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Our reference:
Your reference:
Date: 20 June 2016

To all Members of the Corporate Governance Group

Dear Councillor

A meeting of the **Corporate Governance Group** will be held on Tuesday 28 June 2016 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely



Deputy Monitoring Officer

AGENDA

1. Apologies for absence
2. Declarations of Interest
3. Notes of the Meeting held on Thursday 21 April 2016 (pages 1 - 10).
4. Annual Governance Statement 2015/16

The report of the Executive Manager - Finance and Corporate Services is attached (pages 11 - 20).

5. Internal Audit Annual Report 2015/16

The report of the Executive Manager - Finance and Corporate Services is attached (pages 21 - 35).

6. Health and Safety Annual Report 2015/16

The report of the Executive Manager - Transformation and Operations is attached (pages 36 - 43).

7. Review of the Constitution 2016

The report of the Monitoring Officer is attached (pages 44 - 46).

8. Future External Audit Procurement

The report of the Executive Manager - Finance and Corporate Services is attached (pages 47 - 51).

9. Corporate Governance Group Annual Report 2015/16

The report of the Executive Manager - Finance and Corporate Services is attached (pages 52 - 60).

10. Work Programme

The report of the Executive Manager - Finance and Corporate Services is attached (pages 61 - 62).

Membership

Chairman: Councillor G S Moore,

Vice-Chairman: Councillor A MacInnes

Councillors: K P Beardsall, N A Brown, M Buckle, A M Dickinson, A J Edyvean, S J Hull and S C Matthews

Meeting Room Guidance

Fire Alarm Evacuation: in the event of an alarm sounding please evacuate the building using the nearest fire exit, normally through the Council Chamber. You should assemble in the Nottingham Forest car park adjacent to the main gates.

Toilets are located opposite Committee Room 2.

Mobile Phones: For the benefit of others please ensure that your mobile phone is switched off whilst you are in the meeting.

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**NOTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY 21 APRIL 2016**

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

PRESENT:

Councillors G S Moore (Chairman), N A Brown, A M Dickinson, A J Edyvean (Substitute for M Buckle), R Hetherington, S J Hull (Substitute for G Davidson), A MacInnes, S C Matthews and J E Thurman

ALSO IN ATTENDANCE:

A Bush	KPMG
T Tandy	KPMG
C Williams	RSM

OFFICERS PRESENT:

K Emery	Emergency Planning Officer
A Goodman	Constitutional Services Officer
P Linfield	Executive Manager - Finance and Corporate Services
K Marriott	Executive Manager – Operations and Transformation
A Poole	Constitutional Services Team Leader

APOLOGIES FOR ABSENCE:

Councillors M Buckle and G Davidson

35. Declarations of Interest

There were none declared.

36. Chairman's Remarks

The Chairman explained that this was the Council's first "Paperlite" meeting, a new initiative to save money and resources by reducing the use of paper. The Agenda and Reports for the meeting had been "book marked" to enable Members to navigate through the documents more easily and would be displayed on screen. It was agreed that the Constitutional Services Team Leader would feedback Members' comments and suggestions separately to the Monitoring Officer, who would use them to inform the process going forward.

Action The Constitutional Services Team Leader to feedback Members' comments and suggestions in respect of "Paperlite" to the Monitoring Officer

37. Notes of the Previous Meeting

The notes of the meeting held on Thursday 11 February 2016 were accepted as a true record.

38. External Audit Plan 2015/16

Mr Bush presented the External Audit Plan 2015/16 that summarised the work that the Council's external auditors KPMG proposed to undertake in respect of the audit of the Council's financial statements. He informed Members that, as in previous years, KPMG would take a risk based approach to the audit and that the plan would remain flexible as risks and issues may change throughout the year. The initial assessments presented in the plan would be kept under review and any new risks that emerge would be evaluated and responded to accordingly.

Mr Bush reported that there were no significant changes to the Code of Practice on Local Authority Accounting in 2015/16, which provided stability in terms of the accounting standards the Authority needed to comply with. The level of Materiality for planning purposes was based on 1.5% of last year's expenditure and had been set at £600,000. He was obliged to report any uncorrected omissions or misstatements, other than those which were "clearly trivial" to those charged with Governance and this level had been set at £30,000.

He informed Members that an initial risk assessment of the financial statements audit and Value for Money (VFM) arrangements had been completed. In addition to the two standard risks of Revenue Recognition and Management override of controls, only three other risks had been highlighted, Capital Programme Accounting, Pension Liability Assumptions and producing Group Accounts.

The National Audit Office had issued new guidance in respect of the VFM Audit which applied from the 2015/16 audit year. Although the approach was similar in concept to the previous regime there were two notable changes namely; new overall criterion on which the auditor's VFM conclusion was based and the overall criterion was supported by three new sub-criteria. KPMG's risk assessment of the Council's arrangements to secure Value for Money Arrangements identified the following risks and opportunities; Financial resilience in the local and national economy, the Arena Capital Programme and the Asset Investment Strategy.

The Audit would be completed in four phases and on conclusion, the findings would be presented to the Group in September in the Report to Those Charged with Governance (ISA 260 report) and the Annual Audit Letter. In line with the Audit Fee Letter presented to the Group in June 2015, the planned fee for the audit was £41,288, a reduction of 25% compared to the previous year.

