risk Management Review Update

The report of the Executive Manager - Operations and Corporate Governance is attached (pages 31 - 55).

7. Revenue and Capital Budget Monitoring 2014/15 – Quarter 2 Update

The report of the Executive Manager – Finance and Commercial is attached (pages 56 - 66).

8. Treasury Management Update – Mid Year Report 2014/15

The report of the Executive Manager – Finance and Commercial is attached (pages 67 - 73).

9. Annual Audit Letter 2013/14

The report of the Executive Manager – Finance and Commercial is attached (pages 74 - 80).

10. Work Programme

The report of the Executive Manager - Operations and Corporate Governance is attached (pages 81 - 82).

Membership

Chairman: Councillor G S Moore,

Vice-Chairman: Councillor N K Boughton-Smith

Councillors N A Brown, L B Cooper, A M Dickinson, K A Khan, I I Korn,  
J E Thurman and H Tipton

<b>Meeting Room Guidance</b>
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**Toilets** are located opposite Committee Room 2.

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**NOTES  
OF THE MEETING OF THE  
CORPORATE GOVERNANCE GROUP  
THURSDAY 4 SEPTEMBER 2014**

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

**PRESENT:**

Councillors G S Moore (Chairman), N K Boughton-Smith, N A Brown,  
L B Cooper, A M Dickinson, K A Khan, I I Korn, J E Thurman and H Tipton

**ALSO IN ATTENDANCE:**

Councillor S J Robinson  
N Bellamy KPMG  
R Walton KPMG  
C Williams Baker Tilly

**OFFICERS PRESENT:**

P Linfield Service Manager - Finance and Commercial  
P Steed Executive Manager - Finance and Commercial  
E Walters Democratic Services Assistant

**APOLOGIES FOR ABSENCE:**

There were no apologies for absence

**9. Declarations of Interest**

There were none declared.

**10. Notes of the Previous Meeting**

The notes of the meeting held on Thursday 19 June 2014 were accepted as a true record.

**11. Internal Audit Progress Report – September 2014/15**

Mr Williams, a representative from Baker Tilly, the Council's internal auditors, informed Members that in line with the audit plan two reports had been finalised since the last meeting of the Group, for the areas of Absence Management and Transformation Projects. These two areas had received a green assurance level, the highest achievable.

Mr Williams informed Members that two further reports had been completed in draft for the areas of Development Control and Corporate Governance. Mr Williams did not anticipate there being any changes to the internal audit programme.

In response to a question, Mr Williams clarified the areas looked at when auditing transformation and stated that this included the Cotgrave regeneration project. The audit covered the internal delivery of services and the range of controls within the department responsible for transformation. Mr Williams made it clear that the audit looked at systems and processes of the transformation team rather than the end result.

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

12. **Approval of the Statement of Accounts 2013/14 and External Auditors Report To Those Charged With Governance 2013/14**

The Executive Manager – Finance and Commercial presented a report outlining the Council's statutory Statement of Accounts for 2013/14. Despite the challenges faced there had been no major issues identified. There was ongoing work to reduce the size of the accounts and a conversation was taking place with KPMG around targeting the important areas.

Mr Bellamy presented the External Auditor's Report to those Charged with Governance 2013/14. The key point was that the auditors were proposing an unqualified opinion on both the Authority's financial statements and Value For Money. The only possible area for concern was the legacy issues on cash but the external auditors were comfortable with the situation and the way it was being dealt with. The audit had gone smoothly, the working papers were provided in a timely manner and the responses were good. The Authority was in a good position with regards the proposals to bring forward the deadline in the future. Mr Bellamy also highlighted page 34 of the report where it stated that the Authority had a strong financial reporting process. Mr Bellamy stated that the Draft Management Representation Letter at Appendix B was the standard letter and it was not necessary to add in representations from officers.

Members raised the issue of Pension Liability on page 5 of the Statement of Accounts and expressed surprise that this amount had increased given that the Authority had been reducing staff numbers. The Executive Manager – Finance and Commercial explained that this was down to the triennial review and reflected a number of factors including the increasing life expectancy of employees. In addition, due to investments being put into equities the figure reflected the lack of growth in the stock market. In response to a further question it was clarified that page 4 of the Statement of Accounts does not show the pension costs separately.

In relation to page 5 of the Statement of Accounts, The Executive Manager – Finance and Commercial clarified how the Council's Net Value was affected. He informed Members that the majority of Authorities had a recovery mechanism to deal with the underlying deficits on their pension funds which was usually between 20 and 30 years and it was very unusual to find an authority that did not use these timescales.

In response to a question Mr Bellamy stated that as well as looking at pensions as part of the audit of the Authority, KPMG also audited the pension fund itself.

In answer to a question on the subject of any areas upon which the Council could improve, Mr Walton stated that the accounts are very full and CIPFA had issued guidance encouraging Councils to unclutter their accounts. Mr Walton expressed a wish to work together with the Authority to make the accounts more readable for the general public. The Executive Manager – Finance and Commercial condoned this course of action and highlighted the importance of improving visibility and transparency.

It was AGREED that the Group

- a. Accepted the Statement of Accounts for 2013/14 and recommended them to Council for approval,
- b. Endorsed the Draft Management Representation Letter, and
- c. Supported the External Auditor's Report to Those Charged with Governance 2013/14 and forwarded it to Council for endorsement.

### **13. Treasury Management Outturn Position 2013/14**

The Service Manager - Finance and Commercial presented the Treasury Management Outturn Position 2013/14 report that, in line with the Local Government Act 2003 and the CIPFA Code of Practice, provided a summary of the transactions undertaken by the Council as part of the Treasury Management function. The report reflected how the Council had invested its money during 2013/14, the rate of return achieved and the Counterparties that had been used. One of the key messages in the report could be found in the table at point 4.9 which showed that the authority did not have any borrowing and did not plan to borrow in the near future. The Service Manager expressed an intention to remain vigilant on Treasury Management issues and detect any problems early.

In response to a question about interest rates, it was confirmed that the Authority did not pay tax on investments. The Executive Manager – Finance and Commercial acknowledged that there had been small returns on the level of investments and stated that this reflected the reality of the market the Authority was in. In response to a question, the Executive Manager Finance and Commercial stated that the issue was not as straightforward as looking at the highest rates of interest. Discussion was had over long term investments which prompted the question whether the Authority had a maximum allowed period of investment. The Service Manager - Finance and Commercial stated that the length of investments was constrained by the Treasury Management Strategy. In addition, long term cash flow had to be borne in mind as the Authority needed to make sure it had the cash for projects such as the Leisure Centre reconstruction.

The Executive Manager – Finance and Commercial added that the Authority was looking at longer term hedging and the Local Authority Property Fund was one example. The Authority had on one occasion lent to a Local Authority in the North East of England.

A question was asked regarding the deposits for Section 106 agreements and whether they were included in the table in the Treasury Management report.

The Executive Manager – Finance and Commercial stated that the deposits were included in the balances where there was interest payable and that he would consider whether to include a separate table for Section 106 agreements in the report.

The Chairman asked about information on the Authority's alternative investments such as The Point and how the Group could find out if this had been a good investment. Other Members of the Group concurred that they would be interested in being provided with information on the Authority's alternative investments and asked what those investments were other than The Point. The Executive Manager – Finance and Commercial stated that this question was raised previously and he had double checked the answer which was that alternative investments such as The Point were not Treasury Management Investments and therefore should not be included in this report, but should be considered as part of the Revenue Account.

Councillor Dickinson reiterated the clear distinction between property purchased as an investment and property which was part of the capital programme. She stated that The Point was not a community facility however, she accepted that The Point was not a Treasury Management investment.

The Chairman agreed to have conversations with the Executive Manager on this issue.

**Action                    Alternative investments such as The Point to be included in a future Revenue and Capital Monitoring Report**

In response to a question from the Chairman, Mr Bellamy stated that alternative investments were covered as part of the Audit of the accounts but were not looked at specifically. Mr Walton stated that KPMG write to the banks independently to confirm what balances the Authority held.

The question was asked how much cash was kept as working capital and the Executive Manager highlighted the table at point 4.17 of the report and stated that all the items listed as 'Call' were cash in hand.

In response to a further question regarding page 36 of the Statement of Accounts, The Executive Manager confirmed that Investment Properties would include all the rental properties the Council had.

It was AGREED that the report be noted.

**14. Revenue and Capital Budget Monitoring 2014/15**

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 30 June 2014. One of the key issues identified in the report was the underspend. It was also pointed out that the Community Support Scheme was going up by £25,000 which would be funded from the New Homes Bonus.

In response to a question regarding the loan to Streetwise Environmental Ltd, the Group were informed that the period of repayment was five years.

In reply to a question on the topic of communities on page 54 of the report, it was confirmed that this funding came from the West Bridgford Special Expense allowance. A follow up question was asked regarding whether Alford Road was covered by the West Bridgford Special Expense Allowance and the Executive Manager - Finance and Commercial stated he would check this.

In answer to a question it was confirmed that at point 4.7 in the report entitled Neighbourhoods, new schemes meant Social Housing Schemes.

#### 15. **Annual Report 2013/14**

The Chairman presented the Annual Report that provided a review of the work undertaken by the Corporate Governance Group in 2013/14. The Group had considered the following topics during the year;

- Health and Safety Annual report 2012/13
- Annual Governance Statement 2012/13
- Fraud and Irregularities 2012/13
- Statement of Accounts and External Auditor's report
- Internal Audit Progress report 2013/14
- Changes to the Constitution – Member Champions
- Potential relocation of the Civic Centre and funding models for the development of the Arena site
- Financial Services and Treasury Management
- Risk Management
- Revenue and Capital Budget Monitoring
- Treasury Management Strategy 2014/15 to 2018/19

It was AGREED that the report be approved and referred to Council for consideration.

#### 16. **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 2014/15.

It was agreed that the Certification of Grants and Returns – Annual report 2013/14 be moved to the January 2015 meeting.

The Chairman highly recommended the presentation by Arlingclose to all Councillors and expressed a wish for this to be repeated in 2015 under the auspices of the Member Development Group. Councillor Khan stated that this was indeed an excellent presentation but asked for more practical examples to be given in addition to the theoretical information. The Executive Manager agreed to take this forward.

The Group AGREED the Work Programme as set out below:

Date of Meeting	Item
13 November 2014	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2014/15</li> <li>• Health and Safety Interim report</li> <li>• Annual Audit Letter</li> <li>• Revenue &amp; Capital Budget Monitoring</li> <li>• Risk Management Update</li> <li>• Work Programme</li> </ul>
29 January 2015	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2014/15</li> <li>• Treasury Management Update and Presentation</li> <li>• Risk Management Update</li> <li>• Revenue and Capital Budget Monitoring</li> <li>• Certification of Grants and Returns – Annual Report 2013/14</li> <li>• Work Programme</li> </ul>
26 March 2015	<ul style="list-style-type: none"> <li>• External Audit Plan 2014/15</li> <li>• Internal Audit Progress Report 2014/15</li> <li>• Internal Audit Strategy 2015/16</li> <li>• Revenue &amp; Capital Budget Monitoring</li> <li>• Work Programme</li> </ul>

The meeting closed at 8.30 pm.



## Action Sheet

### Corporate Governance Group - Thursday 4 September 2014

Minute Number	Actions	Officer Responsible
10 Notes of the Previous Meeting	None	
11 Internal Audit Progress Report – September 2014/15	None	
12 Approval of the Statement of Accounts 2013/14 and External Auditors Report To Those Charged With Governance 2013/14	None	
13 Treasury Management Outturn Position 2013/14	Alternative investments such as The Point to be included in a future Revenue and Capital Monitoring Report	Executive Manager - Finance and Commercial
14 Revenue and Capital Budget Monitoring 2014/15	None	
15 Annual Report 2013/14	None	
16 Work Programme	None	

## Responses

Minute Number	Actions	Officer Responsible	Response
13 Treasury Management Outturn Position 2013/14	Alternative investments such as The Point to be included in a future Revenue and Capital Monitoring Report	Executive Manager - Finance and Commercial	Information will be included in future reports

## Report of the Executive Manager – Finance and Commercial

### 1. Summary

- 1.1. The attached report has been prepared by the Council's internal auditors Baker Tilly. It is the second report for the financial year 2014/15 showing the current position on the audit programme, along with any significant recommendations with regards to the audits completed during this period. Only 2 medium level actions have been recommended for the 3 reports which have all received a 'substantial assurance' rating. Further detail is contained at **Appendix A**.

### 2. Recommendation

It is RECOMMENDED that the Corporate Governance Group notes the Internal Audit's second Progress Report for 2014/15

### 3. Reasons for Recommendation

- 3.1. To conform with best practice and Public Sector Internal Audit Standards; and give assurance to the Corporate Governance Group regarding the Council's internal control environment.

### 4. Supporting Evidence

- 4.1. The attached report highlights the completion of three audit assignments (Absence Management, Corporate Governance and Transformation Projects), with 2 medium actions. All 3 assignments have been given substantial assurance. There are a further 3 assignments at 'draft' stage with the remaining 10 audits due to be completed by February 2015.

### 5. Risk and Uncertainties

- 5.1. If recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.
- 5.2. Based on progress to date and the audit plan for 2014/15 it is anticipated that the audit programme will be successfully completed by the end on the current financial year.

## 6. Implications

### 6.1. Finance

There are no direct financial implications to the report. Indirectly a better internal control environment suggests risk has reduced and can result in a reduced audit workload and therefore cost.

### 6.2. Legal

None

### 6.3. Corporate Priorities

Not applicable

### 6.4. Other Implications

None

<b>For more information contact:</b>	Peter Linfield Service Manager - Finance and Commercial 0115 914 8439 email <a href="mailto:plinfield@rushcliffe.gov.uk">plinfield@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	Internal Audit Reports 2014/15
<b>List of appendices (if any):</b>	Appendix A – Internal Audit Progress Report – 2014/15

# Rushcliffe Borough Council

Internal Audit Progress Report – 2014/15

Corporate Governance Group: 13 November 2014

## Introduction

The internal audit plan for 2014/15 was approved by the Corporate Governance Group (CGG) on 23<sup>rd</sup> April 2014. This report provides an update on progress against that plan and summarises the results of our work to date.

### Summary of Progress against the Internal Audit Plan

Assignment <i>(Reports considered today are shown in bold italics)</i>	Status	Opinion	Actions Agreed		
			High	Medium	Low
<b>Corporate Governance</b>	<b>FINAL</b>	<b>Green</b>	<b>0</b>	<b>2</b>	<b>3</b>
Absence Management	FINAL	<b>Green</b>	0	0	3
Transformation Projects	FINAL	<b>Green</b>	0	0	0
Development Control – Pre-planning applications	Draft report				
Mobile Homes Act Licences	Draft Report				
Risk Management	Draft Report				
Partnerships	Planned 03/11/14				
Main Accounting System	Planned 03/11/14				
Housing Benefits	Planned 10/11/14				
Council Tax	Planned 24/11/14				
NNDR	Planned 24/11/14				
Ordering and Creditors	Planned 12/01/15				
Follow Up	Planned 12/01/15				
Joint Co-operative Agreement	Planned 02/02/15				
Payroll	Planned 16/02/15				
Treasury, Cash & Bank	Planned 16/02/15				

## **Other Matters**

### **Planning and Liaison:**

On-going liaison takes place with the Service Manager - Finance and other relevant managers in respect of scoping and planning each of the audit assignments.

### **Internal Audit Plan 2014/15 - Change Control:**

There have been no changes to the plan so far this year.

## Action Plans for Key Recommendations

(Medium or High recommendations only)

### Corporate Governance

Ref	Recommendation	Categorisation	Accepted	Management Comment	Implementation Date	Manager Responsible
1	<p>a) The service area induction checklist should be amended to include explicit reference to the Council's Constitution, providing a record that employees have been informed of the location of the Constitution.</p> <p>b) Following completion, the service area induction checklist should be returned to HR for retention on the employee's personal file along with the HR induction checklist.</p>	Medium	Yes	<p>The checklist will be amended to reflect this requirement.</p> <p>This will be implemented and service areas requested to return completed checklists to the HR service.</p>	November 2014	Juli Hicks Strategic HR Manager
2	Members and employees should be reminded on a periodic basis of the Council's protocol for the registration of gifts and hospitality.	Medium	Yes	A reminder of the relevant protocols will be sent to all Councillors and staff via email.	December 2014	Dan Swaine Deputy Chief Executive – Operations and Corporate Governance (Monitoring officer)

<b>Recommendation Categorisation</b>	
Our findings and recommendations are categorised as follows:	
<b>Priority</b>	<b>Description</b>
<b>High</b>	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
<b>Medium</b>	
<b>Low</b>	

<b>Opinions</b>			
The definitions for the level of assurance that can be given are:			
<b>Opinion</b>	<b>Description</b>	<b>Opinion</b>	<b>Description</b>
<b>Red</b>	Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.	<b>Amber / Green</b>	Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective.  However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
<b>Amber / Red</b>	Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.	<b>Green</b>	Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective.



