



**NOTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY 13 NOVEMBER 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, L B Cooper,
A M Dickinson, K A Khan, I I Korn, J E Thurman and H Tipton

ALSO IN ATTENDANCE:

M Riley Baker Tilly

OFFICERS PRESENT:

A Goodman	Member Support Officer
P Steed	Executive Manager - Finance and Commercial
E Shaw	Emergency Planning Officer
D Swaine	Executive Manager – Operations and Corporate Governance
J Wilkinson	Health and Safety Advisor

APOLOGIES FOR ABSENCE:

There were no apologies for absence.

17. Declarations of Interest

There were none declared.

18. Notes of the Previous Meeting

The notes of the meeting held on Thursday 4 September 2014 were accepted as a true record.

The Executive Manager - Finance and Commercial confirmed that the cost of building the new pavilion at Alford Road was funded by the West Bridgford Special Expense.

19. Internal Audit Progress Report November 2014/15

Mr Riley, a representative from Baker Tilly, the Council's internal auditors, informed Members that in line with the audit plan, one report had been finalised since the last meeting of the Group, for the area of Corporate Governance. He reported that the assurance level for the audit was green, the highest achievable and that there were only two medium risk recommendations. There were currently three audits at the work in progress or draft stage for the areas of Development Control – pre planning applications, Mobile Homes Act Licenses and Risk Management, which would be presented to the next meeting of the Group in January 2015.

In response to questions, Mr Riley informed the Group that the focus of the of the Partnerships audit this year was car parking arrangements and that all areas were reviewed on a rolling basis. The process for evaluating customer satisfaction levels at the Leisure Centres had been audited and the results were reported to the Performance Management Board as part of Parkwood's Strategic Objectives.

Following a discussion, the Executive Manager - Finance and Commercial explained that the planned future audit of Joint Co-operative Agreement would cover the garage and fleet arrangements. The audit of Building Control was scheduled for next year and that a suitable timeframe for an additional audit of Streetwise Environmental Limited was yet to be agreed. He confirmed that Payroll was a separate audit and was carried out at the same time as Gedling Borough Council's. Mr Riley agreed to include descriptions of planned audits in future reports, for clarity.

Action the Executive Manager - Finance and Commercial to arrange for descriptions of planned audits to be included in future reports

It was AGREED that the Internal Audit Progress Report November 2014/15 be noted.

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

Members considered the Health and Safety interim Report that set out the Council's occupational health and safety performance for the period April 2014 to September 2014. The report highlighted the key issues that elected Members needed to be aware of including details of new policies that had been implemented as part of the control measures within the corporate health and safety framework. Furthermore, the report provided an indication of the effectiveness and success of the health and safety control measures the Council had in place, evidence of training delivered, progress towards meeting health and safety aims and objectives, and the number of accidents recorded.

The Chairman informed Members that the accident statistics for the leisure centres were currently being scrutinised by both the Corporate Governance Group and the Performance Management Board as part of their work to oversee the delivery of leisure contracts. Following discussions with Councillor Wheeler, it had been agreed that these would now be scrutinised by the Performance Management Board as part of the individual providers' annual reports. The accident statistics would however still be included for information within the Health and Safety report, as part of the Group's governance role.

The Executive Manager - – Operations and Corporate Governance informed Members that since the last report to the Group the Streetwise section had become a social enterprise business. As a result the performance information for Streetwise Environmental Limited was shown separately from the Council's figures, enabling Members to have an overview of the health and safety performance in a similar way to that of the Leisure Centres. The Council's Health and Safety Advisor would continue to oversee the health and safety function at Streetwise environmental Limited. He explained that initially, the new company would be scrutinised by the Partnership Delivery Group, before

being transferred to the Performance Management Board for ongoing monitoring. If Members of the Group had any underlying issues, these could be addressed by making a recommendation to one of the other scrutiny groups.

The Health and Safety training needs of the Council's employees were identified in a number of ways including; Personal Development Reviews (PDR's), regular one to ones, team meetings and through the Executive Management Team. It was the role of the Health and Safety Advisor to ensure that training was consistent with the Council's duties and legal responsibilities. All health and safety training needs that had been identified in PDR's for this year had been delivered or were programmed in to be completed by the end year. In addition to the training programme, significant practical on the job training was provided in all Service Areas and in particular at the higher risk Depot site.