In response to questions Mr Tandy explained that any appeals in respect of NNDR that had not been settled needed to be recognised and included on the balance sheets. The Executive Manager - Finance and Corporate Services explained that focus on financial resilience was included as part of the risks. In relation to the identified risk of pension liability assumptions, the Executive

Manager - Finance and Corporate Services confirmed that Streetwise Environmental Limited was subject to a separate tri-annual review to the Council and that all new employees had the option of joining the pension scheme. Increasing pension liability was a national issue and the Government had put mitigation measures in place including ceasing final salary schemes.

It was AGREED that the External Audit Plan 2015/16 be accepted.

The Chairman thanked Mr Bush and Mr Tandy for their work over the last year.

39. Internal Audit Progress Report 2015/16

Mr Williams a representative from RSM, the Council's internal auditors, presented the final report for the financial year 2015/16. He informed Members that in line with the audit plan, seven reports had been finalised since the last meeting of the Group, for the areas of Council Tax, Housing Benefits, NNDR, Treasury Management Cash and Bank, Main Accounting and Budgetary Control, Tendering and Contracts, and Corporate Governance. He reported that the assurance level for all the audits was green, the highest achievable and that there were no high recommendations. There were currently three audits at the draft stage for the areas of Payroll, IT Audit and Follow up of previous recommendations, which would be presented to the next meeting of the Group in June 2016. All the audits and significant recommendations from the previous year's audits had been completed and work would now commence on the Plan for 2016/17.

It was AGREED that the Final Internal Audit Progress Report for 2015/16 be noted.

40. Internal Audit Strategy 2016/17 to 2018/19

Members considered the report that detailed the Internal Audit Strategy 2016/17 to 2018/19 and the Audit Plan for the 2016/17 financial year. Annually the Internal Audit team, in consultation with senior officers, examined the underlying risks facing the council and updated the strategy and the resultant audit plan.

The Group considered the report, in relation to the following four questions;

- Was the Corporate Governance Group satisfied that sufficient assurances were being received within their annual plan to monitor the Council's risk profile effectively?
- Were the areas selected for coverage this coming year appropriate?
- Did the strategy for internal audit cover the Council's key risks as they were recognised by the Corporate Governance Group?
- Was the Corporate Governance Group content that the standards within the charter were appropriate to monitor the performance of internal audit?

Mr Williams explained that dates had been set for each of the audits for 2016/17 to ensure that the plan was achieved within the defined timescales. There were four contingency days built into the plan to deal with any additional items of work or any area that required further resources. The fee for the internal audit service for 2016/17 remained at £47,100, compared to £47,965 in 2014/15 and £62,220 in 2013/14, and reflected the improved risk profile for the Council.

In response to questions, Mr Williams explained that the Internal Audit Team worked with the Council's Senior Managers to provide assurance on Risk Management based on the controls in place and would draw to their attention any areas that were missing. The Annual Audit Plan and Audit Strategy were based on their understanding of the Council and were informed by the items contained in the Risk Register and discussions with officers. The Audit Team had an open relationship with officers and would challenge them if required. The Executive Manager – Operations and Transformation confirmed that the compilation of the Audit Strategy and Annual Plan was a two way process and that the Council took a proactive approach.

Members expressed concern that the introduction of "Paperlite" could affect the ability of some Members to carry out their duties and felt that this needed to be identified as a Risk. The Executive Manager – Operations and Transformation explained that officers were providing training and measures to mitigate any risk, to ensure that the Council continued to have effective scrutiny. Mr Williams agreed to consider the effect of "Paperlite" on the effectiveness of the Council's scrutiny, when scoping the audit on Corporate Governance.

Action Mr Williams to give consideration to the effect of "Paperlite" on the effectiveness of the Council's scrutiny, when scoping the audit on Corporate Governance

In respect of company credit cards and the amount spent on train fares, Mr Williams informed the Group that this was an important area and covered under the audit of Purchasing and Creditors. The Executive Manager - Finance and Corporate Services explained that this was an area of risk and was audited regularly. As part of the Council's controls, all purchases of officer train tickets were made through the Finance Department and the cheapest option was always chosen. Staff were required to travel from the nearest point to their homes and the costs shown on the Council's website often were for multiple journeys.

In respect of the area of Procurement, Mr Williams agreed that this was a valid topic for audit and would amend the Audit Plan to include.

Action Mr Williams to amend the Audit Plan to include the area of Procurement

It was AGREED that the Updated Internal Audit Strategy and detailed Audit Plan 2016/17 - 2017/18 be approved.

41. Risk Management Update

The Executive Manager – Operations and Transformation provided Members with an update on the progress since the last report to the Group in December 2015. She informed Members that the report also provided a summary of the activities associated with updating the Council's Risk Register and work relating to emergency planning and business continuity functions. Since the last meeting of the Group, RSM the Council's Internal Auditors had completed the audit of Risk Management and the Council had retained its Green status, the highest level achievable. There had been only one recommendation arising from the audit that the Risk Management Strategy should be refreshed and updated to reflect to ensure it reflected the current operational structure.

The Risk Management Strategy had been reviewed and continued to provide the framework for managing risk and stated that the Corporate Governance Group be provided with updates on risk management arrangements as it was their responsibility "to oversee and scrutinise the effective management of risk by officers".

Since the last report to the Group, the Council's Corporate Risk Management Group had met in February 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 and its priorities.

The number of corporate risks remained at 28 and the number of operational risks had increased from 26 to 27, as one risk had been removed and two new risks added, increasing the overall total to 55. The number of risks within the registers would fluctuate throughout the year as active risk management was undertaken. The risk that had been removed from the register related to receipt of election petition due to mismanagement of an election as the deadline to submit a challenge had passed. The two risks that had been added were in relation to loss of capital or lower interest earned on investments, due to Bail-in legislation and inability to demonstrate a five year supply of deliverable housing supply.