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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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## Report of the Executive Manager – Operations and Corporate Governance

### 1. Summary

1.1 In June 2014 the Corporate Governance Group considered the Council's Annual Report for health and safety. This Annual Report covered the period April 2013 to end March 2014 and its production was required as part of the Council's Health and Safety Management Framework.

1. Following the first Annual report to Corporate Governance Group in May 2009 the Group requested that an update report should be presented half way through the financial year. In line with this request a six month update is attached to this report summarising health and safety activities and performance for the period April 2014 to end September 2014. This update also sets out the work undertaken to achieve and deliver the Council's Health and Safety goals.

### 2. Recommendation

2.1 It is RECOMMENDED that that the Corporate Governance Group consider the six month health and safety update giving due regard to the information presented.

### 3. Implications

#### 3.1. Finance

3.1.1. There are no financial implications.

#### 3.2. Legal

3.2.1. There are no legal implications.

#### 3.3. Corporate Priorities

3.3.1. Maintaining and enhancing our residents' quality of life.

#### 3.4. Other Implications

3.4.1. None

<b>For more information contact:</b>	Name Joanne Wilkinson Job title Health and Safety Advisor 0115 914 8561 email <a href="mailto:jwilkinson@rushcliffe.gov.uk">jwilkinson@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	None
<b>List of appendices (if any):</b>	Health and Safety Report - Six month summary April 2014 to end September 2014

# HEALTH AND SAFETY REPORT

Six month summary  
April 2014 to end September 2014

## **1. INTRODUCTION**

- 1.1 This six monthly report sets out the Council's occupational health and safety performance. It is split into a number of sections highlighting the key issues that Elected Members need to be aware of. It sets out new policies which have been implemented as part of the control measures within the corporate health and safety framework.
- 1.2 Furthermore the update provides an indication of the effectiveness and success of the health and safety control measures the Council has in place with evidence showing training delivered, progress towards meeting health and safety aims and objectives and the number of accidents recorded.
- 1.3 Since the last report the Streetwise function is now separate from the Council and therefore the performance information for Streetwise Environmental has been separated from the Council's figures. This will enable Members to have an overview of Streetwise Environmental's health and safety performance in a similar way to the Leisure Centres.

## **2. KEY ACTIVITIES**

### **2.1 Policy Review**

The Council has a programme of policy review and implementation to support effective health and safety management. An update on the health and safety objectives endorsed by Corporate Governance Group at the last annual report in relation to policies can be found in section 3.1 of this report.

### **2.2 Training**

Health and safety training needs are identified in a number of ways including Personal Development Reviews (PDRs), regular one to ones, team meetings and through the Executive Management Team. The Health and Safety Advisor also ensures that training is consistent with our duties and legal responsibilities.

- 2.3 All health and safety training needs identified in PDR's for this year have been programmed in to be completed by the end of the financial year.

- 2.4 The amount of training is always limited during the first 6 months of the year as we await training needs identified through the PDR's the training for which will be organised throughout the rest of the year. The following health and safety training was organised through Human Resources in the last 6 months. In line with the request from Members of CGG previously, where necessary the number of staff attending training events has been presented as percentage of staff who should attend them.

**Table of Staff Training**

<b>Course Subject</b>	<b>Number of Staff attended</b>	<b>% of those requiring training who have been trained</b>	<b>Outcome/impact</b>
Health and safety Induction	16	94%	Mandatory training attended by new employees. One employee was unable to attend and will be attending the next session
Health and Safety Awareness	3	100%	A refresher training session for the cleaners that do not have access to the computer and therefore cannot complete the e-learning
Defibrillator training	8	84%	Practical session to give skills in CPR and use of the defibrillator at the Civic Centre.
First Aid requalification	4	100%	First aid training is based on a 3 year programme and those staff requiring requalification training have completed the course ensuring compliance with the first aid regulations
Evac Chair Operator	7	70%	Practical training in the use of the EvacChairs in case these are required in the event of an emergency evacuation from the Civic Centre.
Postal Opening/Hoax Bomb risk	10	100%	Training given to all staff who regularly open incoming mail
Fire safety Training e-learning	11* (201 total)	96%	Refresher training for staff on fire safety issues. There are 209 employees who have access to the e-learning. The aim is to achieve 90%. Executive Managers are given an up to date list quarterly.
Display Screen Equipment e-learning	12* (200 total)	74 %	On-line training and assessment of computer workstations. 270 employees have been given access to the e-learning, however some are new employees and others have received training previously. The aim is to achieve 90%. Executive Managers are given an up to date list quarterly.
Legionella awareness e-learning	12* (27 total)	54%	This training is for all staff who need to be aware of the risks of Legionella within the workplace. 50 staff require this training.
Asbestos awareness e-learning	14* (32 total)	56%	This training is for all staff who need to be aware of the risks of Asbestos within the workplace. 57 staff require this training.

\* this figure shows the number trained in this 6 month period, the figure in brackets shows the cumulative total within the last three years.

- 2.7 The above training is also supported by significant on the job training within all Service Areas but in particular at the higher risk Depot site. Training at the Depot is delivered in a number of ways including tool box talks which are brief practical sessions for employees on site. Other types of training also include for example robust induction training specific to the job role, tasks and equipment used, and driver training. The ultimate aim of the training is to ensure that the job is carried out in the correct safe manner to reduce accident rate
- 2.8 **Meetings of Health and Safety Groups**  
The Council has in place four health and safety groups to ensure that health and safety is discussed through all levels of the Authority. The Executive Health and Safety Group meets quarterly and is attended by the Executive Management Team. This Group approves policies and reports and supports the Health and Safety Advisor in determining the Council's priorities in health and safety.
- 2.9 The Employee Health and Safety Group has been established since September 2009 and meets six monthly. This Group is chaired by Dan Swaine, Executive Manager (Operations) and comprises the Health and Safety Advisor and six work place representatives including Employee Liaison Group and Trade Union representatives. The Group last met on 11 June 2014.
- 2.10 At the Depot, monthly team meetings are held with all collection teams where health and safety is on the agenda and current issues or new risks are discussed. Health and safety is also a standard item on front line staffs performance development reviews. A depot health and safety and welfare group was initially set up to oversee health and safety at the depot. However, with the recent changes with Streetwise and garage services it is not considered that a formal group is currently needed as the culture now (as part of the previous One Great Depot Project) is one where risk and health and safety is considered as part of the daily 'norm', and with monthly meetings in place it is considered that health and safety at the depot is greatly improved and continues to be monitored.
- 2.11 The final Health and Safety Group is the Legionella, Asbestos and Tree Management Group which meets at least twice yearly and monitors the effectiveness of managing the risks in all three key risk areas. This group met 7 May 2014.
- 2.12 In the last six months the meetings detailed above have enabled consideration to be given to a number of issues including training, occupational health, accident statistics, legislation and policy update and service area feedback.
- 2.13 **Occupational Health**  
The Council are supported by an external Occupational Health provider who are utilised to provide a host of occupational health packages. Within the last six months the services that they have provided specifically relating to health and safety issues have included:

	Attendance numbers Apr to end Sept 12	Comment
Pre-employment medicals	15	All new employees are assessed through a pre-employment questionnaire prior to commencing their role with the Council
Hepatitis injections	15	Employees who are at risk of either needlestick injuries or coming into contact with contaminated waste are given the opportunity to go on the immunisation program
HGV Medical	1	Medical assessments as required for HGV drivers

2.14 In line with our commitment to employee wellbeing Flu injections are being offered again this year to all staff. The nurse will be attending the Civic Centre, Rushcliffe Community Contact Centre and the Depot on 28 November 2014.

### 3. PROGRESS TOWARDS ACHIEVING HEALTH AND SAFETY GOALS

3.1 At its meeting on 19 June 2014 the Corporate Governance Group supported the following health and safety goals. These were previously approved by the Council's Executive Health and Safety Group and are monitored and reviewed quarterly by them. Progress is set out below.

- **To carry out risk based audits on:**
  - **Display Screen Equipment**
  - **Control of Substances hazardous to Health**
  - **Manual Handling**

Meetings have been programmed in to diaries for the audits of these three risk areas to take place between Oct 2014 and January 2015.

- **To review the next three top priority policies as determined by the health and safety policy review programme. These are:**
  - **Bomb Threat Policy**
  - **Accident Reporting Policy**
  - **Hepatitis Policy**

The Bomb Threat Policy has undergone major review and amendments in line with current guidance. Consultation on this policy has commenced with the aim to have it fully implemented by end December 2014.



Accident Reporting Policy review is due to commence in November 2014.

Hepatitis policy has been reviewed and updated. This required very little alteration and therefore has been implemented with minimal consultation.

- **Produce Health and Safety Manual for the New Streetwise Service**

This task has been completed and has been implemented by Streetwise Management.

#### 4. PERFORMANCE

##### 4.1 *Accident report forms completed*

Corporately the number of accident report forms completed by employees and agency staff within the six month period is set out in the following table:

##### **Accident report forms completed**

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	Apr – end Sept 2011	Apr – end Sept 2012	Apr – end Sept 2013	Apr – end Sept 2014
Establishment figure head count	388	370	358	340	385	370	351	341
Depot	83	38	45	34	17	20	19	11
Civic	9	4	5	5	2	4	4	3
Community Contact Centre	0	0	1	1	0	0	1	0
Community Facilities	2	5	5	2	1	2	1	1
<b>Total</b>	<b>94</b>	<b>47</b>	<b>56</b>	<b>42</b>	<b>20</b>	<b>26</b>	<b>25</b>	<b>15</b>

4.2 The table above shows that the number of accidents to employees/agency staff is nearly half the figure for the same period in the previous two years. This is extremely encouraging however, as discussed previously with Members the accident figures are affected significantly in extreme cold weather conditions both for manual handling injuries and slips and trips.

4.3 As requested by Members at the last annual report meeting, details of establishment figures have now been added to the table so that this can also be taken into consideration when comparing accident rates.

4.4 The accident figures for Streetwise have been included in the Council's figures up to the 1<sup>st</sup> September 2014. Accident figures for Streetwise for the full 6 month period can be found in section 5 of this report.

#### 4.5 Accident reports by type

The table below sets out the accident figures by type.

##### Accident Report Forms by type

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	Apr – end Sept 2011	Apr – end Sept 2012	Apr – end Sept 2013	Apr – end Sept 2014
Struck by Moving Object	21	16	14	8	7	10	5	3
Strike against fixed object	8	7	6	5	3	2	4	1
Slip / Trip / Fall	26	12	26	9	2	8	6	4
Manual Handling	21	8	6	12	6	3	5	3
Animal attack (e.g. dog)	9	1	3	3	1	2	1	2
Other (Shock/Contact with liquids)	9	3	1	5	1	1	4	2
<b>Total</b>	<b>94</b>	<b>47</b>	<b>56</b>	<b>42</b>	<b>20</b>	<b>26</b>	<b>25</b>	<b>15</b>

4.6 Key points to consider from the figures presented in this table are:

- All accident types have decreased with the exception of animal attack. These were both dog bites, one involving the dog warden and one to an Recycling2Go loader.

4.7 *The number of employee days lost due to accidents*

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	Apr – end Sept 2011	Apr – end Sept 2012	Apr – end Sept 2013	Apr – end Sept 2014
Number of days lost	155.5	36	166	38	21	92	27	2

4.8 The number of days off as a result of an accident at work is exceptionally low within this 6 month period.

4.9 The following table shows the incident and injury type for those accidents which resulted in time lost.

Incident Type	Location	Number of days
Other RTA	Streetwise	2
<b>Total</b>		<b>2 days</b>

4.10 Only one accident resulted in absence from work and this was due to a road traffic accident where a driver, whilst driving a Streetwise vehicle, was involved in a collision with another vehicle driven by a member of public.

4.11 *The number of RIDDOR injuries, illnesses and dangerous occurrences involving Council employees*

In the 6 month period no accidents required reporting to the Health and Safety Executive as required by the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) legislation. This compares to one in the same 6 months in 2013.

4.12 *The number of health and safety enforcement notices*

There have been no visits by the Health and Safety Executive (HSE) or Fire Service. There have not been any enforcement notices served on the Council.

## 5. STREETWISE ENVIRONMENTAL FIGURES

5.1 Streetwise Environmental is now a separate social enterprise business and staff working for the Council within our Streetwise service were transferred to Streetwise Environmental as of 1 September 2014. Support services such as Humans Resources and Health and Safety are still provided by the Council and it is important that CGG still monitor the health and safety performance of this business.

5.2 With this in mind accident figures for Streetwise Environmental will be provided in a similar format to Corporate Governance Group with comparison figures for previous years.

### 5.3 Accident report forms completed

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	Apr – end Sept 2011	Apr – end Sept 2012	Apr – end Sept 2013	Apr – end Sept 2014
Establishment figure head count								33
Streetwise Environmental	14	11	10	10	5	1	4	2

### 5.4 Accident Report Forms by type

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	Apr – end Sept 2011	Apr – end Sept 2012	Apr – end Sept 2013	Apr – end Sept 2014
Struck by Moving Object	4	1	2	0	1	1	0	0
Strike against fixed object	3	4	2	2	1	0	1	0
Slip / Trip / Fall	2	2	4	0	1	0	0	0
Manual Handling	3	2	2	6	1	0	2	0
Animal attack (e.g. dog)	0	1	0	0	1	0	0	0
Other (Shock/Contact with liquids)	2	1	0	2	0	0	1	2
<b>Total</b>	<b>14</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>2</b>

## 5.5 The number of employee days lost due to accidents

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	Apr – end Sept 2011	Apr – end Sept 2012	Apr – end Sept 2013	Apr – end Sept 2014
Number of days lost	<b>44</b>	<b>25</b>	<b>16</b>	<b>6</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>2</b>

5.6 The following table shows the incident and injury type for those accidents which resulted in time lost. This is the same RTA that was described in point 4.10.

Incident Type	Number of days
Other RTA	2
<b>Total</b>	<b>2 days</b>

## 5.7 Number of RIDDOR reportables and enforcement notices

In the 6 month period no accidents required reporting to the Health and Safety Executive as required by the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) legislation.

There have been no visits by the Health and Safety Executive (HSE) or Fire Service. There have not been any enforcement notices served on Streetwise Environmental.

## 6. LEISURE CENTRE FACILITY FIGURES

6.1 As requested by Members previously, figures below show the accident information for the leisure centres. Members should be aware that these facilities are privately managed and as such, responsibility for health and safety management lies with the companies delivering the facilities. The Council monitors these figures as part of the work to oversee delivery of the leisure contracts.

6.2 As requested, the figures have been broken down into more detail with information for each Leisure Centre and this can be found in appendix 1. The figures obtained from the contractor for the 6 month period April 2014 to end September 2014 are as follows:

- 227 accidents to members of the public in this 6 month period
- This compares to 254 for the same period in 2013, 233 in 2012 and 219 for 2011.

6.3 These figures need to be considered in the context of total centre usage of 689,332 people for the 6 month period. This equates to 0.33 accidents per 1000 visitors, compared to 0.36 for the same 6 month period last year. Additionally it should be recognised that the incident statistics include injuries

sustained during sporting activities such as swimming, football and racquet sports which are outside the control of the leisure provider.

- 6.4 The health and safety policies and practices of the leisure providers are monitored and scrutinised as a part of the regular meetings at both operational and strategic level. Each Leisure provider also reports annually to Performance Management Board which details their performance in relation to the strategic objectives within the leisure contract arrangements.

## 7. THE COUNCIL'S WIDER ROLE IN HEALTH AND SAFETY

- 7.1 The Council has health and safety duties to persons not in its employment, for example members of public visiting our sites. The risk assessment process and management of the Council's services ensures that risks to the public and contractors are assessed at the same time as the risk to our employees.