The Health and Safety Advisor explained that the Council had three health and safety groups in place, the Executive Health and Safety Group, the Employee Health and Safety Group and the Legionella, Asbestos and Tree Management Group. However since the recent changes to Streetwise and Garage Services it was no longer felt that a formal group was required at the Depot as health and safety was part of the normal routine and was covered at the monthly team meetings.

The report stated that in line with its health and safety duties and responsibilities, the Council had a programme of policy review and implementation to support effective health and safety management. In accordance with the objectives agreed by the Group in June 2014, risk based audits of Display Screen Equipment, Control of Substances Hazardous to Health and Manual Handling would be completed by January 2015. Reviews of the Bomb Threat Policy and the Hepatitis Policy had been undertaken, work on the Accident Reporting Policy was due to commence in November 2014 and a Health and Safety Manual had been produced for Streetwise Environmental Limited.

The Health and Safety Advisor reported that the number of accidents to employees was currently nearly half the figure for the same period in the previous two years. Consequently the number of days absent from work as a result of an accident was exceptionally low for the six month period. Although this was extremely encouraging it was recognised that the figures could significantly increase over the next few months as a result of manual handling injuries and slips and trips in extreme weather conditions. As requested by Members, details of establishment figures had been added to the report so that this could be taken into consideration when comparing accident rates. During the last six months there were no accidents reported to the Health and Safety Executive, as required by the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) legislation.

In respect of the accident figures for the leisure centres, there had been 227 accidents to members of the public in the six month period compared to 254 for the same period in 2013. Members were reminded that these facilities were privately managed and as such, responsibility for health and safety management lay with the companies delivering the facilities.

The Group questioned the accuracy of the low figures for accidents at East Leake Leisure Centre and whether they were recorded differently to the other leisure centres. The Health and Safety Advisor informed Members that traditionally East Leake Leisure Centre had lower figures for example the pool was not used for recreational swimming. Members felt that staff should be reminded of the importance of reporting accidents.

Action the Executive Manager – Operations and Corporate Governance to issue a reminder to staff to complete accident forms

the Executive Manager - Finance and Commercial to raise the issue of accident reporting with Carillion and Parkwood at the Strategic Board

It was AGREED that the Group endorse the Six Month Health and Safety Update.

21. **Risk Management Review Update**

The Executive Manager – Operations and Corporate Governance informed Members that the Council’s Risk Management Strategy had been refreshed in line with the two recommendations contained within the 2013/14 internal audit. The revised version had been considered in November 2014 by the Executive Management Team, in its capacity as the Councils Corporate Risk Management Group. The Strategy set out the process for managing risk and stated that the Corporate Governance Group be provided with updates on risk management arrangements as it was their responsibility is “to oversee and scrutinise the effective management of risk by officers”.

Throughout the year the Council’s Corporate Risk Management Group met on three occasions in order to oversee the management of risk across the organisation and review, where necessary, operational and strategic risks. These meetings ensured consideration was given to reviewing the risk register, amending or updating existing risks and ratings, verifying control measures and, where necessary identifying new risks. The process continued on from previous work to remove unnecessary risks that were low scoring; those with the lowest likelihood or impact and / or risks that had effective mitigation and were under control. Additionally a number of new risks had been identified that needed to be added to the register taking into account the changing nature of the Council’s business.

As a consequence of this process the number of corporate risks had been increased from 19 to 27 and the number of operational risks from 21 to 25. Although the overall number of risks had increased from 40 in February 2014 to 52, this was still lower than the 73 risks on the registers before the 2013 review. The results reflected the changing pressures facing local government and the proactive work of managers to identify risks as they emerge.

Following a discussion, the Group felt that when considering risks, it would be beneficial for future reports to highlight the top items in respect of the likelihood and/or impact.