The Executive Manager – Operations and Transformation explained that Rushcliffe Borough Council's emergency planning officer was provided by Nottinghamshire County Council as part of a Service Level Agreement. The roles and responsibilities within Nottinghamshire County Council's emergency planning team were periodically reviewed to ensure that staff gained experience in each diverse area of work. In April 2015, Karen Emery had taken over the role of supporting Rushcliffe Borough Council's emergency planning and business continuity duties. This strategy had the benefit of strengthening the resilience of each organisation as more members of the emergency planning team would have a detailed knowledge of the structures and procedures in place within the Council.

Ms Emery presented an update to Members on the work undertaken in respect of Emergency Planning, since the last report to the Group. She explained that the Civil Contingencies Act 2004 delivered a single framework for civil protection in the United Kingdom. The Act was separated into two substantive parts, Part 1 - local arrangements for civil protection and Part 2 – emergency powers. The purpose of Part 1 of the Act was to establish a statutory framework for civil protection at the local level. This, together with accompanying guidance and regulations, set out clear expectations and responsibilities for responders to ensure they were fully prepared to deal effectively with the wide range of emergencies from localised incidents through to catastrophic emergencies. It divided local responders into two categories. Category 1, included local authorities and the National Health Service (NHS), and had duties placed upon them to:

- Assess local risks, including the development and maintenance of a Community Risk Register, and use this to inform emergency planning;
- Put in place emergency plans;
- Put in place Business Continuity Management arrangements, to ensure that they can continue to exercise critical functions in the event of an emergency
- Put in place arrangements to make information available to the public about civil protection matters (such as the Community Risk Register) and maintain arrangements to warn, inform and advise the public in the event of an emergency;
- Share information with other local responders to enhance co-ordination;
- Co-operate with other local responders to enhance co-ordination and efficiency; and
- Provide advice and assistance to businesses and voluntary organisations about business continuity management. (Local Authorities only).

Category 2 organisations would co-operate with Category 1 organisations and share relevant information. These included utilities, transport, NHS clinical commissioning groups, voluntary agencies and the Health and Safety Executive. It was intended that Category 1 and 2 organisations would come together to form 'Local Resilience Forums', based on police areas, which would help co-ordination and co-operation between responders at the local level. The Nottingham and Nottinghamshire Local resilience Forum was concerned with overall direction and policies of emergency planning and preparation and formed the basis of the strategic multi-agency group that would lead the response to any major emergency.

Each year the Forum held a large scale exercise as well as individual plans being exercised on a plan review cycle of every four years. The Council's Chief Executive and Deputy Chief Executive took part in a no-notice strategic level call out exercise in January. The exercise was run by the Police and requested all Local Resilience Forum partners to activate and provide a strategic level representative within two hours. A business continuity callout exercise for Rushcliffe Senior Managers would take place in April 2016 which was designed to test the Council's business continuity plans for use during a loss of IT incident.

Ms Emery informed Members that to encourage flood risk communities to prepare for emergencies a promotion on flood resilience stores had taken place. Radcliffe on Trent Parish Council and Orston Parish Council had now completed the purchasing of flood resilience items for their community resilience stores and were now fully operational.

Training has been given to 54 members of staff, including the Executive Management Team and operational staff, in flood water awareness and seven staff members had been trained as Forward liaison team staff by the Local Resilience Forum Mass Fatalities group. In the event of the Site Specific Mass Fatalities Implementation Plan was activated by the Coroner, they would form part of a wider team with two other Districts who had sites identified as suitable for emergency mortuaries.

In response to questions, Ms Emery explained that emergency plans were based on consequences and in the event of air crash many separate plans may be put into action including the urban search and rescue and mortuary plans.

The Chairman thanked Ms Emery for a comprehensive presentation.

It was AGREED that the Corporate Governance Group

- a) note the contents of the report, and
- b) endorse the actions taken to review the risk management arrangements and implement internal audit recommendations; and
- c) endorse the presentation by the Rushcliffe Emergency Planning Officer and the work of the Local resilience Forum.

42. **Work Programme**

The Group considered the report of the Executive Manager – Finance and Corporate Services that set out details of the proposed work programme for the municipal year 2016/17.

The Group AGREED the Work Programme as set out below:

Date of Meeting	Item
23 June 2016	<ul style="list-style-type: none"> • Internal Audit Progress Report 2016/17 • Internal Audit Annual Report 2015/16 • Health and Safety Annual Report • Annual Governance Statement 2015/16 • Corporate Governance Annual Report 2015/16 • External Audit Contract Procurement Update • Work Programme

Date of Meeting	Item
8 September 2016	<ul style="list-style-type: none"> • Internal Audit Progress Report 2016/17 • Statement of Accounts 2015/16 • External Auditors Annual Governance Report 2015/16 • Treasury Management Update • Revenue & Capital Budget Monitoring • Work Programme
1 December 2016	<ul style="list-style-type: none"> • Internal Audit Progress Report 2016/17 • Health and Safety Interim Report • Risk Management Update • Annual Audit Letter • Revenue & Capital Budget Monitoring • Work Programme

The meeting closed at 8.45 pm.