- 7.2 Actions we've taken as a Council to reduce risks to members of public when visiting our premises and also to those involved in activities with Council staff include:

- Fire risk assessments completed and in place for all Council occupied buildings
- Legionella risk assessments have been reviewed and updated for all appropriate sites
- The gritting of car parks during periods of inclement weather to ensure safe access to the public
- Scheduled inspections of play equipment at parks

- 7.3 The proactive actions outlined above help to reduce and manage risk at Council sites and venues. Furthermore they assist in maintaining low accident statistics for the public and contractors in comparison with the volume and numbers of people involved. The table below set out these figures and provides a previous year comparison.

	2009/ 10	2010/ 11	2011/ 12	2012/ 13	Apr – end Sept 2011	Apr – end Sept 2012	Apr – end Sept 2013	Apr – end Sept 2014
Member of Public	5	9	14	10	7	8	5	10
Contractor	0	0	0	0	0	0	0	0

- 7.4 Seven of the ten accidents to members of the public occurred at involved bicycles or scooters at Rushcliffe Country Park, and were play related accidents rather than related to the environment.

## 8. CONCLUSION

- 8.1 The information reported in relation to the management of health and safety indicates that figures for number of accidents, currently at 15 has reduced

significantly when compared with the previous three years which were 25, 26 and 20.

- 8.2 The number of days absent from work due to accidents is also at an unprecedented low level compared to previous years. As always, employees are encouraged to return to work and this can be helped by the use of the fit note process by the GP which allows employees to return to work earlier on phased return and/or with adaptations to duties.
- 8.3 Steady progress is being made on the health and safety objectives set at the beginning of the financial year and it is anticipated that these will be completed in time.

## Table of accident statistics for Leisure Centres

April 2014 to end Sept 2014

	April	May	June	July	Aug	Sept	RIDDOR	Total Accidents Public	Total Staff	Total attendance figures
<b>East Leake</b>	2	2	2	4	3	0	0	13	0	100,529
<b>Rushcliffe Leisure Centre</b>	16	13	10	11	14	9	2	73	2	194,436
<b>Bingham Leisure Centre</b>	1	10	9	9	9	7	0	45	1	122,341
<b>Cotgrave Leisure Centre</b>	14	8	7	8	9	5	1	51	1	110,577
<b>Rushcliffe Arena</b>	1	6	9	3	0	2	1	21	1	95,698
<b>Keyworth Leisure Centre</b>	3	3	6	7	3	2	0	24	1	65,751
<b>Total</b>	<b>37</b>	<b>42</b>	<b>43</b>	<b>42</b>	<b>38</b>	<b>25</b>	<b>4</b>	<b>227</b>	<b>6</b>	<b>689,332</b>

**April 2013 to end Sept 2013 for comparison**

	April	May	June	July	Aug	Sept	RIDDOR	Total Accidents Public	Total Staff	Total attendance figures
<b>East Leake</b>	6	2	1	0	1	2	0	12	0	96,997
<b>Rushcliffe Leisure Centre</b>	10	22	28	19	7	14	0	100	4	191,653
<b>Bingham Leisure Centre</b>	8	12	12	9	3	11	2	55	8	118,031
<b>Cotgrave Leisure Centre</b>	10	10	7	12	11	9	1	59	4	112,245
<b>Rushcliffe Arena</b>	2	3	2	3	0	2	1	12	2	93,142
<b>Keyworth Leisure Centre</b>	1	2	3	3	3	4	1	16	1	67,839
<b>Total</b>	<b>37</b>	<b>51</b>	<b>53</b>	<b>46</b>	<b>25</b>	<b>42</b>	<b>5</b>	<b>254</b>	<b>19</b>	<b>679,907</b>





**Corporate Governance Group**

**13 November 2014**

**Risk Management Review Update**

**6**

## **Report of the Executive Manager - Operations and Corporate Governance**

### **1 Summary**

- 1.1 At its meeting on 6 February 2014 the Corporate Governance Group were informed that the Executive Manager, Operations and Corporate Governance, had undertaken a review of the Council's risk management arrangements. This was to ensure they were aligned to the revised management structure. The review had also addressed issues identified by the 2013/14 annual Internal Audit of risk management, moving the Council from an Amber/Red rating to Green status. At this meeting the Group requested that updates be provided on a six monthly basis, with a view to the next update being presented at the September meeting. Due to the work programme commitments of the Group this update was deferred until its November meeting.
- 1.2 Consequently this report provides an update on the progress made since the February meeting. It also summarises activities associated with updating the Council's risk register and work relating to the Council's emergency planning and business continuity functions. Additionally the report outlines the actions arising from the 2014/15 annual Internal Audit of risk which was undertaken in September.

### **2 Recommendation**

It is RECOMMENDED that the Corporate Governance Group

- a. note the contents of the report,
- b. consider the actions taken to review the risk management arrangements and implement the 2013/13 internal audit recommendations and
- c. agree that future risk management reports be presented to the group on a six monthly basis with the intention being that the next report be considered in March 2016

### **3 Risk Management Review and activity**

- 3.1 The Council's Risk Management Strategy has been refreshed in line with the recommendations made by the Internal Auditor in 2013/14 audit. These revisions were considered by the Executive Management Team (EMT), in its capacity as the Council's corporate risk management group, on 11 November 2014. A copy of the revised Strategy is attached at **Appendix A**. The Strategy sets out the process for managing risk and states that the Corporate Governance Group is provided with

updates on the risk management arrangements and the Group's responsibility is "to oversee and scrutinise the effective management of risk by officers".

3.2 The two recommendations arising from the 2013/14 audit were as follows:

- *'Where the current, actual risk score is higher than the target risk score, the risk owner should provide an action plan that identifies the actions necessary to further mitigate the risk and reduce its potential likelihood and impact, to the target level. Where these additional mitigating actions cannot be justified, the routine risk review process will result in the target risk score being raised'.*
- *'The Council considers enhancing its risk management arrangements by developing a formal assurance framework to evidence the existence and viability of the sources of assurance upon which it places reliance in order to manage its risks and achieve its objectives'.*

3.3 These recommendations have been implemented and assessments have been undertaken and action plans developed where a target risk score was lower than the actual risk score. In relation to the second recommendation the draft assurance framework is contained within the revised Risk Management Strategy attached as **Appendix A**.

3.4 Throughout the year EMT has met as the Council's Corporate Risk Management Group on 8 April 2014, 19 August 2014 and 11 November 2014 in order to oversee the management of risk across the organisation and review, where necessary, operational and strategic risks. These meetings ensure consideration is given to reviewing the risk register, amending or updating existing risks and ratings, verifying control measures and, where necessary identifying new risks. This review process has continued the previous work to remove unnecessary risks that were low scoring; those with the lowest likelihood or impact and / or risks that have effective mitigation ensuring the risk is under control. Additionally a number of new risks have been identified that needed to be added to the register taking into account the changing nature of the Council's business.

3.5 As a consequence of this process the number of corporate risks has increased from 19 to 27. Additionally there has also been an increase in the number of operational risks from 21 to 25 Therefore the total number of risks has increased from 40 in February 2014 to 52, however this remains lower than the 73 risks on the registers before the 2013 review. This reflects the changing pressures facing local government and the proactive work of managers to identify risks as they emerge. The revised list of all risks has been attached at **Appendix B**.

3.6 Examples of risks that have been removed following the review process are:

- Failure to close accounts (reconciliation)  
This risk had previously shown the problems that had arisen closing the accounts and this has now been addressed.
- Contamination of surface water drainage system affecting areas adjacent to the Depot  
The risk is minimal as the site is fully enclosed and has interceptors which ensure diesel etc. does not reach the main surface water drains'

- Failure to comply with waste transfer licence  
The risk has been removed as a fully qualified COTC holder is on site full time.

3.7 Examples of new risks added to the register following the review process are:

- Fee income volatility  
This risk has been introduced for monitoring of the Transformation Strategy. Fluctuation in income directly impacts the Councils' financial position and therefore poses a risk to service delivery.
- Failure to determine major planning applications within 13 weeks or agreed period  
This risk has been introduced following the introduction of performance monitoring measures by the Government. Failure to determine the required proportion of applications within the 13 week statutory period, currently a target of 40% over the preceding two year period, could result in the authority being placed on special measures and loss of significant income.

3.8 The annual internal audit for 2014/15 of risk management arrangements was completed in early October. Initial findings have been discussed with the auditor as part of the process for management comments. Feedback from the auditor has confirmed continuance of the Green status, indicating that satisfactory controls remain in place for risk management within the authority. On this basis it is intended that next six monthly report to the group will provide more details of the actions arising from this audit.

## **4 Emergency Planning activity update**

### **Ebola**

- 4.1 Ebola is a rare but severe Viral Haemorrhagic Fever (VHF), which can result in uncontrolled bleeding causing damage to a patient's vital organs, therefore it is life threatening. The recent outbreak of the Ebola virus primarily affected three countries in West Africa: Guinea, Liberia and Sierra Leone. As of 17 October 2014, approximately 9,000 cases and more than 4,500 deaths have been reported by the World Health Organisation.
- 4.2 Although the risk of people contracting Ebola in the UK remains low, all Local Resilience Forums (LRFs) across the country have been directed by Government to implement a strategic-level tabletop exercise to test local response arrangements.
- 4.3 This exercise took place on Friday 24 October at Sherwood Lodge and involved significant representation from health-related organisations, including:
- The Director of Public Health (Nottingham City Council / Nottinghamshire County Council)
  - Public Health England
  - NHS England
  - Acute Hospitals

- Community Health Services
  - Clinical Commissioning Groups.
- 4.4 Newark & Sherwood District Council represented all borough / district councils in Nottinghamshire as part of the county-wide emergency planning Service Level Agreement in place.
- 4.5 The Director of Public Health is responsible for ensuring that safe and efficient systems are made to protect the health of the population in Nottingham and Nottinghamshire.
- 4.6 Public Health England provides advice to the Director of Public Health in relation to infectious diseases such as Ebola. In the unlikely event that a confirmed case of Ebola was to occur in Nottinghamshire, the Director of Public Health would work with partner organisations to manage the situation and ensure measures were in place to prevent spread of the disease.
- 4.7 Actions would include isolating the patient, securing the premises in which he or she presents and contact tracing. VHF's are notifiable, meaning that doctors have to inform Public Health England when they have a suspected case. As symptoms are similar to a number of other more common diseases, laboratory tests will be required to determine whether a patient has a confirmed case of Ebola.
- 4.8 Regular updates from Government, known as Top Line Briefs, are received by Rushcliffe Borough Council via Resilience Direct; an online emergency planning system available to all LRFs.
- 4.9 If the risk to the UK increases, information will be distributed to staff and members and response arrangements escalated accordingly.
- 4.10 Further information on Ebola is available online at:  
<https://www.gov.uk/government/topical-events/ebola-virus-government-response>

### **Rushcliffe local flood response plan**

- 4.11 The LRF Flood Response Plan describes the multi-agency response to a flood emergency within Nottinghamshire. It provides a generic overview of each organisation's roles and responsibilities and the structure in place for co-ordinating the response.
- 4.12 As part of the LRF's work-plan, Rushcliffe Borough Council's emergency planning officer has been working with the Environment Agency to develop a local flood response plan that provides specific information about communities within Rushcliffe. For those areas at significant risk, information will be provided on:
- Flood risk (including sources of flooding, likelihood and impact)
  - Approximate number of properties at risk (including street names)
  - Other important sites at risk (e.g. critical infrastructure, residential homes)
  - Access and egress routes
  - Rendezvous points
  - Designated welfare facilities (e.g. places of safety, rest centres)

- Details of any community resilience measures (e.g. flood warden schemes, community emergency plans).

4.13 This information will be used in conjunction with the LRF Flood Response Plan. This work is due to be approved by the LRF in January 2015.

### **Community resilience**

4.14 Parish and town councils can play an important role in alleviating the impact of an emergency. Various measures can be considered to support communities, including:

- Developing a community emergency plan
- Acquiring a resilience store
- Participating in the Environment Agency's flood warden scheme
- Requesting a road closure scheme.

4.15 Website content has been reviewed to encourage communities to consider adopting some of the schemes above. Advice and information is now available at: [www.rushcliffe.gov.uk/communityresilience](http://www.rushcliffe.gov.uk/communityresilience)

4.16 Further information on flooding, including a list of frequently asked questions, is available at: [www.rushcliffe.gov.uk/flooding](http://www.rushcliffe.gov.uk/flooding)

### **Exercise Jarrell**

4.17 The Local Resilience Forum (LRF) are organising a tabletop exercise related to an emergency at the City Ground. The aim is to *“test the multi-agency response to a major structural collapse at a sports ground in Nottinghamshire.”*

4.18 The following multi-agency plans will be tested as part of this exercise:

- Nottingham Forest Football Club Major Incident Plan
- LRF Recovery Plan
- LRF Site Clearance Plan
- LRF Humanitarian Assistance Centre Plan
- LRF Survivor Reception Centre Plan
- LRF Temporary Mortuary Plan.

4.19 Organisations in attendance will include:

- Nottingham Forest Football Club
- Nottinghamshire Police
- Nottinghamshire Fire & Rescue Service
- East Midlands Ambulance Service
- Rushcliffe Borough Council
- Nottinghamshire County Council
- Nottingham City Council
- Nottingham University Hospitals NHS Trust (Queen's Medical Centre).

- 4.20 The exercise will be split over two separate days and will involve a variety of service areas:
- Monday 17 November 2014 (Highfields Fire Station, Beeston)
  - Thursday 20 November 2014 (Rushcliffe Civic Centre).
- 4.21 A call-out exercise of key staff will also take place approximately one to four weeks before 17 November 2014.

### **Training**

- 4.22 A variety of training events are available to ensure staff are adequately prepared for their role in an emergency. Some of these courses are organised internally whilst others are facilitated by the LRF.
- 4.23 The emergency planning officer informs employees when relevant training events are available and provides instructions on how to reserve a place. Employees that have previously received training are also given the opportunity to re-attend.

### **LRF site clearance training**

- 4.24 The LRF Site Clearance Plan outlines the multi-agency response to an emergency involving a large-scale site clearance operation. This includes:
- The safe rescue of trapped and injured persons
  - The recovery of fatalities and / or human remains
  - The facilitation of criminal and other investigations
  - The recovery of personal and other items of value.
- 4.25 In preparation for Exercise Jarrell, three Principal Building Control Officers attended LRF site clearance training on 30 September 2014. This included an overview of the response to recent high-profile incidents, including the helicopter crash at Clutha bar in Glasgow (29 November 2013) and the explosion at Wright Street in Newark (19 May 2013).

### **LRF recovery training**

- 4.26 The LRF Recovery Plan provides guidance on the process of rebuilding, restoring and rehabilitating a community following an emergency. As a local authority, Rushcliffe Borough Council may be required to lead the recovery process and chair a multi-agency Recovery Co-ordinating Group (RCG).
- 4.27 The Executive Manager - Operations and Corporate Governance and Executive Manager - Communities are due to attend LRF recovery training on 5 November.

### **Review of emergency plan and business continuity plan**

- 4.28 A full review of the emergency plan and business continuity plan will be taking place to ensure that internal arrangements remain effective. Draft versions of the documents will be distributed to staff for consultation in early 2015.

4.29 Employee contact details within the emergency plan are kept under on-going review and included within a shared folder in Microsoft Outlook. Recipients of the emergency plan have access to these details within the 'Contacts' section of their email account and this information can also be synchronised with their Blackberries.

**Distribution of weather and flood warnings**

4.30 The Environment Agency and Met Office distribute a variety of warnings to organisations. These include public weather service advisory emails, cold weather warnings, heatwave warnings, severe weather warnings, flood guidance statements and flood warnings.

4.31 Nottinghamshire County Council's emergency planning team forward these warnings to various employees within Rushcliffe Borough Council, including representatives of the Executive Management Team, Customer Services, Streetwise Environmental Ltd, Waste & Fleet Operations, Strategic Housing and Performance & Reputation. The distribution list is reviewed on a regular basis.

**5 Risk and Uncertainties**

**6 Implications**

**6.1 Finance**

The Risk Management Group ensures that the financial risks of the Council are managed. The SLA with Nottinghamshire County Council to provide an Emergency Planning Service has been renewed for 2014/15 to ensure satisfactory provision is in place.

**6.2 Legal**

The risk management group ensure that the section 17 implications are contained within the risk register.