Action the Executive Manager – Operations and Corporate Governance to highlight the top ten risks, in future reports

In response to questions, the Executive Manager – Operations and Corporate Governance explained that the score for risk CRR_CG03 insufficient staff capacity skills and knowledge had increased as a result of the most recent review of the Strategy. The score for risk CRR_CG04 had increased to 4 as a in response to the latest staff survey results being less favourable than in previous years. The score for CRR_TR06 was high due to the scale of the project for the Arena and new Civic Offices.

The Emergency Planning Officer gave an update to Members on the work undertaken in respect of Emergency Planning, since the last report to the Group. He informed the Group that although the risk of people contracting Ebola in the UK remained low, all Local Resilience Forums (LRFs) across the country had been directed by Government to implement a strategic-level tabletop exercise to test local response arrangements. Therefore an exercise was held on 24 October at Sherwood Lodge and involved significant representation from health-related organisations. 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.

As part of the Local Resilience Forum work-plan, the Council was working with the Environment Agency to develop a local flood response plan that provided specific information about communities that were at significant risk of flooding within the borough. Work had been undertaken on the development of guidance to encourage parish and town councils to consider a variety of community resilience schemes. These included acquiring a resilience store containing flood protection equipment, developing a community emergency plan and joining the Environment Agency's flood warden scheme. Officers were writing to all parish councils to encourage them to consider adopting some of the schemes.

In response to questions the Emergency Planning Officer confirmed that in the absence of a parish council in West Bridgford officers would contact the relevant Ward Members. Members requested that the Emergency Planning Officer address the West Bridgford Local Area Forum and include them in all correspondence to parishes.

The Local Resilience Forum were also organising a tabletop exercise to test the multi-agency response to a major structural collapse at a sports ground in Nottinghamshire.

It was AGREED that the Corporate Governance Group

- a) note the contents of the report,
- b) endorse the actions taken to review the risk management arrangements and implement the 2013/14 internal audit recommendations and

- c) request that future risk management reports be presented to the Group on a six monthly basis, with the next report be considered in March 2015

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

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 September 2014.

The Revenue budget monitoring reports indicated an underspend against the profiled budget of £900,000, with a projected favourable variance of £1,111,000 for the year. Officers informed Members that the underspend reflected a number of positive variances which, included additional income from a number of major planning applications and the Garden Waste Scheme. Other contributing factors were the impact of charitable rates relief on the leisure centres, the lack of current calls made on the contingency budget and the receipt of a number of additional grants.

As requested at the last meeting, the Executive Manager - Finance and Commercial provided an update on The Point investment. He explained that despite the challenging economic environment The Point had retained its occupancy levels at 80%, with a high calibre of tenants. As a result it was not only making a positive contribution to the Authority's finances but was an asset that had, since acquisition, also shown a significant increase in value by just over 20% to £2.4m. At present it was estimated that the rate of return for 2014/15 would be 6.1% compared to the 7.1% rate that was projected in the report that was considered by in December 2012. In 2015/16 it was currently projected that the rate of return would be approximately 8%, compared to a current average rate of return on investments of just under 0.8%.

The Group requested a breakdown of all the Council's alternative investments, in the same way that they received detailed information on the treasury management transactions. Members felt that it would be beneficial to have a breakdown of the property that the Council owned for speculative purposes the return that was generated.

Action the Executive Manager - Finance and Commercial to provide further information on the Council's alternative investments to the March meeting of the Group

In respect of the Capital budget monitoring, the report indicated a net underspend of £202,000 to the end of September 2014, with a projected favourable variance of £6,337,000 for the year. The original Capital Programme of £7.3 million had been supplemented by £1.2 million brought forward from the financial year 2013/14. Other adjustments, included additional sums allocated for Funding Circle investments and loans to Streetwise, resulting in a gross programme of over £10 million. However it was now apparent that some of the schemes would not be undertaken in full during 2014/15, therefore the projected capital spend for 2014/15 would be just under £4 million. The main key variations included slippage with regards to Bridgford Hall and the Cotgrave Masterplan; and uncertainty with regards to the loans to

Nottinghamshire County Cricket Club and the payment in respect of the A453 project.

In response to a question, the Executive Manager - Finance and Commercial confirmed that the budget had been increased to account the loans for the Funding Circle and the purchase of vehicles for Streetwise Environmental Limited.