Action Sheet
Corporate Governance Group - Thursday 21 April 2016

Minute Number	Actions	Officer Responsible
36 Chairman's Remarks	Feedback Members' comments and suggestions in respect of "Paperlite" to the Monitoring Officer	Constitutional Services Team Leader
37 Notes of the Previous Meeting	None	
38 External Audit Plan 2015/16	None	
39 Internal Audit Progress Report 2015/16	None	
40 Internal Audit Strategy 2016/17 to 2018/19	<p>a) Give consideration to the effect of "Paperlite" on the effectiveness of the Council's scrutiny, when scoping the audit on Corporate Governance</p> <p>b) amend the Audit Plan to include the area of Procurement</p>	<p>Mr Williams, Internal Audit</p> <p>Mr Williams, Internal Audit</p>
41 Risk Management Update	None	
42 Work Programme	None	

Responses

Minute Number	Actions	Officer Responsible	Response
36 Chairman's Remarks	Feedback Members' comments and suggestions in respect of "Paperlite" to the Monitoring Officer	Constitutional Services Team Leader	Members comments and suggestions have been passed to the Monitoring Officer
40 Internal Audit Strategy 2016/17 to 2018/19	a) give consideration to the effect of "Paperlite" on the effectiveness of the Council's scrutiny, when scoping the audit on Corporate Governance b) amend the Audit Plan to include the area of Procurement	Mr Williams, Internal Audit Mr Williams, Internal Audit	Will be covered in scope of the work Will be covered in scope of the work



Corporate Governance Group

28 June 2016

Annual Governance Statement 2015/16

4

Report of the Executive Manager - Finance and Corporate Services

1. Summary

- 1.1 In accordance with the Accounts and Audit Regulations 2015 the Council is required to prepare an Annual Governance Statement (AGS). This is published alongside the Council's Statement of Accounts. The Corporate Governance Group, by reviewing this Statement, scrutinises the Council's governance arrangements.

2. Recommendation

- 2.1 It is RECOMMENDED that the Corporate Governance Group to review and approve the 2015/16 Annual Governance Statement (**Appendix A**).

3. Reasons for Recommendation

- 3.1 To conform with best practice with regards to corporate governance and comply with relevant legislation.

4. Supporting Information

- 4.1 The Council is required to publish an Annual Governance Statement (see Appendix A) alongside the Statement of Accounts in accordance with the Accounts and Audit Regulations 2015.
- 4.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) have jointly issued a framework and guidance in relation to the AGS, 'Delivering Good Governance in Local Government'. The guidance urges local authorities to prepare a governance statement in order to report publicly on the extent to which they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.
- 4.3 It also recommends that when complying with the guidance, authorities should use it in a way that best reflects their structure, type, functions and size. The AGS is attached at Appendix A and is prepared following the completion of 'Governance Assurance Questionnaires' by senior officers of the Council. The leader and the Chief Executive are required to sign the AGS and this will be completed in September with the Statement of Accounts.
- 4.4 The AGS is unchanged in format from last year although some of the content surrounding, for example, Section 4 'Significant Governance Issues' will

inevitably alter as new risks and opportunities arise and the environment we operate in alters.

5. Other Options Considered

5.1 Not Applicable

6. Risk and Uncertainties

6.1 The process of preparing and reviewing the AGS adds value to the corporate governance and internal control framework of the Council.

5. Implications

5.1 Finance

There are no direct financial implications arising from this report.

5.2 Legal

Compliance with the Accounts and Audit Regulations 2015.

5.3 Corporate Priorities

Not applicable

5.4 Other Implications

None

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 Email: plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	Appendix A – Annual governance Statement 2015/16

Annual Governance Statement 2015/16

1. SCOPE AND PURPOSE

1.1 Scope of responsibility

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

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

Rushcliffe Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how Rushcliffe Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, 2011 and 2015, in relation to the publication of a statement on internal control.

1.2 The purpose of the governance framework

The governance framework comprises the systems, processes, and culture and values, by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

The governance framework has been in place at Rushcliffe Borough Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

2 THE GOVERNANCE FRAMEWORK

2.1 Vision and priorities

Long term strategic planning has enabled Rushcliffe to address its immediate financial pressures, develop a medium term financial strategy to 2020/21 and introduce its sixth Corporate Strategy covering the period 2016 to 2020. The three key themes for this strategy are:

- Delivering economic growth to ensure a sustainable, prosperous and thriving local economy;
- Maintaining and enhancing our residents' quality of life; and
- Transforming the Council to enable the delivery of efficient high quality services.

The integration of service and financial planning has continued through the budgets for both 2015/16 and 2016/17, and the financial strategy to 2020/21.

During 2015/16 the Council developed its approach to the financial pressures facing all public bodies through the continued development of its Transformation Strategy. This outlines how the Council will meet its financial challenges until 2020/21. The Transformation Strategy focuses upon three key elements income generation, service re-design and business cost reduction. It highlights the relationship between the Corporate Strategy, the Medium Term Financial Strategy and the Transformation Strategy. As part of the service re-design process the Council is continuously reviewing the services it provides to identify improved or alternate methods of delivery which will enable it to meet its financial targets without eroding the high quality of service for which Rushcliffe is known.

Progress against previous priorities and actions, as laid down in previous service plans, has been reported to the Performance Management Board during the course of the year. All key tasks within the current service delivery plans have been linked directly to the Council's objectives.