**6.3 Corporate Priorities**

All risks within the Corporate Risk Register are linked to the Councils' Corporate Priorities.

**6.4 Other Implications**

There are no other implications

<b>For more information contact:</b>	Name: Dan Swaine Executive Manager – Operations and Corporate Governance 0115 914 8340 email dswaine@rushcliffe.gov.uk
<b>Background papers Available for Inspection:</b>	None
<b>List of appendices (if any):</b>	Appendix A – Risk Management Strategy Appendix B – Risk registers

**RUSHCLIFFE BOROUGH COUNCIL  
RISK MANAGEMENT STRATEGY**

**NOVEMBER 2014  
DRAFT (23-10-14)**



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# 1. Introduction

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## 1.1. Overview

This strategy outlines Rushcliffe Borough Council's approach to risk management. It has been developed to ensure that areas of risk are identified and appropriate remedial action is considered.

Failure to pay attention to the likelihood and impact of risks can have significant consequences. These can include endangering public health, reputational damage, financial costs, compensation claims and disruption to critical services. The effective management of risk is therefore a critical part of Rushcliffe Borough Council's approach to delivering services and maintaining high levels of performance.

## 1.2. Funding

The risk management reserve provides senior managers with the encouragement to increase levels of risk awareness within their areas of responsibility by formally identifying risks and proposals for action.

The reserve provides the opportunity to apply for financial support and creates an incentive for loss control, without adversely affecting service area budgets. This investment in risk management measures should lead to a reduction of insured and uninsured losses and eventually to lower costs, including premiums.

The S151 officer will ensure that appropriate insurance cover is in place for all identified risks.

## 1.3. Sources of assurance

Sources of assurance are sought to provide evidence that the management of risk is carried out effectively. These exist at different levels to ensure that risks are identified and controlled appropriately. An assurance framework is included in appendix A.

Risks are discussed at strategic and operational levels and recorded by service areas via the corporate risk management system (i.e. Covalent).

Operational risks are reviewed alongside financial information as part of individual service performance clinics at Executive Management Team (EMT) meetings. They are also reviewed during the development of annual service plans.

Corporate risks are considered on a quarterly basis by the Risk Management Group (RMG). The risk management strategy and corporate risk register are also reviewed annually by the RMG.

Updates are provided to Elected Members via meetings of the Corporate Governance Group (CGG).

## 2. Risk management process

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### 2.1. Overview

Risk management entails identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them. It is a means of minimising costs and disruption caused by undesirable events.

The aim of this process is to reduce the frequency of incidents and minimise the severity of their effects. Even when the likelihood of an event occurring cannot be controlled, steps can be taken to limit its consequences (e.g. by developing effective emergency and business continuity plans).

Risk management involves the following processes:

- Identification
- Analysis
- Control
- Review.

### 2.2. Identification

A systematic assessment of risk needs to be undertaken when judging all policy and service delivery options available to the authority. By identifying areas of risk before an event occurs, steps can be taken to prevent an incident from arising.

### 2.3. Analysis

Having identified areas of potential concern, risks need to be systematically and accurately assessed. This process requires managers to evaluate:

- The probability of a particular incident occurring
- The potential consequences should such an incident occur
- The anticipated cost of future incidents.

### 2.4. Control

A variety of options exist for controlling risk. These include:

- Terminate
- Treat
- Transfer
- Tolerate.

Terminating risk involves the authority opting not to undertake a current or proposed activity because the risk is deemed too significant.

Treating risk involves taking action (such as implementing projects or developing procedures) to reduce the likelihood of an incident occurring and limit the severity of its effects. If the current risk score is higher than the target risk score, actions should be identified to mitigate the risk and reduce its potential likelihood and / or impact to the target level. Financial provision to implement risk reduction measures will be made available where appropriate, with funding for initiatives provided from the risk management reserve. Where these additional mitigating actions cannot be justified or implemented, the review process will result in the target risk score being raised. These

actions should be recorded by service areas within the corporate risk management system (i.e. Covalent).

Transferring risk refers to allocating liability for the consequences of an event to another body. Legal liability may be transferred to an alternative provider under contractual arrangements for service delivery. Transferring some or all of the financial risk to external insurance companies may also reduce the costs associated with a damaging event.

There may be occasions when the cost of implementing risk reduction measures will outweigh the anticipated benefits. This is often because the likelihood of a risk occurring is deemed to be very low or its impact negligible. In such instances, a decision may be taken to tolerate the risk and no additional control measures will be undertaken.

## **2.5. Review**

The risk management process does not end once control measures have been identified. Regular monitoring and reviews should take place of:

- The implementation of agreed control actions
- The effectiveness of these actions in controlling the risk
- How the likelihood and impact of the risk has changed over time.

Corporate and operational risks are reviewed on a regular basis. Risks that are tolerated still need to be reviewed as their likelihood and / or impact may increase over time.

### 3. Roles and responsibilities

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#### 3.1 Overview

The following representatives have responsibilities for risk management.

Elected Members:

- To oversee and scrutinise the effective management of risk by officers.

Chief Executive:

- To ensure the risk management strategy is implemented effectively.

Executive Manager (Operations & Corporate Governance):

- To ensure the corporate risk register is reviewed regularly
- To maintain an overview of the risk management strategy and its implementation
- To review the risk management strategy
- To ensure that an effective strategy is in place for development of business continuity and emergency planning arrangements
- To provide updates on risk management to Elected Members at Corporate Governance Group (CGG) meetings.

S151 officer:

- To ensure a proper system of internal audit is carried out within the authority
- To monitor and control the risk management reserve, in consultation with the Cabinet Member for Finance
- To ensure that appropriate insurance cover is in place and that a register of claims is maintained.

Executive Managers:

- To identify risks of loss, damage, injury or performance facing service areas
- To implement appropriate risk control measures (i.e. terminate, treat, transfer, tolerate)
- To seek assurance that risk management arrangements for service areas are implemented effectively and reviewed on a regular basis
- To ensure service areas have arrangements in place for updating the corporate risk management system
- To provide updates on risk management during performance clinics
- To oversee the implementation of agreed recommendations from internal audits
- To promote good risk management practice throughout the authority by co-operation and liaison with employees and relevant external agencies.

Emergency Planning Officer:

- To advise the Risk Management Group (RMG) on emergency planning and business continuity arrangements
- To update the corporate emergency plan and corporate business continuity plan
- To ensure that business continuity plans for service areas are reviewed on a regular basis
- To co-ordinate training and exercising for staff, including participating in relevant activities undertaken by the Local Resilience Forum (LRF).

Performance Officer:

- To support and assist technical use of the corporate risk management system.

## 4. Terms of reference: Risk Management Group (RMG)

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### 4.1. Overview

The corporate Risk Management Group (RMG) oversees the management of risk across the organisation and has responsibility for ensuring that adequate sources of assurance are in place. The RMG will meet on a quarterly basis and instigate actions, allocate resources and communicate important messages to service areas as necessary.

### 4.2. Membership

The RMG is made up of the following officers:

- Chief Executive
- Executive Manager (Operations & Corporate Governance)
- Executive Manager (Neighbourhoods)
- Executive Manager (Transformation)
- Executive Manager (Communities)
- Executive Manager (Finance & Commercial).

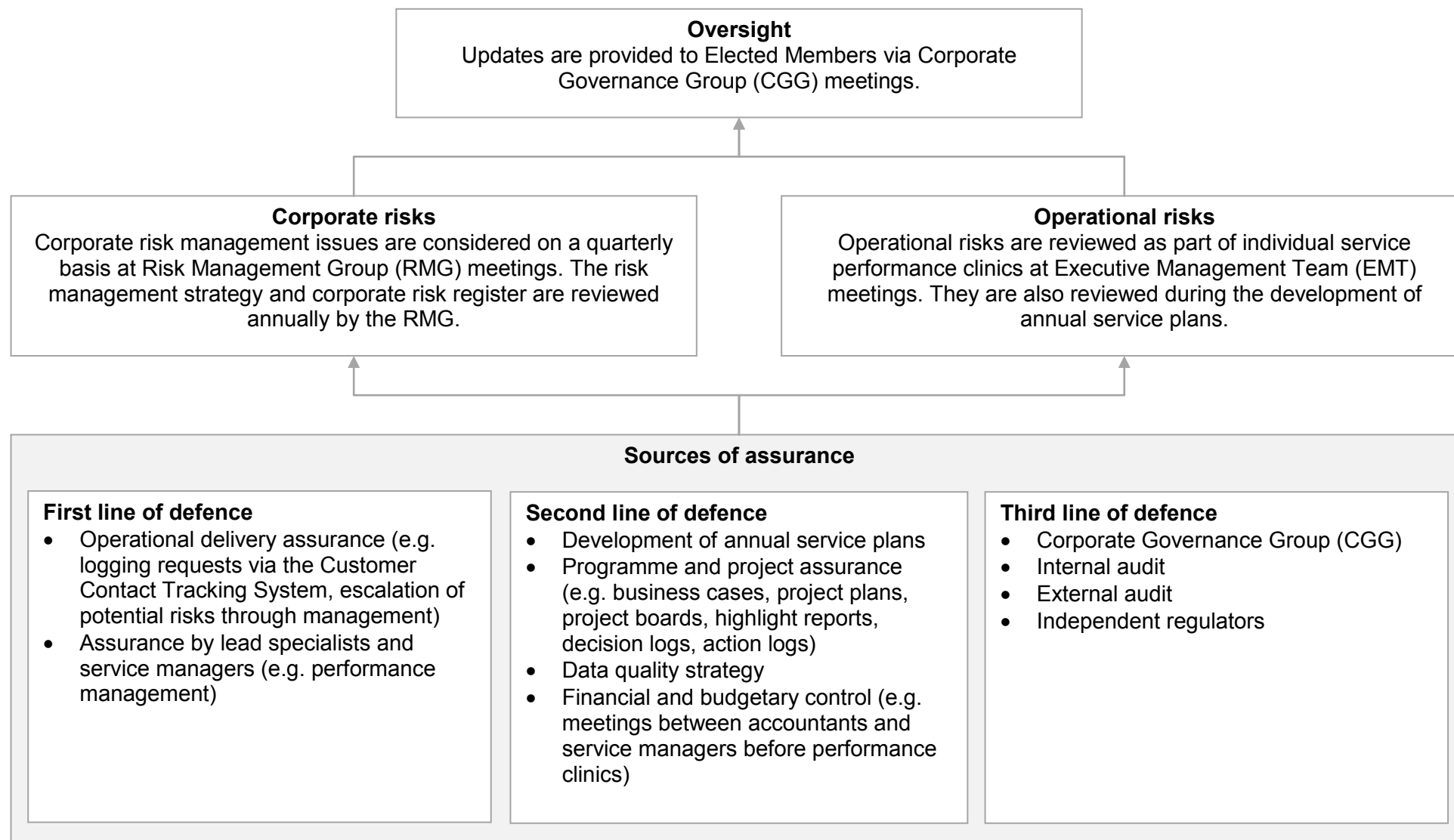
Other representatives (such as the Performance Officer and / or Emergency Planning Officer) will be invited to attend as required.

### 4.3. Objectives

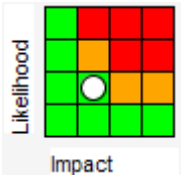
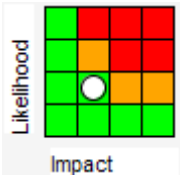
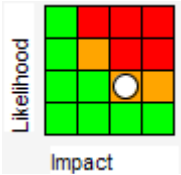

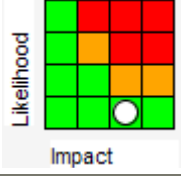
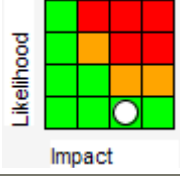
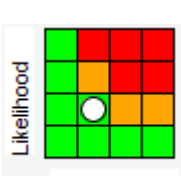
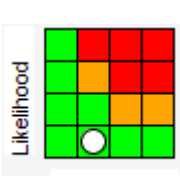
Objectives of the RMG include:

1. Co-ordinating risk management throughout the authority
2. Keeping the corporate risk register and risk management strategy under review
3. Identifying strategic and operational practices that present significant risk to the authority
4. Identifying emerging risks by drawing on information from other organisations and external sources of information
5. Making proposals for reducing the likelihood and / or impact of risks
6. Co-ordinating and prioritising risk control measures
7. Advising on the use of the risk management reserve to support funding necessary for initiatives that will reduce risk (e.g. vandalism, arson, theft, damage to property, personal injury to employees, visitors and persons under the care of the authority)
8. Monitoring the number and type of insurance claims being received by the authority
9. Co-ordinating the management of information security
10. Evaluating new approaches on risk management and the extent to which they could assist the authority and its services
11. Promoting good risk management practice by liaising with employees and identifying training needs
12. Ensuring effective business continuity arrangements are in place, including those of critical suppliers
13. Ensuring effective emergency planning arrangements are in place
14. Participating in the work of the Local Resilience Forum (LRF) and working closely with other organisations as appropriate.

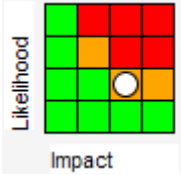
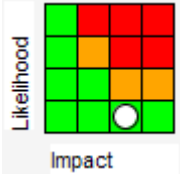
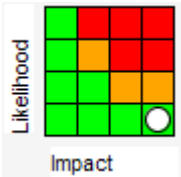
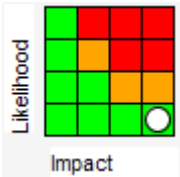
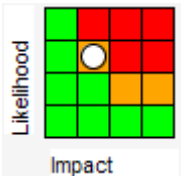
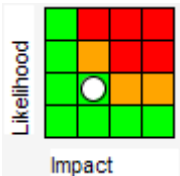
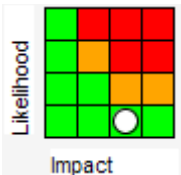
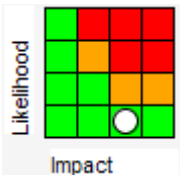
Assurance framework

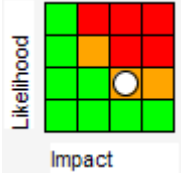
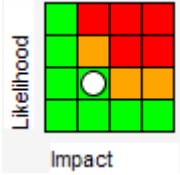
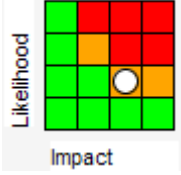
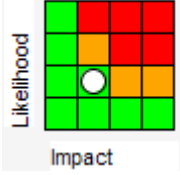
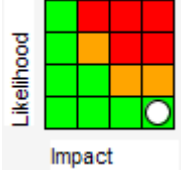
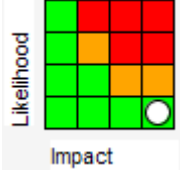


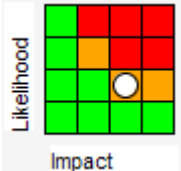
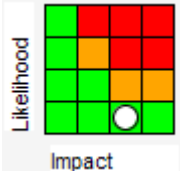
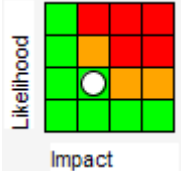
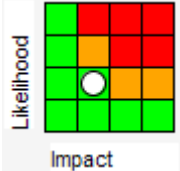
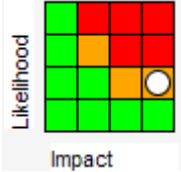
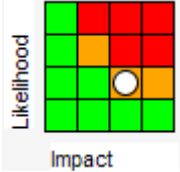
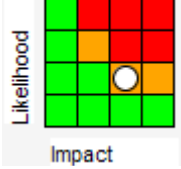
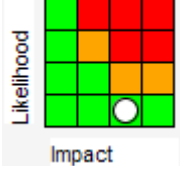
## Corporate Risks