It was AGREED 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

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

The Executive Manager - Finance and Commercial presented the Treasury Management Mid-Year Update report that, in line with 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 the period 1 April to 30 September 2014, the rate of return achieved and the Counterparties that had been used.

He informed the Group that in respect the economic forecast, the outlook for growth in the global economy had deteriorated especially in the Eurozone. This had resulted in, the Council's Treasury Management advisors Arlingclose Limited, reducing the recommended durations for unsecured investments with banks and building societies. Consequently the duration of new investments had been reduced from 13 months to 6 months and those which were 6 months to 100 days.

Currently interest earned up to 30 September 2014 totalled £144,500 and the Council was achieving an average interest rate of 0.71% against a target of 0.60%. The budget for investment income for the financial year 2014/15 was £260,000 and although receipts were exceeding budget, it was anticipated that they would be on target by the end of year. The Council had also invested £1 million with the CCLA Property Fund and the first dividend from this investment had shown returns of 5.93%.

From January 2015 the UK would be implementing a bail-in system for banks to assist with recovery process and as a result, credit rating agencies had stated that this could affect the ratings of major UK banks. At present many had standalone ratings in the 'BBB' category, with uplifts for potential government support taking them into the 'A' category. There was therefore the risk that some credit ratings would fall below 'A-' reducing the Council's ability to diversify its investment portfolio. Following advice from Arlingclose Limited and in line with the Treasury Management Strategy, the counterparty arrangements had been amended by the Section 151 Officer so that the Council would still be able to invest with such banks if the credit ratings were amended:

Following a question, The Executive Manager - Finance and Commercial agreed to investigate whether the loss of investments due to bank failures was included in the Council's Risk Register.

Action the Executive Manager - Finance and Commercial to investigate whether the loss of investments was included in the Council's Risk Register.

It was AGREED that Corporate Governance Group

- a) note the Treasury Management update position at 30 September 2014; and
- b) support the amendment to the counterparty limits at paragraph 4.14 of the report

24. **Annual Audit Letter 2013/14**

The Group received the Annual Audit letter from the Council's External Auditors KPMG that summarised the progress of the audit for the financial year 2013/14. The letter reiterated the key conclusions from 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. The letter also identified that KPMG's fees had increased by £900 due to additional work on Business Rates as a result of the NNDR3 return no longer requiring audit certification. However, the increase had been more than offset by the removal of the charge relating to the certification itself which was £1,600 in 2013.

The Executive Manager Finance and Commercial informed the Group that a copy of the Annual Audit Letter 2013/14 would be sent to all Councillors.

It was AGREED that Corporate Governance Group note the receipt of the Annual Audit Letter.

25. **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.

As previously agreed under Item 6 of the Agenda, the next Risk Management Review Update would now be presented to the meeting of the Group in March 2015.

The Group AGREED the Work Programme as set out below:

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

The meeting closed at 8.55 pm.

Action Sheet
CORPORATE GOVERNANCE GROUP - THURSDAY 13 NOVEMBER
2014

Minute Number	Actions	Officer Responsible
18 Notes of the Previous Meeting	None	
19 Internal Audit Progress Report November 2014/15	Descriptions of planned audits to be included in future reports	Executive Manager - Finance and Commercial
20 Health and Safety Interim Report – April to September 2014	a) issue a reminder to staff to complete accident forms b) raise the issue of accident reporting with Carillion and Parkwood at the Strategic Board	The Executive Manager – Operations and Corporate Governance The Executive Manager - Finance and Commercial
21 Risk Management Review Update	Highlight the top ten risks, in future reports	The Executive Manager – Operations and Corporate Governance
22 Revenue and Capital Budget Monitoring 2014/15 – Quarter 2 Update	Provide further information on the Council's alternative investments to the March meeting of the Group	The Executive Manager - Finance and Commercial
23 Treasury Management Update – Mid Year Report 2014/15	Investigate whether the loss of investments was included in the Council's Risk Register.	The Executive Manager - Finance and Commercial
24 Annual Audit Letter 2013/14	None	
25 Work Programme	None	