2.2 Improvement and Efficiency

As with other public bodies the Council faces unprecedented financial pressures. The Council's net budget has reduced since 2011/12 from £13.5m to £9.8m (2016/17) – a 27% reduction. A combination of Member and management challenge has limited the projected budget savings required from 2017/18 to 2020/21 to £1.19m. There remains the need to continue to identify savings via the Transformation Strategy in order to meet financial pressures in the medium term, the Transformation Strategy fulfilling the role of the Council's Efficiency Statement, a requirement in accepting the four year settlement from the Government. The following thematic areas summarise how the budget will be balanced in future years:-

- (a) Service Efficiencies – focusing on both the customer and looking at streamlining services;
- (b) Management budget reviews – challenging base budgets each year;
- (c) Transformational Projects - projects such as building control and garage partnerships;
- (d) 'Thinking big' reviews – for example the Leisure Strategy and office accommodation projects.

A comprehensive document setting out the Council's constitution exists which sets out the clearly defined structure for the Council's organisational arrangements based upon a cabinet executive model. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere including the setting of the council tax
- Cabinet is allocated authority by council to approve policies not reserved for consideration by Council, deliver policies and to take most significant executive decisions
- Cabinet works to a Forward Plan of forthcoming decisions for up to three months ahead

- The work of Cabinet is supported by four scrutiny groups
- Scrutiny groups develop their own work programme for the review of council policies in addition to scrutinising the work of the cabinet
- Separate committees exist for Development Control, Employment Appeals, Alcohol and Entertainments Licensing, Interviewing and Licensing
- Delegation arrangements to officers are set out in detail within the Constitution
- A protocol defining the relationship between Members and Officers was adopted during 2008.

The constitution also provides detailed guidance on standing orders, financial regulations and the conduct of meetings. In addition it also contains codes of conduct applying to members and officers as well as a protocol for councillor/officer relationships. The codes include reference to the need to declare any interests which may conflict with the individual's role at the Council and such registers for councillors and officer are maintained by the Council's Monitoring Officer and the Strategic Human Resources Manager respectively. The Council has in place a confidential reporting code (whistleblowing policy) and any referrals under the policy are investigated.

The Constitution as a whole is reviewed when necessary and appropriate. The last significant review was undertaken in 2011/12; however a number of amendments have been made since then to accommodate legislative changes or to reflect changes to the Council's structure. A further review is planned by the second quarter of 2016.

2.3 **Policies, Procedures, Laws and Regulations**

The Council has three statutory officer roles: the Chief Executive, the Section 151 Officer and the Monitoring Officer. The Chief Executive has overall corporate management and operational responsibility (as such is the Head of Paid Service) including overall management responsibility for all officers. The Monitoring Officer ensures lawfulness and fairness in decision making and ensures the Constitution is up-to-date.

The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources.

The Council's financial management arrangements should conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). During 2015/16, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2015/16 the Executive Manager (Finance and Corporate Services) held the post of Chief Financial Officer. The post holder is a professionally qualified accountant with direct access to the Chief Executive, Leader of the Council and other Cabinet Members. The post holder also has direct access to the Corporate Governance Group and the Council's external auditors.
- The Chief Financial Officer has a line of professional accountability for all finance staff and for ensuring that the finance function is 'fit for purpose'. The Council has established robust arrangements to manage its finances, including a Medium Term Financial Strategy,

annual budget process and compliance with CIPFA's Codes and Guidance on the Prudential Framework for Capital Finance, Treasury Management and the management of reserves.

- Internal audit services are provided to the Council by RSM Tenon. The effectiveness of this service is monitored by the Corporate Governance Group.

Executive Managers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice. Oversight of these arrangements is provided by the Executive Manager (Operations and Transformation).

2.4 Risk Management

The Council's risk management arrangements are regularly reviewed with a complete review being undertaken during 2015/16. The effectiveness of the overall risk management arrangements is monitored by the Corporate Governance Group (CGG) who, on 13 November 2014, approved the changes to the Risk Management Strategy. As part of the annual review of Risk management (3 December 2015) the CGG considered actions taken to review risk management arrangements; and implement internal audit recommendations such as refresher training for relevant staff on risk management and the introduction of a risk assessment form to evidence the risk assessment process. The 2015/16 Annual Report by Internal Audit acknowledges the Council has an adequate and effective framework for risk management, governance and internal control (the highest level of the four opinion options).

2.5 Development and training needs

The Council achieved Councillor Member Development Charter status in March 2011 and has a cross party Member Development Group to oversee development and delivery of Councillor learning and training. This Group meets on a quarterly basis.

Each Councillor is offered the opportunity to undertake an annual Personal Development Plan the results of which are used to inform the on-going Member Development Programme. Development needs are also identified directly by feedback from Councillors and in response to issues which may occur throughout the year.

To support new and returning Councillors a comprehensive induction programme has been developed for delivery after the local elections. The delivery of this is overseen by the cross party Member Development Group who evaluates its effectiveness upon its completion based on Councillor feedback.

The identification and delivery of appropriate training for officers is dealt with via the Learning and Development Plan which links to the annual performance development review (PDR) process. The Council recognises the importance of training to its workforce this includes, for example, the development of the Masters in Public Administration Programme, working as a triumvirate with Gedling and Newark and Sherwood District Councils.

2.6 Communication

Three editions of Rushcliffe Reports – the Council's newsletter for residents – are printed and circulated to all households each year and these set out details of a number of key service changes, both in the past and in the future, and ask for customer feedback.