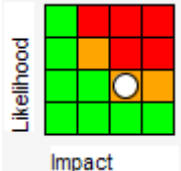
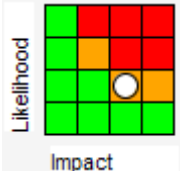
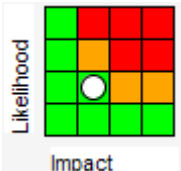
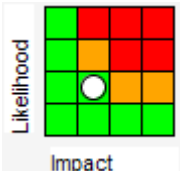
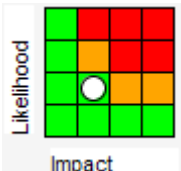
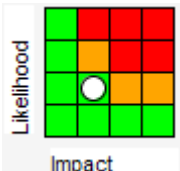
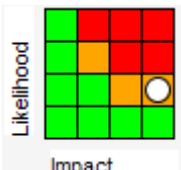
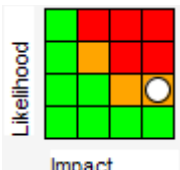
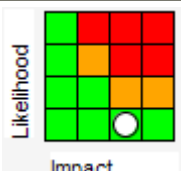
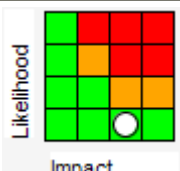
Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
CRR_CG01 Failure to properly deal with community governance review legislation, Community Right to Challenge, and nominations for assets of community value	Our Residents		30-Sep-2014		Electoral review 2012; RBC constitution & decision making processes; resident satisfaction survey 2012 (highly engaged residents); agreed Localism Act procedures, Community Right to Challenge Dec 2012, Assets of Community Value Dec 2012; high electoral turnout and sound electoral practices
CRR_CG02 Equal pay claim	Our Council		03-Feb-2014		Equal Pay audit and Pay & Reward review was completed May 2008. Risk mitigated through own policies & practice
CRR_CG03 Insufficient staff capacity - skills, knowledge etc	Our Council		26-Nov-2013		Four year plan programme & reviews; Recruitment policy; Corporate Strategy setting priorities; Transformation programme; Management review 2012; Training and development plan / talent pool; People Strategy 2014-16 published
CRR_CG04 Significant reduction in staff morale	Our Council		19-Sep-2014		People Strategy reviewed and published 2014; PDR process, learning and development plan / talent pool; ELG - staff engagement; Four year plan with clear priorities; Internal Communications and Staff Engagement Plan published and partly delivered; FIT Programme of workshops and events published and partly delivered

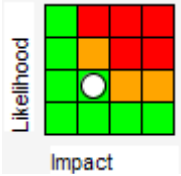
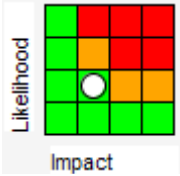
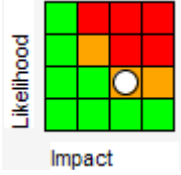

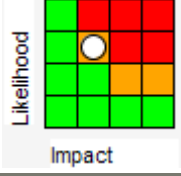
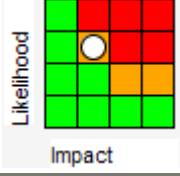
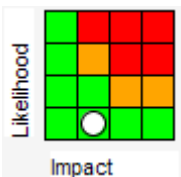
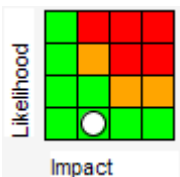


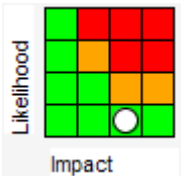
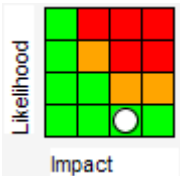
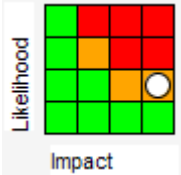
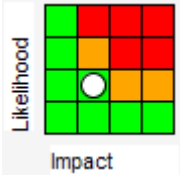
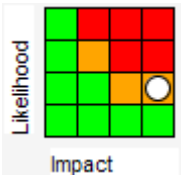
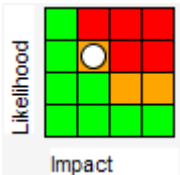
Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
CRR_CG06 Loss or compromise of sensitive data	Our Council		19-Sep-2014		Document Retention Policy; Information Management Strategy; Information Security Policy; 1-2-1 coaching for Members including wi-fi access and password protocol; E-Learning training for data sensitivity / security
CRR_CG08 Long term loss/failure of main ICT systems	Our Council		19-Sep-2014		Business continuity plans in place. Contract with ADAM Continuity for mobile server capability to upload Councils software applications. VPN with other Notts LA's in place. Actions undertaken to reduce single points of failure and ensure appropriate maintenance arrangements are in place. Arrangement with Adam Continuity to recover data after disaster within 8hrs. Arrangement tested annually. Reciprocal arrangements with 4 other Las to provide 30 seats with IT equipment to enable continuation of service delivery.
CRR_CG09 Short term loss/failure of main ICT systems	Our Council		19-Sep-2014		Daily back-up of core systems and off site storage of back-up tapes/disks. Housekeeping of data file sizes to optimize system performance. Server control log sheets completed at start of day. Proactive management of the ICT environment. Actions undertaken to reduce single points of failure and ensure appropriate maintenance arrangements are in place
CRR_CG10 ICT supplier goes out of business	Our Council		03-Feb-2014		Undertake rigorous due diligence in contract procurement and periodic review of existing suppliers

Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
CRR_CG11 Failure of business continuity	Our Council		09-Jan-2014		<ol style="list-style-type: none"> <li>1. Review of business continuity plan.</li> <li>2. Review of service-level business continuity plans.</li> <li>3. Local authority statement of intent on mutual aid.</li> </ol>
	Our Residents				
CRR_CG12 Ineffective emergency planning arrangements	Our Council		09-Jan-2014		<ol style="list-style-type: none"> <li>1. Review of emergency plan.</li> <li>2. Emergency planning training identified for relevant recipients of the emergency plan.</li> <li>3. Attendance and participation in Local Resilience Forum (LRF) sub-groups.</li> <li>4. Service Level Agreement with Nottinghamshire County Council for emergency planning support and co-ordination.</li> <li>5. Service Level Agreement with Newark &amp; Sherwood District Council for senior representation at LRF meetings.</li> <li>6. Involvement in LRF exercises.</li> <li>7. Local authority statement of intent on mutual aid.</li> </ol>
CRR_CG13 Threat of cyber-attack			09-Sep-2014		<p>ICT have employed various levels of protection which significantly reduce probability to cyber-attack: <b>Protection against Semantic attacks</b> EAL+4 rated Check Point Firewall. Check Point is a premium market leader solution. Strong separation of External Services from the main network via a DMZ (De-</p>


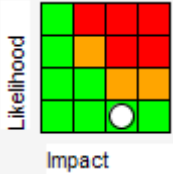


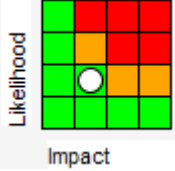
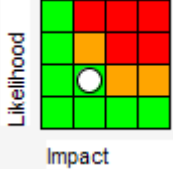
Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
					militarised Zone. All Servers and corporate devices have EAL+4 rated firewall installed. USB and CD/DVD RW Device Control are configured on all devices. Local disk encryption is configured on all mobile devices i.e. Laptops, tablets and Blackberry devices.
CRR_CO01 Failure to develop a sound Local Plan	Our Council		11-Sep-2014		LDF Group/Council. Adherence to the NPPF. Advice from PINS. Cooperation with other HMA authorities.
	Our Economy				
	Our Residents				
CRR_CO02 Failure of public sector partnerships/ withdrawal of financial support	Our Council		12-Jun-2014		Whilst the potential impact of failure of partnerships could be serious with financial and reputational loss the likelihood of this would be low. Measures in place include attendance in person or virtually at partnership groups to identify early notification of changes in partner priorities and/or funding.
CRR_FC02 Reduction in Government funding	Our Council		14-Mar-2014		Budget process, four year plan, budget monitoring.
CRR_FC03 Failure to prevent or detect fraud and corruption	Our Council		14-Mar-2014		Variety of corporate policies and plans supplemented by arrangements such as registers of interest.

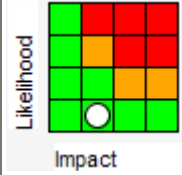
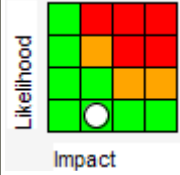
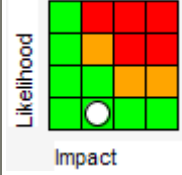
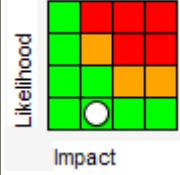
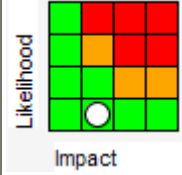
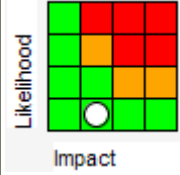
Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
CRR_FC05 Failure to manage the impact of the introduction of Universal Credit on staff/ resource	Our Council		14-Mar-2014		Regular meetings giving updates to staff. Fill vacancies as they arise with Agency staff/temporary contracts. Attendance at national meetings and resultant action.
	Our Residents				
CRR_FC07 Revaluation of major business rate payer	Our Council		14-Mar-2014		Ongoing reporting of business rate valuations through performance clinic and membership of the Nottinghamshire Pool to mitigate downside risk.
CRR_FC10 Lack of funding from partners	Our Council		01-Oct-2014		Monitor funding via Performance clinics and budget monitoring
CRR_FC11 Central Government policy changes	Our Council		01-Oct-2014		Continue to monitor as part of budgetary process eg impact of Autumn Statement
CRR_FC12 Inadequate capital resources	Our Council		01-Oct-2014		Ongoing review as part of setting and monitoring of the capital programme

Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
CRR_FC13 Fee income volatility	Our Council		01-Oct-2014		Monitored as part of fees and charges review in budget process
CRR_FC14 Inflationary pressures, particularly utility costs	Our Council		23-Jun-2014		
CRR_FC15 Increased demand for services	Our Council		01-Oct-2014		To monitor as part of PC reports and budget reports to Cabinet
CRR_NS08 Failure of internal health and safety compliance or enforcement of health and safety	Our Council		01-Jul-2014		<p>Health and safety policy statement in place (April 2012) policies and procedures, up to date risk assessments and safe systems of work regularly reviewed. Health and safety Group meet every 6 months, H&amp;S Officer attends EMT each quarter and report is taken to CGG every 6 months with an annual report also produced. Depot health and safety and welfare group established in 2013 taking over from One Great Depot working group. Appropriate training as and when necessary for all staff (Updated Jan 2014)</p> <p>Health and safety compliance through safety policy, risk assessments etc. – Safety and Risk Management post; Good enforcement through Environmental Health including newsletters on topical issues and low cost H&amp;S training for local</p>



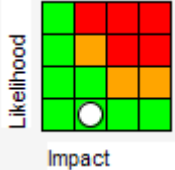
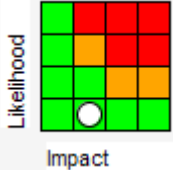
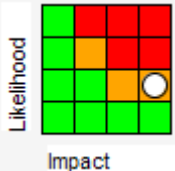
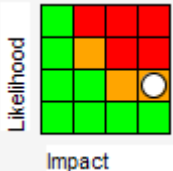
Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
					businesses. Health and Safety Enforcement Plan in place (Updated Jan 2014)
CRR_TR04 Failure to properly manage our property assets	Our Council		21-Sep-2013		Original residual risk was 5 as the Asset Management Plan was not detailed enough. Since updating the plan the risk has been reduced to 3. Internal controls include: The vast majority of investment property leases are on full repair and insuring terms. Other properties are managed via the service area responsible for their operational use - eg leisure centres, community facilities. Maintenance budgets are kept and major pieces of work are programmed into the capital programme on an annual basis.
CRR_TR05 Failure to deliver the transformation Strategy	Our Council		16-May-2014		Individual reviews where there is underachievement may be offset by others with higher savings  Monitoring of programme and taking early corrective action  Procure extra resources- ie consultancy  Find appropriate savings from direct service provision by quality reduction
CRR_TR06 Failure to properly manage and deliver significant projects - Leisure and Office move	Our Council		16-May-2014		Individual reviews where there is underachievement may be offset by others with higher savings
	Our Residents				Monitoring of programme and taking early corrective action  Procure extra resources- ie consultancy  Find appropriate savings from direct service provision by quality reduction

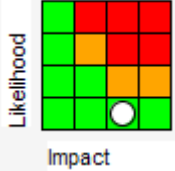
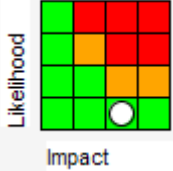
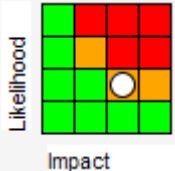
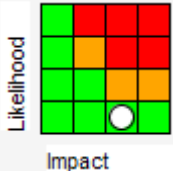
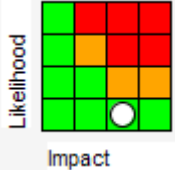
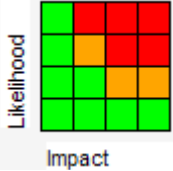
## Operational Risks

Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
OR_CG01 Loss or compromise of confidential or restricted information or data	Our Council		19-Sep-2014		<p>Encryption programme i.e. software CGX secure connection Information security policy Staff code of conduct Document retention &amp; disposal policy Information Management Strategy published 1-2-1 coaching for Members including wifi access and password protocol E-Learning training for data sensitivity / security etc</p>
OR_CG03 Threat of violence to staff	Our Council		03-Feb-2014		<p>Corporate warning register revised 2010 CMT agreed actions resulting from CWR review Revised procedures for reporting and recording incidents 2010 Training delivered for appropriate officers on use of CWR system Lone worker policy Personal safety training Mobile phones for officers who work alone CCTV in buildings Panic alarms fitted in receptions and interview rooms Working towards controlling public access within the Civic Centre Anti-social behaviour (ASB) policy implemented Fencing erected at Cotgrave Leisure Centre</p>
OR_CG06 Failure to meet major statutory duties or take on board new legislation	Our Council Our Economy Our Residents		19-Sep-2014		<p>Borough Solicitor highlights issues and advises; Lead by the Service Area; Clearer focussed priorities listed in Corporate Strategy Document</p>



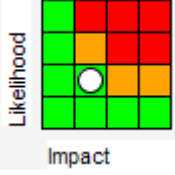
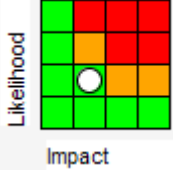
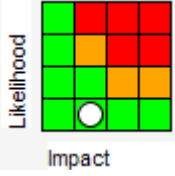
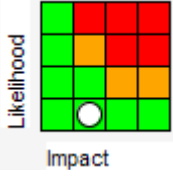
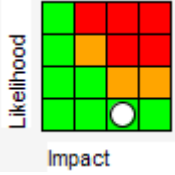
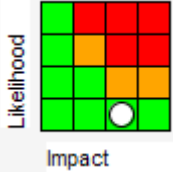
Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
OR_CG07 Failure to comply with the Data Protection Act	Our Council		03-Feb-2014		All staff have been trained on Data Protection issues which is a part of the induction process ICT security policy
	Our Residents				
OR_CG09 Failure to comply with Equality legislation	Our Council		03-Feb-2014		Equal Opportunities training given to staff; Equal Opportunities policy; Equal Opportunities Group; Level 1 achieved; Instant translation service available; Equalities of opportunities action plan; LGA Equality standard - achieving; Race Equality Scheme and action plan published; Disability and Gender Equality schemes approved by Cabinet; HR Advisor seconded to equality work 2 days per week Impact assessments completed as per action plan Equalities lead officer established 2010 by secondment; 3 equality schemes to be revised to form single scheme
	Our Residents				
OR_CG14 Inadvertent illegal activity, taking illegal decisions	Our Council		03-Feb-2014		Section 151 Officer; Monitoring Officer; Standard report checklist; Whistleblowing policy; New Standing Orders and Financial Regs procedure; Training on new procedure given; Recruitment and staff training; Electronic Contracts Register and approval system

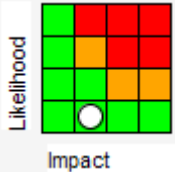

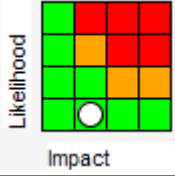
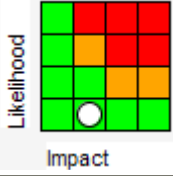
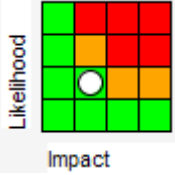
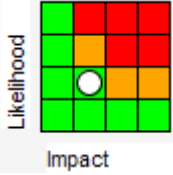
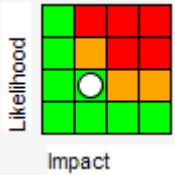
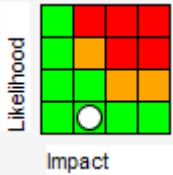