In October 2015, the Council conducted its bi-annual resident satisfaction survey. Over 700 residents completed the survey which was available online and through our resident's

magazine and the results were encouraging considering the financial pressures the Council has faced over the last few years. In summary, 90% of residents responding to the survey are happy with the Borough as a place to live, 76% are satisfied with the way the Council runs things, and 65% believe the Council provides value-for-money. On-going customer satisfaction surveys were undertaken by several key customer facing services such as planning, revenues and benefits and customer services. The feedback received from these exercises is used to improve services to all customers. The Council also undertakes consultation to inform decisions relating to policy changes. Over the course of this year, additional consultation was undertaken on leisure provision in West Bridgford, growth and economic development within the Borough, and car-parking in Radcliffe-on-Trent, Bingham and Keyworth.

2.7 Partnerships

The Council has in place a scrutiny group that reviews significant partnerships with which the Council is involved. The Council has put in place strong governance arrangements around the major leisure services, Streetwise Environmental Ltd and car parking contracts. The Cabinet Portfolio Holder also chairs quarterly strategic board meetings with the two main leisure providers, Parkwood and Carillion. There are also quarterly meetings of the Streetwise Board chaired by the Leader of the Council. Whilst Streetwise brings opportunity there is also risk in terms of how the Company develops so it continues to make a financial surplus. Issues such as the impact of pension accounting on its financial statements is an example of some of the risks it faces.

3 REVIEW OF EFFECTIVENESS

3.1 Introduction

Rushcliffe Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates and this review is considered by the Corporate Governance Group.

3.2 The Council

The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including:

- The Constitution
- The Corporate Strategy
- The Capital Programme and Revenue Budget
- The Housing Strategy
- The Local Development Framework

3.3 The Cabinet

The Cabinet carries out the executive functions of the Council as required by the legislation and the Council's constitution. It accordingly:

- Takes key decisions
- Takes other executive decisions
- Approves policies other than those reserved for Council
- Recommends to Council policies and budgetary decisions

3.4 **Corporate Governance Group**

The Corporate Governance Group is the group within the Council that is charged with Governance and has a number of responsibilities including:

- Overseeing financial governance arrangements
- Overseeing strategic risk management
- Scrutinising the Annual Governance Statement
- Scrutinising the Statement of Accounts prior to its agreement by Full Council
- Reviewing the plans and work of Internal Audit
- Receiving reports from external audit in relation to the audit arrangements

3.5 **Performance Management Board**

The Performance Management Board reviews the performance of the Council against the approved targets. Other reports are taken to this group and during the last year the group has considered the equality and diversity plan and the leisure services contracts.

In addition to the Performance Management Board the Council has two other scrutiny groups which were formed during 2007. The first, Community Development looks at areas that affect the community such as reputational management and the Leisure Strategy. The other group is Partnership Delivery which is tasked with looking at the effectiveness of current and future potential partnerships such as Streetwise and the various leisure contracts; and performance across all areas of the Council in achieving the Corporate Plan.

3.6 **Executive Managers**

Executive Managers are responsible for ensuring proper standards of internal control within their service areas. On-going reviews are undertaken throughout the year. At the end of the financial year Executive Managers are required to confirm that they have reviewed the system of internal control and identify any areas where improvements are necessary. In December 2015 the Council re-structured the Executive Management team with there now being four Executive Managers and sharing Broxtowe's Monitoring Officer for that particular function.

3.7 **Internal Audit**

Internal Audit is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. Following a joint procurement process with Broxtowe and Gedling Councils in 2015/16 this contract was awarded to RSM Tenon until 2019/20. An Audit Strategy has been developed covering all activities of the Council at a level and frequency determined using a risk management methodology. The current Strategy now covers the period from 2016/17 to 2018/19.

An annual audit plan governs each year's activity and at the completion of each audit, a report is produced for management with recommendations for improvement. Regular reports covering internal audit activities are submitted to the Corporate Governance Group for scrutiny.

A detailed annual review of the effectiveness of the Council's system of internal audit is undertaken every year and reported to the Corporate Governance Group. As mentioned at Section 2.4 the Council maintains an adequate and effective framework for risk management, governance and internal control, as recognised by Internal Audit.

3.8 External Audit

The external auditors review the Council's arrangements for:

- Preparing accounts in compliance with statutory and other relevant requirements
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- Managing performance to secure economy, efficiency and effectiveness in the use of resources

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made.

The provision of external audit is undertaken by KPMG.

4 SIGNIFICANT GOVERNANCE ISSUES

4.1 Issues Identified and remedial action

The Council continues to utilise partnership arrangements with other public bodies and private organisations to deliver services. The Council therefore remains committed to meeting the challenge of ensuring that the appropriate governance arrangements are in place for each of the major partnerships that the Council has entered or will enter.

In recent years the Council's external auditors have recognised improvements in the production of the Statement of Accounts and the risks surrounding the bank reconciliation procedures have reduced. In terms of delivering value for money it is recognised that delivering on-going savings remains a challenge given anticipated future funding reductions. Mitigation regarding this is covered in Section 2.2 and the delivery of the Transformation Strategy. The Council in July 2016 also introduced the Asset Investment Strategy which focuses on both encouraging growth and delivering a financial return. For example the approval in principle of a £2.7m loan to Nottinghamshire County Cricket Club, such decisions must be properly considered. The Council has a number of significant capital projects, such as the Arena development, it is important that strong governance arrangements exist with regards to such projects and the capital programme.

In 2015/16 no significant governance issues have arisen. During 2016/17 the Council will need to manage a number of challenges arising from the on-going financial pressures as a result of austerity. Challenges arising from welfare reform, the introduction of Universal Credit and development of the mechanism to devolve 100% of business rates to Councils are significant financial risks. Furthermore the Council has to address the issue of ensuring there is sufficient housing supply to meet its housing targets within its local plan. Whilst the Core Strategy was approved in 2014 much work is still to be done.