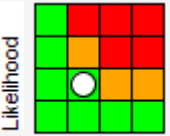
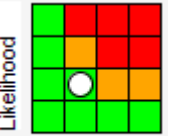
Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
OR_CG15 Risk to staff health due to their work	Our Council		03-Feb-2014		<p>Employee wellbeing / welfare policy implemented 2010;  Welfare referral as part of Absence Management;  Stress questionnaires in place 2010;  Revised Guidance for Managers implemented 2010;  Occupational Health provider;  Hepatitis immunisation programme for at risk staff;  Ongoing audiology checks for at risk staff;  Hand Arm Vibration (HAVS) - Vibration tests completed on vibrating equipment; HAVS policy implemented  Health &amp; safety audit programme  Flu jabs  Welfare statement</p>
OR_CG17 Threat of Industrial Action	Our Council		03-Feb-2014		<p>Consultation and negotiation;  Staff have a “no strike” agreement;  Low Union involvement</p>
	Our Residents				
OR_CG19 Unauthorised access to IT systems	Our Council		19-Sep-2014		<p>To mitigate the risk, Threat Management software is kept up to date and Firewall rules are regularly reviewed and subject to external audit checks. Penetration testing is also undertaken annually.</p> <p>Password protected screens;  Externally managed security system;  Fire walls, virus checkers;  Authentication, Virtual Private Network being set up;  Information Security Policy;  Keep up to date through advice available;  Back up of data which is stored off site;  Government Connect;  Security Policy review</p>

Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
OR_CO01 Failure to safeguard children and vulnerable adults	Our Council		12-Jun-2014		RBC Safeguarding Children Policy updated February 2014 to reflect the introduction of the Nottinghamshire Multi-Agency Safeguarding Hub (MASH), the Protection of Freedoms Act 2012 and HM Government guidance in 'Working Together to Safeguard Children 2013'. A new RBC Disclosure and Barring Service Policy was implemented in 2013 to cover safer recruitment practices. Safeguarding procedures and partnership working was scrutinised by Councillors at the Partnership Delivery Group' in March 2014. RBC regularly attend the Nottinghamshire Districts Safeguarding Group which links into both the NSCB and RBC internal Safeguarding Steering Group.
	Our Residents				
OR_CO04 Cost of defending appeals for large scale residential developments in absence of an adopted Local Plan and potential award of costs	Our Council		23-Jul-2014		Development Management approach - working proactively with developers to address any issues/adverse impacts arising from development proposals. The aim of this approach is to address as many technical issues, even if there remains a policy objection, thereby reducing the number of issues to be addressed at appeal. Furthermore, the preparation of the Local Plan (Core Strategy) is now at an advanced stage and should be given appropriate (greater) weight. The Local Plan identifies the location for a SUE south of Clifton and a strategy for provision of housing in the major settlements.
OR_CO05 Failure to determine major planning applications within 13 weeks or agreed period			23-Jul-2014		

Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
OR_FC03 Failure to manage and monitor budget	Our Council	 Likelihood Impact	14-Mar-2014	 Likelihood Impact	Medium term financial strategy; Flexibility in managing budget; Formal budget monitoring in place
OR_FC05 Lack of implementation of financial controls	Our Council	 Likelihood Impact	14-Mar-2014	 Likelihood Impact	Audited systems in place; Improved procedures for the procurement process; Procurement training
OR_FC06 Exposure to breach of VAT rules	Our Council	 Likelihood Impact	14-Mar-2014	 Likelihood Impact	Some guidelines in place; Detailed reconciliations performed by Financial Services to review VAT charges; Financial Awareness training given to HoS Sept 2008; Training for CPS users before access given to the system.
OR_NS02 Disruption and lack of fuel preventing collection of domestic waste	Our Council		21-Aug-2014	 Likelihood Impact	Agreements in place between neighbouring authorities should RBC have any issues with fuel stock - fuel is delivered on a monthly basis with our capacity at approximately 7 weeks worth of workload. The new co-operation agreement with Nottingham City Council we allow refuelling at Eastcroft Depot should that be necessary. Should there be national fuel disruption then this may have an effect on services but contingency plans are in place at a national level to allow essential services first access to fuel stock (Control updated Jan 2014)
	Our Residents	 Likelihood Impact			

Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
OR_NS06 Lack of knowledge of contaminated land	Our Council	 Likelihood Impact	21-Aug-2014	 Likelihood Impact	Dedicated officers with vast wealth of knowledge (John Pembrington and Martin Hickey) Attend courses through EMAQ to update on new technologies and legislative changes. Known contaminated land plotted on GIS arcview system and updated as and when necessary. RBC attend the Nottinghamshire Land quality Working group where information is shared across districts (Updated Jan 2014)
	Our Residents				
OR_NS20 Significant malfunction of core services/security risk at Council's temporary accommodation premises	Our Council	 Likelihood Impact	21-Aug-2014	 Likelihood Impact	Initially control would be through utilisation of existing bed and breakfast facilities both within Rushcliffe and Nottingham City - longer term arrangements can also be made through utilising Broxtowe BC temporary housing stock should the need arise (Control updated Jan 2014)
OR_NS21 Lack of or inappropriate monitoring of the Streetwise prime contract resulting in reduced standards and increased levels of resident dissatisfaction	Our Council	 Likelihood Impact	21-Aug-2014	 Likelihood Impact	Detailed client monitoring process developed and reporting back to Executive manager level on a monthly basis
	Our Residents				
OR_NS22 Change of garage service provider resulting in a drop in service standards for both frontline vehicles and also taxi licensing causing a drop in service levels and reputation and a reduction in the income levels of the taxi licensing service	Our Council	 Likelihood Impact	21-Aug-2014	 Likelihood Impact	Weekly meetings to take place to ensure compliance with servicing schedules, MOT dates and planned and unplanned maintenance. Quarterly board meetings take place and performance dashboard and PI's monitored

Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
OR_NS24 Insufficient capital funding to purchase additional home alarms for increased customer base and replacement of obsolete units	Our Residents		21-Aug-2014		Monthly budget meetings monitor expenditure and income and new PI developed to monitor growth in the home alarm scheme
OR_NS25 Failure to deliver mandatory DFG grant due to insufficient funding			21-Aug-2014		Capital expenditure budget monitored at performance clinics
OR_TR04 Failure to manage legionella issues	Our Council		15-May-2014		Legionella policy and proposed capital refurbishments, legionella risk assessments completed. Legionella training on logbooks delivered to all sites. 6 monthly asbestos, legionella and tree management meetings chaired by Exec manager.
	Our Residents				
OR_TR05 Failure to manage asbestos in buildings under our control	Our Council		24-Sep-2013		Competent contractor has completed surveys Database with risk assessment in place Management programme to remove high risk asbestos and monitor low risk asbestos Employee training delivered to ensure competency in managing remaining asbestos Database in place - available to Parkwood Leisure Employees training as surveyors to enable inspections to be carried out and update database Exec management team monitors property, 6 monthly asbestos, legionella and tree management meetings chaired by Exec manager.
	Our Residents				

Risk	Linked to Corporate Theme	Current Risk Score	Last Review Date	Target Risk Matrix	Internal Controls
OR_TR13 Failure to maintain council owned trees	Our Council		15-May-2014		<p>Tree maintenance budget in place to deal with problems</p> <p>Tree survey recommenced</p> <p>Planned maintenance for trees in accordance with the needs identified within the survey</p> <p>6 monthly asbestos, legionella and tree management meetings chaired by Exec manager.</p>
	Our Residents				

## Report of the Executive Manager – Finance and Commercial

### 1. Summary

- 1.1. This report presents the budget position for revenue and capital as at the 30 September 2014 along with appropriate recommendations for referral to Cabinet. Given the current financial climate it is imperative that the Council maintains due diligence with regards to its finances and ensures necessary action is taken to maintain a robust financial position.

### 2. Recommendation

It is RECOMMENDED that the Corporate Governance Group note:

- a) the projected revenue and capital underspend positions for the year of £1,111k and £6,337k respectively; and
- b) the update on financial performance with regards to The Point.

### 3. Reasons for Recommendation

- 3.1. To demonstrate good governance in terms of scrutinising the Council's on-going financial position and compliance with Council Financial Regulations.

### 4. Supporting Information

#### 4.1. Revenue Monitoring

- 4.1.1. The revenue monitoring statement (as at 30 September 2014) by service area is attached at **Appendix A**, with detailed variance analysis stated at **Appendix B**. This shows an underspend against profiled budget to date of £900,000 and a projected underspend for the year of £1,111,000. Going forward there are upside and downside risks to income streams and cost drivers; with proactive financial management the position is likely to improve further.
- 4.1.2. However, as detailed at Appendix B, it is important to note that over half of this underspend has resulted from fees arising from a number of major planning applications. Other factors contributing to the overall position include green waste income, the impact of charitable rates relief on the leisure centres and the lack of current calls made on the contingency budget.
- 4.1.3. As reported previously a number of additional grants have also been received (totalling £162k) to assist the Council in meeting specific service expenditure pressures due to statutory changes being introduced by the Government.

These are in relation to Small Business Rates Relief (SBRR), and both welfare and electoral reform.

#### 4.2. Update on The Point

4.2.1. At the previous Corporate Governance Group meeting a request was made to provide an update on The Point investment. Despite the challenging economic environment The Point has retained its occupancy levels at 80%, with a high calibre of tenants. As detailed below it is not only making a positive contribution to the Authority's finances but is an asset that has, since acquisition, also shown a significant increase in value.

4.2.2. At present it is estimated that the rate of return for 2014/15 will be 6.1% compared to the 7.1% rate that was projected in the report considered by Council in December 2012. In 2015/16 it is currently projected that the rate of return would be approximately 8%. This compares to a current average rate of return on investments of just under 0.8%.

4.2.3. It is also important to note that since acquisition the value of The Point has increased by just over 20% to £2.4m.

#### 4.3. Capital Monitoring

4.3.1. The updated Capital Programme monitoring statement as at June 2014 is attached at Appendix C. A summary of the projected outturn and funding position is shown in the table below:

<b>CAPITAL PROGRAMME MONITORING - SEPTEMBER 2014</b>			
<b>EXPENDITURE SUMMARY</b>	<b>Current Budget £000</b>	<b>Projected Actual £000</b>	<b>Projected Variance £000</b>
Transformation	1,840	710	(1,130)
Neighbourhoods	1,668	1,348	(320)
Communities	724	651	(73)
Corporate Governance	339	289	(50)
Finance & Commercial	5,476	956	(4,520)
Contingency	244	0	(244)
	<b>10,291</b>	<b>3,954</b>	<b>(6,337)</b>
<b>FINANCING ANALYSIS</b>			
Capital Receipts	(5,964)	(2,830)	3,134
Government Grants	(558)	(315)	243
Other Grants/Contributions	(632)	(554)	78
Use of Reserves	(3,137)	(255)	2,882
	<b>(10,291)</b>	<b>(3,954)</b>	<b>6,337</b>
<b>NET EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>-</b>



4.3.2. The original Capital Programme of £7.3 million has been supplemented by £1.2 million brought forward from 2013/14. Other adjustments, including additional sums allocated for Funding Circle investments and loans to Streetwise, give rise to a gross programme of over £10 million. However it is now apparent that many of these schemes will not be undertaken in full during 2014/15 resulting in projected capital spend for 2014/15 of just under £4 million. As detailed below key variations include slippage with regards to Bridgford Hall and the Cotgrave Masterplan; and uncertainty with regards to any further loans/payments with regard to respectively Nottinghamshire County Cricket Club and the A453.

#### 4.4. Transformation

4.4.1. The projected actual of £710,000 is significantly less than the current approved budget of £1.84 million. A major element of this arises from the difficulty predicting the projected actual expenditure for the Bridgford Hall re-development project which has been delayed as the result of the decision to seek £1.45million in Heritage Lottery funding which would enable a much enhanced refurbishment to be delivered. The other significant area of potential underspend relates to slippage on the acquisition of strategic properties on the Cotgrave Masterplan project as negotiations continue.

#### 4.5. Neighbourhoods

4.5.1. A variance of £320,000 is currently projected, the majority of which relates to investment in Social Housing which is being delivered at a lower cost than was originally anticipated. Once the final cost of the garage sites schemes is known, an adjustment may need to be made to the budget.

4.5.2. One 32 tonne refuse freighter has been purchased so far under the vehicle replacement programme. In addition, a small sweeper was bought on behalf of Streetwise and subsequently sold to Streetwise Environmental Ltd. The Council is seeing increased demand for wheeled bins which will be met by a £15,000 allocation from the Capital Contingency.

#### 4.6. Communities

4.6.1. Projected expenditure is largely in line with the current programme with the exception of Capital Grant Funding and Community Partnership Reward Grants. For Capital Grant funding, the projected actual is based on known grant commitments but claims continue to be assessed during the year and new grants could still be approved. It is now anticipated that £25,000 of Community Partnership Reward Grants will slip to 2015/16. This is for the Keyworth Activity Park which has now received planning permission and is proceeding to re-secure other sources of external funding. A contract has been awarded for the redevelopment of Alford Road Pavilion (£307,000). Work started on site in July and should be completed by late November.

#### 4.7. Corporate Governance

4.7.1. The in-year provision of £220,000 has been supplemented by a brought forward of £119,000 from 2013/14 to support infrastructure and Channel shift web enhancement commitments together with technological implications arising from the office and civic aspects of the Arena redevelopment.

Expenditure to date includes: ICT replacement kit, technical infrastructure and applications. There is potential slippage of £50,000 which may need to be carried forward to 2015/16.

#### 4.8. Finance & Commercial

4.8.1. A significant variance of £4.5million is currently showing primarily due to the uncertainty in the timing of the release of a loan to Nottinghamshire County Cricket Club for re-development of their facilities and the payment of a contribution towards works on the A453. In addition to this, the spending profiles of the Leisure Strategy/Office Accommodation project and Funding Circle investments have been revisited. Any unspent provisions will need to be carried forward to 2015/16. The potential underspend on these schemes is partially offset by the variance of £50,000 showing for the Streetwise loan due to only £466,000 of the approved £516,000 being required. There is currently one request of £15,000 being processed from Capital Contingency as mentioned above for wheeled bins.

#### 4.9. Summary

4.9.1. The report overall projects underspends for both revenue and capital. It should be noted it is early in the financial year and opportunities and challenges can arise which may impact on the projected year-end position. There remain external financial pressures from developing issues such as the impact of the localisation of business rates, welfare reform, and continued financial pressures on individuals, businesses and partners. Against such a background it is imperative that the Council continues to keep a tight control over its expenditure, identifies any impact from income streams and maintains progress against its Transformation Strategy.

### 5. **Risk and Uncertainties**

5.1. Failure to comply with Financial Regulations in terms of reporting on both revenue and capital budgets could result in criticism from stakeholders, including both members and the Council's external auditors.

### 6. **Implications**

#### 6.1. **Finance**

Financial implications are covered in the body of the report.

#### 6.2. **Legal**

None.

#### 6.3. **Corporate Priorities**

Changes to the budget enable the Council to achieve its corporate priorities.

#### 6.4. **Other Implications**

None.

<b>For more information contact:</b>	Name; Peter Linfield Service Manager - Finance and Commercial 0115 914 8439 email <a href="mailto:plinfield@rushcliffe.gov.uk">plinfield@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	CGG and Cabinet, September 2014, Revenue and Capital Budget Monitoring 2014/15 - Quarter 1
<b>List of appendices (if any):</b>	Appendix A –Revenue Outturn Position 2014/15 – Quarter 2 Appendix B – Revenue Variance Analysis Explanations Appendix C – Capital Programme 2014/15 – Quarter 2 Position

## Revenue Outturn Position 2014/15 – Quarter 2

	Q2 Position Excluding Recharges			Total Costs Including Recharges				Variation Explanation
	Budget YTD £'000	Actual YTD £'000	Total Variation £'000	Budget £'000	Projected Outturn £'000	Total Variation £'000	Variation %	
Communities	462	(138)	(600)	2,572	2,022	(550)	(21.4)	Due to additional Planning income.
Corporate Governance and Operations	1,488	1,455	(33)	1,394	1,403	9	0.7	IER grant funded expenditure offset by staff vacancies.
Finance and Commercial	10,573	10,722	149	4,263	3,998	(265)	(6.2)	Current overspend due to timing differences on HB payments. Underspend assumes no call on contingency and adjustments to leisure trust NNDR relief.
Neighbourhood	1,156	887	(269)	3,748	3,640	(108)	(2.9)	Additional green waste income and income from Notts CC for garage rental.
Transformation	412	290	(122)	1	(34)	(35)	(3,500)	Additional income from investment properties, Police at RCCC, and Cotgrave Precinct; fees required for Bridgford Hall work.
<b>Sub-total</b>	<b>14,091</b>	<b>13,216</b>	<b>(875)</b>	<b>11,978</b>	<b>11,029</b>	<b>(949)</b>	<b>(7.9)</b>	

	Q2 Position Excluding Recharges			Total Costs Including Recharges				Variation Explanation
	Budget YTD £'000	Actual YTD £'000	Total Variation £'000	Budget £'000	Projected Outturn £'000	Total Variation £'000	Variation %	
Capital Accounting Adjustments	(1,514)	(1,514)	0	(1,514)	(1,514)	0	0	
Grant Income (including NHB)	(1,981)	(1,981)	0	(1,981)	(2,143)	(162)	(8.18)	Additional £100k Small Business Rate Relief, £48k elections, £14k Welfare Reform
Transfer to/from (-) reserves	1,279	1,254	(25)	1,254	1,254	0	0	Reduction in reserves due to funding of Member Community grants
Revenue contribution to capital	277	277	0	277	277	0	0	
<b>Total</b>	<b>12,152</b>	<b>11,252</b>	<b>(900)</b>	<b>10,014</b>	<b>8,903</b>	<b>(1,111)</b>	<b>(11)</b>	

## Revenue Variance Analysis Explanations

<b>ADVERSE VARIANCES</b>	<b>Variance YTD £'000</b>	<b>Projected Outturn £'000</b>
<b>Corporate Governance</b>		
Electoral Registration – Agency & IER costs – funded by Government Grant	42	70
IT Rechargeables - New maintenance contracts entered into	17	24
<b>Finance &amp; Commercial</b>		
Finance – Agency costs more than offset by salary savings and savings below	59	43
<b>Transformation</b>		
Land Holdings - Heritage Lottery Funding bid costs for Bridgford Hall (offset by other savings)	1	60
<b>Total Adverse Variances</b>	119	197
 <b>FAVOURABLE VARIANCES</b>		
	<b>Variance YTD £'000</b>	<b>Projected Outturn £'000</b>
<b>Corporate Governance</b>		
Democratic Services - Long-term illness, mayoral transport and members training	(30)	(29)
Human Resources - Staff vacancy	(25)	(13)
IT - Staff vacancies	(16)	(25)
Performance & Reputation - Graphic design work and staff vacancy	(4)	(18)
<b>Communities</b>		
Development Control - Increased Application Fees	(522)	(538)
Building Control - Write back of unused provision	(56)	(6)
<b>Finance &amp; Commercial</b>		
Contingencies - Contingency dependant on risks identified	0	(111)
Internal Audit - renegotiated contract	(12)	(16)
Insurances - renegotiated contract	(17)	(17)
Leisure Centres – contract savings due to business rate relief	(41)	(60)
Car Parks - Staff savings offset by reduction in income	5	(14)
Business Rates - staff vacancies and business rates relief	(3)	(84)

**Neighbourhoods**

Home Alarms - Increase in MHT customers	(7)	(29)
Waste Collection. Green Waste invoices.	(34)	(57)
Depot -NCC Additional lease of garage space	0	(40)

**Transformation**

Customer Services - Additional income from police	7	(24)
Transformation - Employee savings	(31)	(20)
Investment Properties - NNDR savings and rental income up	(24)	(13)
Economic Development - Cotgrave Precinct rentals up	(14)	0
Property Services - Employee savings	(32)	(15)

<b>Total Favourable Variances</b>	<b>(856)</b>	<b>(1,129)</b>
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<b>Sum of Minor Variances</b>	<b>(163)</b>	<b>(179)</b>
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<b>TOTAL VARIANCE</b>	<b>(900)</b>	<b>(1,111)</b>
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## Appendix C

### Capital Programme 2014/15 – Quarter 2 Position

<b>CAPITAL PROGRAMME MONITORING - SEPTEMBER 2014</b>						
	<b>Original Budget</b>	<b>Budget YTD £000</b>	<b>Actual YTD £000</b>	<b>Current Budget £000</b>	<b>Projected Actual £000</b>	<b>Variance £'000</b>
<b>TRANSFORMATION</b>						
Cotgrave Masterplan	0	150	152	729	400	(329)
The Point Enhancements	50	0	0	80	30	(50)
Civic Centre Vacant Space Works	0	104	75	120	120	0
Civic Centre Enhancements - External Works	0	21	12	41	25	(16)
Cotgrave Precinct Enhancements	50	0	0	50	50	0
Bingham Market Place Improvements	60	0	0	60	60	0
Bridgford Hall Refurbishment	650	0	0	650	0	(650)
Civic Centre Enhancements - General	0	0	0	85	0	(85)
Footpath Enhancements	25	0	0	25	25	0
	<b>835</b>	<b>275</b>	<b>239</b>	<b>1,840</b>	<b>710</b>	<b>(1,130)</b>
<b>NEIGHBOURHOODS</b>						
Discretionary Support Grants	0	0	0	60	0	(60)
Support for Registered Housing Providers	840	10	5	840	565	(275)
Wheeled Bins Acquisition	60	30	48	60	75	15
Disabled Facilities Grants	375	204	224	408	408	0
Vehicle Replacement	300	231	231	300	300	0
	<b>1,575</b>	<b>475</b>	<b>508</b>	<b>1,668</b>	<b>1,348</b>	<b>(320)</b>
<b>COMMUNITIES</b>						
Community Partnership Reward Grants	0	14	3	28	3	(25)
Nottinghamshire Cricket Club - Grant	90	0	0	90	90	0
Alford Road Pavilion Redevelopment	0	194	120	350	350	0
Rushcliffe Country Park - Play Area	0	86	83	86	86	0
Capital Grant Funding	63	36	34	105	57	(48)
Play Areas - Special Expense	50	0	0	62	62	0



<b>CAPITAL PROGRAMME MONITORING - SEPTEMBER 2014</b>						
	<b>Original Budget</b>	<b>Budget YTD £000</b>	<b>Actual YTD £000</b>	<b>Current Budget £000</b>	<b>Projected Actual £000</b>	<b>Variance £'000</b>
The Hook M.U.G.A.	0	3	3	3	3	0
<b>CORPORATE GOVERNANCE</b>	<b>203</b>	<b>333</b>	<b>243</b>	<b>724</b>	<b>651</b>	<b>(73)</b>
IS Strategy	220	122	63	339	289	(50)
<b>FINANCE &amp; COMMERCIAL</b>	<b>220</b>	<b>122</b>	<b>63</b>	<b>339</b>	<b>289</b>	<b>(50)</b>
KLC - Pitch Upgrade	25	25	25	25	25	0
Leisure Strategy/Office Accommodation	2,000	225	225	2,020	425	(1,595)
BLC Enhancements	0	0	0	40	40	0
Nottinghamshire Cricket Club - Loan	2,000	0	0	2,000	0	(2,000)
Funding Circle Loans	0	0	0	500	0	(500)
Streetwise Loan	0	516	466	516	466	(50)
Dualling of A453 - Contribution	375	0	0	375	0	(375)
	<b>4,400</b>	<b>766</b>	<b>716</b>	<b>5,476</b>	<b>956</b>	<b>(4,520)</b>
<b>CONTINGENCY</b>						
Contingency	150			244		(244)
	<b>150</b>	<b>0</b>	<b>0</b>	<b>244</b>	<b>0</b>	<b>(244)</b>
<b>TOTAL</b>	<b>7,383</b>	<b>1,971</b>	<b>1,769</b>	<b>10,291</b>	<b>3,954</b>	<b>(6,337)</b>

## Report of the Executive Manager - Finance and Commercial

### 1. Summary

- 1.1. The purpose of this report is to summarise the Treasury Management activities of the Council for the period April to 30 September 2014.
- 1.2. The Treasury Management Strategy Statement (TMSS) for 2014/15, approved by Council on 6 March 2014, incorporates the Council's Annual Investment Strategy, which outlines the Council's investment priorities as follows:
  - Security of capital
  - Liquidity of investments
  - Optimising yield earned on investments
- 1.3. The Annual Treasury Strategy Statement sets Prudential and Treasury Indicators which are relevant for the purposes of setting an integrated Treasury Management Strategy and are a requirement of the CIPFA Code of Practice.

### 2. Recommendations

- 2.1 It is recommended that Members note the Treasury Management update position at 30 September 2014 and the amendment to the counterparty limits at paragraph 4.14.

### 3. Reasons for Recommendation

- 3.1 CIPFA's Code of Practice for Treasury Management recommends that Members should be informed of Treasury Management activities at least twice a year. This report therefore ensures this Council is embracing best practice for the scrutiny of Treasury Management activity in accordance with this Code of Practice.
- 3.2. The adoption of the revised counterparty arrangements identified at paragraph 4.14 will, in the event of changes being made to the credit ratings of UK banks, enable the Council to maintain a diverse range of investments.

### 4. Supporting Information

#### Economic Background

- 4.1. In the first six months of 2014/15:

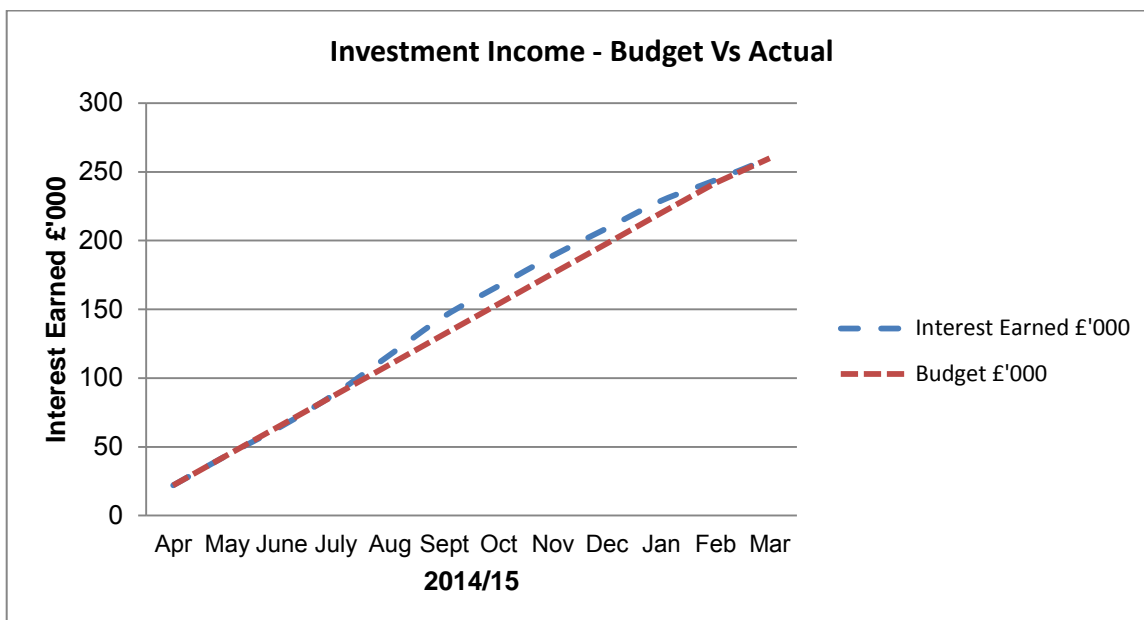
- The UK economy continued to show an improvement in growth;
- Inflation fell to a five year low of 1.2%;
- There was no change to UK monetary policy with official interest rates maintained at 0.5%;
- However the outlook for the growth in the global economy deteriorated as inflation fell towards zero.

### **Economic Forecast**

- 4.2. The Bank of England base rate has remained consistent at 0.5% during 2014/15 to date which informs the rates that can be obtained from investments. However the UK economic recovery has continued to strengthen and now appears more sustainable which has resulted in Arlingclose bringing forward the predicted rise in interest rates from 2016 to 2015.
- 4.3. However, the outlook for growth in the global economy has deteriorated especially in the Eurozone which has resulted in Arlingclose reducing recommended durations for unsecured investment with banks and building societies. As a result for new investments those banks and building societies that had a duration limit of 13 months have been reduced to 6 months and those with a duration limit of 6 months have been reduced to 100 days. It is important to note that Arlingclose are clear that at this time the Council should not seek early repayment of any existing investments that exceed this new guidance. Officers will continue to monitor the investments that are placed with these institutions and report any significant issues to the Corporate Governance Group.

### **Investment Income**

- 4.4. In response to base rate forecasts and constraints on the lending list the Council budgeted to receive £260,000 in investment income in 2014/15. In order to maintain returns and mitigate risks the Council has also looked to diversify its investments mix. As a result the Council is currently placing deposits in Money Market Funds, Call Accounts, CCLA Property Fund, UK Local Authorities and Temporary Investments with a maximum of £10 million being placed with any single institution. In addition, whilst no investments have yet been made, the Council also has £500,000 available to loan to local business via the Funding Circle peer lending platform.
- 4.5. Interest earned to 30 September 2014 totalled £144,500. Although interest receipts are currently exceeding the budget this is not expected to continue as the reduction in the advised investment durations will reduce the rates available for investments. Interest receipts for 2014/15 are therefore forecast to be in line with the overall £260,000 budget target. The projected return on investments is highlighted in the following graph.



- 4.6. The target interest rate for the year was 0.60% and the average rate that the Council achieved to 30 September 2015 was 0.71% (2013/14 0.63%). All investments have been made in accordance with Council's Treasury Management Strategy.
- 4.7. The average interest rates achieved so far on the Council's investments are shown below. The table shows that performance mostly compares favourably to LIBID rates as investments are on a short term basis in line with the Treasury Management Strategy, utilising both instant access bank accounts and short term deposits. The rate achieved on the 6 month investment was lower than the LIBID 6 month rate but this was the best rate the Council could achieve due to counterparty limits and cashflow risk.

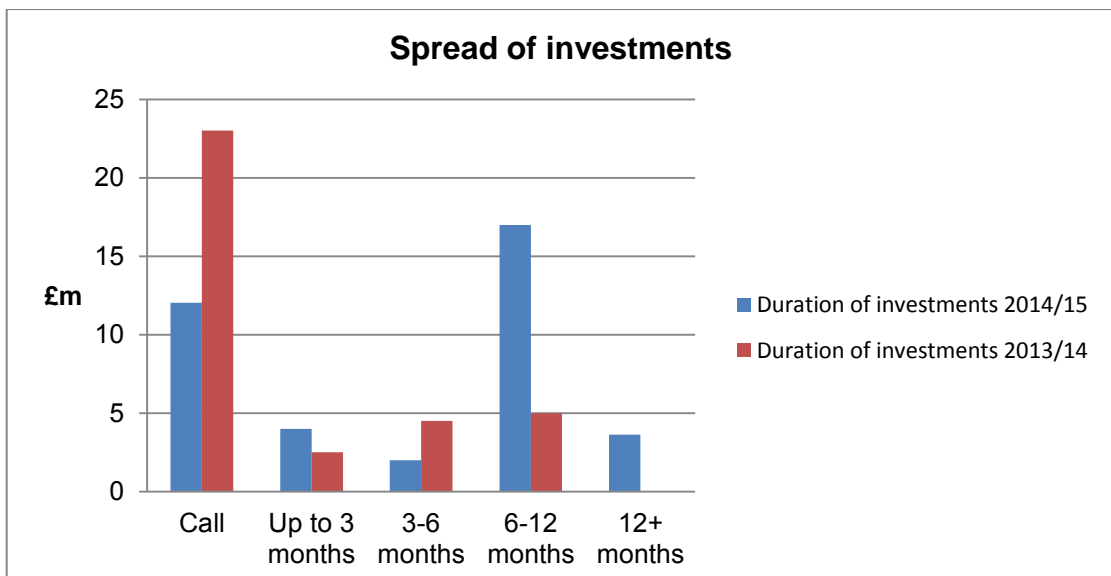
Benchmark	LIBID Return	Council Performance
Instant Access	0.37%	0.40%
7 day	0.41%	0
1 month	0.43%	0.44%
3 month	0.49%	0
6 month	0.67%	0.62%
12 month	0.92%	0.94%

- 4.8. The table below highlights the level of investment activity and the rates obtained at 30 September 2014. Investments are made in line with Arlingclose's approved counterparty list.