The Cotgrave Masterplan is a significant project which demonstrates the Council's commitment to developing the community and provides affordable housing. The Council has been successful in leveraging external funding for both Bridgford Hall; and the 'Growth Deal' for employment and housing sites alongside the A46. This is indicative of the Council's commitment to support housing and business growth. As already mentioned the Council is committed to utilising the Asset Investment Strategy as the catalyst to release up to £10.5m to grow the local economy. The Council remains committed to a Nottinghamshire-Derbyshire combined authority to deliver strategic infrastructure, housing and employment projects. Failure to do so may preclude the Council from accessing significant funding streams.

Other challenges include the management of the leisure and accommodation project, and as the Council becomes increasingly innovative the management of alternative service delivery vehicles such as Streetwise and the development of a property company to manage and invest in property. The Council has set-up Member Working Groups to develop the Council's Leisure Strategy and determine the future of Edwalton Golf Course. There are also likely to be further collaborative arrangements with the Council's partners of first choice Gedling, and Newark and Sherwood. This does not preclude other collaborative opportunities. Recent examples include the provision of Garage services through Nottingham City Council; and Building Control Services with South Kesteven District Council. These opportunities will be managed in line with the Governance Framework outlined earlier in this report.

5 STATEMENT OF THE CHIEF EXECUTIVE AND THE LEADER OF THE COUNCIL

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Group. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed, with new actions planned, are outlined above.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....

Councillor J N Clarke (Leader)

Signed.....

A Graham (Chief Executive)

Date September 2016

Date September 2016

Report of the Executive Manager - Finance and Corporate Services

1. Summary

- 1.1 The attached report has been prepared by the Council's internal auditors RSM. It is the last report for the financial year 2015/16 showing that all audits have been completed for the year, along with any significant recommendations with regards to the audits completed at the end of the financial year 2015/16.

2. Recommendation

It is RECOMMENDED that the Corporate Governance Group notes Internal Audit's final Progress Report in relation to 2015/16 (**Appendix A**).

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 Information

- 4.1 The appended RSM report highlights the completion of the Internal Audit Plan for 2015/16. In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit, RSM, is required to provide an annual opinion and it is pleasing to note that for 2015/16 RSM has concluded that the Council has an adequate and effective framework for risk management, governance and internal control (the highest level of the four opinion options). RSM have undertaken 17 audits in 2015/16, plus a follow-up review. All of the 17 reviews resulted in a green assurance being provided.
- 4.2 Within the follow-up review there are two outstanding recommendations with a medium status as shown in the table below. Both issues are being addressed and will be completed by 31 July 2016.

Table 1

Ref 2.2 Development Control, pre-planning application charges			
Recommendation	Updated management actions	Completion by	Resp. Officer
<p>On a monthly basis a reconciliation should be undertaken between the Planning and Finance system. Any discrepancies identified should be investigated and rectified accordingly.</p> <p>Reconciliations performed should be signed and dated by the preparer and independently reviewed.</p>	<p>The reconciliation process has been completed, along with procedure notes, and is currently being tested. Once assured that the procedure works it is anticipated that the procedure will go live in July 2016.</p>	<p>July 2016</p>	<p>Service Manager - Communities</p>
Ref 2.3.5 Corporate Governance			
Recommendation	Updated management actions	Completion by	
<p>Members and employees should be reminded on a periodic basis of the council's protocol for the registration of gifts and hospitality</p>	<p>Member and employees will be reminded on a periodic basis of the Council's protocol for the registration of gifts and hospitality.</p>	<p>July 2016 Completed May 2016</p>	<p>Service Manager – Finance & Commercial</p>

5. Other Options Considered

5.1 Not Applicable

6. Risk and Uncertainties

6.1 If recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

7. Implications

7.1 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.

7.2 Legal

None

7.3 Corporate Priorities

Not applicable

7.4 Other Implications

None

For more information contact:	Nigel Carter Service Manager - Finance and Commercial 0115 914 8340 email ncarter@rushcliffe.gov.uk
Background papers Available for Inspection:	Internal Audit Progress Reports during 2015/16
List of appendices (if any):	Appendix A – Internal Audit Annual Report 2015/16



RUSHCLIFFE BOROUGH COUNCIL

Annual Internal Audit report 2015/2016

28 June 2016



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As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

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.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



1 THE HEAD OF INTERNAL AUDIT OPINION

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Council's risk management, control and governance processes. The opinion should contribute to the Council's annual governance statement.

1.1 The opinion

For the 12 months ended 31 March 2016, the Head of Internal Audit opinion for Rushcliffe Borough Council is as follows:

Head of Internal Audit Opinion 2015/2016

The Council has an adequate and effective framework for risk management, governance and internal control.

Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

1.2 Scope of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the Corporate Governance Group, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the Council. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and Council-led assurance framework. As such, the assurance framework is one component that the board takes into account in making its annual governance statement (AGS).

1.3 Factors and findings which have informed our opinion

Governance

To inform our governance opinion for 2015/16 we have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2015/16 Internal Audit Plan. There is a sound governance framework in place and we have observed that the Corporate Governance Group is effective in monitoring and challenging management.

An audit of Corporate Governance was undertaken as part of the approved 2015/16 internal audit plan. This audit focussed specifically on ensuring that the Council's Committee structure was appropriate for ensuring effective strategic decision-making with regards to all areas of operations. This audit resulted in a green assurance opinion being provided, with two 'low' priority findings identified.