Date	Financial Institution	Amount £	Length of Investment	Interest Rate
21 July 2014	Other Local Authority	£3,000,000	4 years	2.04%
15 August 2014	Barclays Banks #	£5,001,481	12 Months	1.02%
21 July 2014	Lloyds Bank #	£4,000,000	12 Months	0.95%
3 April 2014	Lloyds Bank	£3,000,000	12 Months	0.95%
3 March 2014	Barclays Bank #	£5,000,000	12 Months	0.85%
15 July 2014	Standard Chartered	£2,000,302	6 Months	0.62%
N/A	Handelsbanken	£4,973,585	Call	0.45%
N/A	Invesco	£4,015,497	Call	0.45%

Date	Financial Institution	Amount £	Length of Investment	Interest Rate
8 September 2014	Nationwide	£2,000,000	Fixed to 16.10.2014	0.44%
11 September 2014	Nationwide	£2,000,000	Fixed to 16.10.2014	0.43%
N/A	Bank of Scotland	£1,568,959	Call	0.40%
N/A	Santander	£528,337	Call	0.40%
N/A	BlackRock	£77,507	Call	0.40%
N/A	Goldman Sachs	£853,110	Call	0.39%
N/A	CCLA	£24,214	Call	0.38%
N/A	Aviva	£7,216	Call	0.30%
	<b>Total Investments / Average Interest Rate</b>	<b>£38,050,208</b>		<b>0.81%</b>

- 4.9. As the table above indicates, investments at 30 September 2014 totalled £38.05 million. These funds were available on a temporary basis, and the level of funds available was mainly dependant on the timing of precept payments, receipt of grant and progress on the capital programme. The rates achieved vary between different institutions, for different durations, dependant on when the investment was made.
- 4.10. It should be noted that £5.20 million of the above investments relate to funds held in relation to Section 106 Agreements that are yet to be released by the Authority. In the majority of circumstances investment rather than being available to the Council interest earned on such balances will be credited to the Section 106 Agreement.
- 4.11. The above details the Counterparties that the Council had placed investments with at 30 September 2014. The following graph depicts our investment spread showing the range of investments and the different time periods balancing both cashflow risk and counterparty risk and shows the movement from short term to longer term investments between 2013/14 and 2014/15.



- 4.12. Members will note that three investments totalling, £14 million, (marked with a “#” in the table) exceed the new investment timescale limits that were advised to the Council by Arlingclose on 16 October 2014. The Council also has another 12 month investment with Lloyds bank but this does not exceed the amended duration limits as it will mature in less than 6 months. As detailed at paragraph 4.4 in line with Arlingclose’s recommendations no action will be taken at this time to request the early repayment of these amounts.
- 4.13. In addition to the investments detailed above the Council has £1 million invested with the CCLA Property Fund. The first dividend from this investment has shown returns of 5.93% and will be received towards the end of October.
- 4.14. In the Treasury Management Strategy approved by Council on 6 March 2014 Members were informed of proposed regulatory changes to move away from the bank ‘bails-outs’ seen in previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors which includes Local Authorities are ‘bailed in’ to assist with the recovery process. The UK will be implementing bail-in from January 2015 which credit rating agencies have stated could affect the ratings of major UK banks. Many UK banks have standalone ratings in the ‘BBB’ category, with uplifts for potential government support taking them into the ‘A’ category. There is therefore the risk that some UK banks’ credit ratings will fall below A- this financial year if this uplift is removed reducing the Council’s ability to diversify its investment portfolio. Following advice from Arlingclose and in line with the Treasury Management Strategy, the counterparty arrangements have been amended by the Section 151 Officer so that the Council will still be able to invest with such banks if the credit ratings are amended:

	<b>Rating body (Fitch or equivalent)</b>	<b>Money Limit (maximum)</b>	<b>Time Limit (up to)</b>	<b>Specified</b>	<b>Non-specified</b>
UK domiciled Banks and Building Societies	BBB+	£10m	2 years	Y	Y

## **Borrowing**

- 4.15. In accordance with the Local Government Act 2003, the Council has a statutory duty to determine and keep under review how much it can afford to borrow. Therefore, the Council establishes ‘Affordable Borrowing Limits’ (or Authorised Limit) as part of the Prudential Indicators within the approved Treasury Management Strategy Statement.
- 4.16. The ‘authorised limit’ and ‘operational boundary’ indicators govern the maximum level of external borrowing to fund the capital programme and short-term cash flow.
- 4.17. No borrowing is proposed to be undertaken in 2014/15 hence the Authorised Limit and Operational Boundary remain unchanged (see Appendix A).
- 4.18. As part of the Treasury Management Strategy the Council established a range of Prudential Indicators to monitor both Treasury and Capital as the two are

intrinsically linked. Details of the performance against the Prudential Indicators can be found in Appendix A.

## Conclusion

- 4.19. Treasury Management continues to be fraught with difficulty as although the UK economy has continued to strengthen the global recovery has deteriorated with particular problems in the Eurozone. Officers will continue to be vigilant and report any significant issues to the CGG.

## 5 Other Options Considered

- 5.1. There are no other options.

## 6 Risk and Uncertainties

- 6.1. The report covers the counterparty and interest rate risk.

## 7 Implications

### 7.1 Finance

Financial implications are covered in the body of the report.

### 7.2 Legal

None

### 7.3 Corporate Priorities

Efficient treasury management enables the Council to achieve its corporate priorities.

### 7.4 Other Implications

None.

<b>For more information contact:</b>	Name: Peter Linfield Service Manager (Finance and Commercial) 0115 914 8439 Email <a href="mailto:plinfield@rushcliffe.gov.uk">plinfield@rushcliffe.gov.uk</a>
<b>Background papers available for inspection</b>	Treasury Management Strategy 2014/15
<b>List of Appendices (if any):</b>	Appendix A – Prudential and Treasury Indicators for 2015/15 position at 30 September 2014

**Prudential and Treasury Indicators for 2014/15  
Position at 30 September 2014**

	2014/15 £'000 Original Estimate	2014/15 £'000 Revised Estimate	2014/15 £'000 Projected Outturn
<b><u>Prudential Indicators</u></b>			
<b>Capital Expenditure</b>	7,383	10,291	3,954
<b>Ratio of net financing costs to net revenue streams</b>			
Non-HRA	(2.37%)	(2.42%)	(2.66%)
<b>Expected Investment Position</b>	33,000	33,000	33,000
<b>Capital Financing requirement as at 31 March 2014</b>	(505)	(505)	(505)
<b>Incremental impact of capital investment decisions</b>			
Increase in council tax (Band D) per annum	£0.53	£0.95	£0.35
<b><u>Treasury Management Indicators</u></b>			
<b>Authorised Limit for external debt</b>			
Borrowing and other long term liabilities	9,000	9,000	9,000
<b>Operational Boundary for external debt borrowing and other long-term liabilities</b>	4,000	4,000	4,000
<b>Upper limit for fixed interest rate exposure on investments over 1 year</b>	25%	25%	25%
<b>Upper limit for fixed interest rate exposure on investments up to 1 year</b>	100%	100%	100%
<b>Upper limit for variable rate exposure (investments)</b>	100%	100%	100%
<b>Upper limit for total principal sums invested over 1 year</b>	8,250	8,250	8,250



## Report of The Executive Manager - Finance and Commercial

### 1. Summary

- 1.1. The attached letter from KPMG summarises progress on the audit process for the 2013/14 financial year. It reiterates the key conclusions of the Auditors' Report on the 2013/14 Accounts and the Report to those Charged with Governance, both of which were considered by the Corporate Governance Group on 4 September 2014.
- 1.2. No actions are required in relation to the report.

### 2. Recommendations

- 2.1. It is recommended that Corporate Governance Group note the receipt of the Annual Audit Letter.

### 3. Reasons for Recommendation

- 3.1 To ensure that due regard has been given to issues and concerns raised by the Council's external auditors.

### 4. Supporting Information

- 4.1. The Annual Audit Letter for 2013/14 is attached at **Appendix A**.

### 5 Other Options Considered

- 5.1. There are no other options for consideration.

### 6. Risk and Uncertainties

- 6.1. There are no issues arising from this report.

### 7. Implications

#### 7.1 Finance

The letter identifies that fees due to KPMG will potentially increase by £900. This is as the result of additional work that was required on Business Rates due to the NNDR3 return no longer requiring audit certification. This increase is however more than offset by the removal of the charge relating to the certification itself which in 2013 was £1,600.

## 7.2 Legal

None

## 7.3 Corporate Priorities

External audit exists to provide the public, members and other stakeholders that the Council is conducting its affairs in an efficient and effective manner.

## 7.4 Other Implications

None.

<b>For more information contact:</b>	Name: Peter Linfield Service Manager - Finance and Commercial 0115 914 8439 Email <a href="mailto:plinfield@rushcliffe.gov.uk">plinfield@rushcliffe.gov.uk</a>
<b>Background papers available for inspection</b>	None
<b>List of Appendices (if any):</b>	Appendix A – KPMG Annual Audit Letter 2013/14



*cutting through complexity™*

# Annual Audit Letter 2013/14

Rushcliffe Borough Council

October 2014



The contacts at KPMG in connection with this report are:

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## Report sections

- Headlines

## Appendices

1. Summary of reports issued

**Page**

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at [www.auditcommission.gov.uk](http://www.auditcommission.gov.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public 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.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Bellamy, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3<sup>rd</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 0303 4448 330.

**This report summarises the key findings from our 2013/14 audit of Rushcliffe Borough Council (the Authority).**

**Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.**

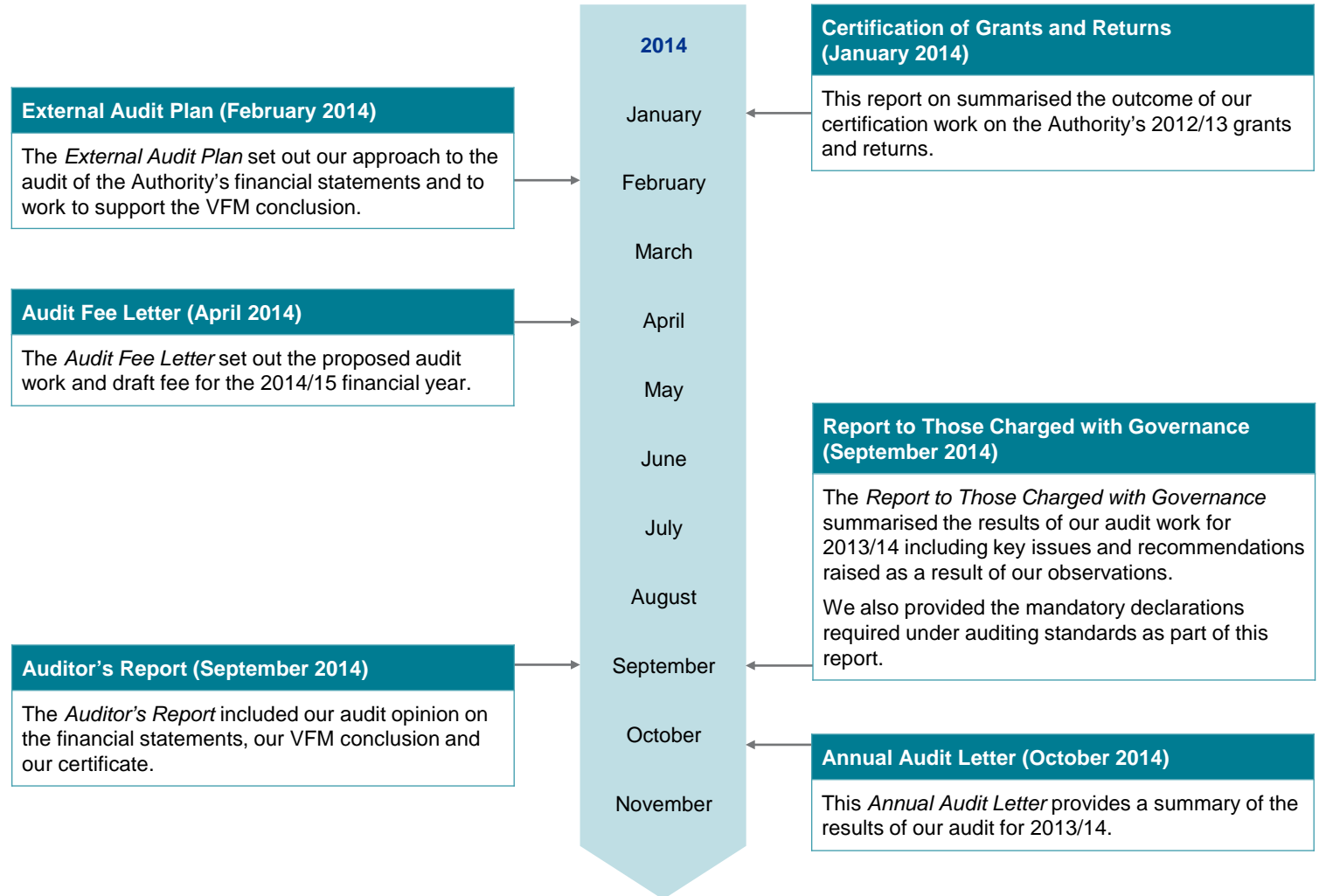
**Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.**

**All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.**

<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 30 September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on your financial statements on 30 September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
<b>Financial statements audit</b>	<p>The Authority has good processes in place for the production of the accounts and has built upon the improvements made last year. We noted that the Authority has maintained a thorough internal review process. This resulted in the draft set accounts and accompanying working papers being of a good quality. This was achieved by the Authority despite a shorter closedown period.</p> <p>Officers were proactive in dealing with audit queries throughout the audit process meaning responses were timely and of a good standard resulting in fewer follow-up queries. The above factors facilitated a smooth audit process which has been completed within the planned timescales.</p>
<b>Annual Governance Statement</b>	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>
<b>Certificate</b>	<p>We issued our certificate on 30 September 2014. The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
<b>Audit fee</b>	<p>Our fee for 2013/14 was £55,050, excluding VAT. This includes an increase of £900 for additional work required in regards to the accounting entries for NNDR due to the removal of certification requirements of the NNDR3 return. This increase is subject to final approval by the Audit Commission.</p>

## Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.





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**Report of the Executive Manager - Operations and Corporate Governance**

**1. Summary**

- 1.1. This report sets out a proposed work programme for the next year. In determining the proposed work programme due regard has been given to matters usually reported to the Group and the timing of issues to ensure best fit within the Council's decision making process.
- 1.2. The table does not take into account any items that need to be considered by the Group as special items. These may occur, for example, through changes required to the Constitution or financial regulations, which have an impact on the internal controls of the Council.

**2. Recommendation**

It is RECOMMENDED that the Group agrees the work programme as set out in the table below.

**3. Reasons for Recommendation**

Date of Meeting	Item
13 November 2014	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2014/15</li> <li>• Health and Safety Interim report</li> <li>• Annual Audit Letter</li> <li>• Revenue &amp; Capital Budget Monitoring</li> <li>• Treasury Management Update – Mid Year Report 2014/15</li> <li>• Risk Management Update</li> <li>• Work Programme</li> </ul>
29 January 2014	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2014/15</li> <li>• Treasury Management Update and Presentation</li> <li>• Risk Management Update</li> <li>• Revenue and Capital Budget Monitoring</li> <li>• Certification of Grants and Returns – Annual Report 2013/14</li> <li>• Work Programme</li> </ul>



Date of Meeting	Item
26 March 2014	<ul style="list-style-type: none"> <li>• External Audit Plan 2014/15</li> <li>• Internal Audit Progress Report 2014/15</li> <li>• Internal Audit Strategy 2015/16</li> <li>• Revenue &amp; Capital Budget Monitoring</li> <li>• Work Programme</li> </ul>

#### 4. Implications

##### 4.1. Finance

No direct financial implications arise from the proposed work programme.

##### 4.2. Legal

There are no direct legal implications arising from the proposed work programme.

##### 4.3. Corporate Priorities

Items included in the work programme assist the Council to meet its Corporate Priorities.

##### 4.4. Other Implications

There are no other implications.

<b>For more information contact:</b>	Name: Member Services 0115 914 8482 email <a href="mailto:memberservices@rushcliffe.gov.uk">memberservices@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	None
<b>List of appendices (if any):</b>	None