Risk Management

The Council has an established risk management process and Risk Management Strategy which are closely linked to the Council's strategic objectives and to the organisational structure. We have noted that all recommendations raised at our previous audit, have been implemented showing managements willingness to further improve the risk management process. The Risk Register is maintained on the covalent system and details of all risks are recorded in this system by the relevant risk manager. The risks include both corporate and operational level risks. A training workshop has been facilitated by Zurich Municipal, the Council's insurers. This focussed on updating risk management awareness for the senior management of the authority. The Risk Management Group meets on a quarterly basis to review the risks on a line by line basis. This enables risk scores to be challenged and re-evaluated and facilitates discussion regarding emerging and changing risks. The Council's Risk Register is reported to the Corporate Governance Group two times each year.

Our annual review of risk management in 2015/16 resulted in one 'low' priority findings being identified.

Internal Control

We have undertaken 18 internal audit reviews in 2015/16, including one follow-up review. For the remaining 17 reviews, all 17 resulted in a green assurance opinion being provided. It is pleasing to note that no 'high' priority findings have been raised during 2015/16, and only six 'medium' priority findings were raised.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

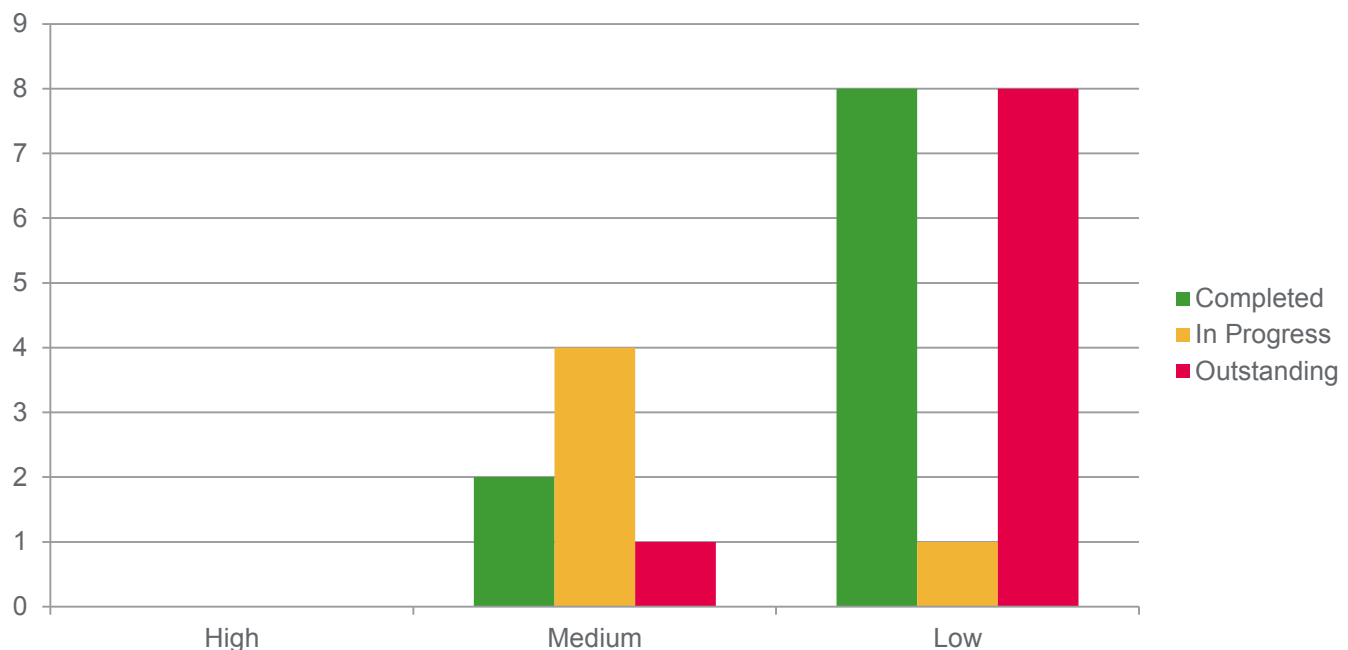
As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit recommendations

Management have agreed actions to address all of the findings reported by the internal audit service during 2015/2016.

2.2 Implementation of internal audit recommendations

Our follow up of the actions agreed to address previous years' internal audit findings shows that the Council had made reasonable progress in implementing the agreed actions.



In 2014/15, we raised 31 recommendations / agreed management actions, comprising no 'high', nine 'medium' and 22 'low' category findings. All findings were agreed by management. One medium and two low actions in report 16.14/15 Follow Up were identified as not being due for implementation. One medium and one low action in report 09.14/15 Partnerships and two low actions in report 16.14/15 Follow Up were, at Management's request, not followed up due to staffing absences.

Of the seven remaining 'medium' actions followed up, two were found to have been implemented, four were in progress, and one had not been implemented. The action found to have not been implemented related to Members and officers being reminded on a periodic basis of the Council's protocol for the registration of gifts and hospitality. The original action has been restated, and management have agreed to implement this by July 2016.



2.3 Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

3 OUR PERFORMANCE

3.1 Conflicts of interest

RSM has not undertaken any work or activity during 2015/2016 that would lead us to declare any conflict of interest.

3.2 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”. Work is in hand to arrange our next review.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions

The organisation has an adequate and effective framework for risk management, governance and internal control.





The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

There are weaknesses in the framework of governance, risk management and control such that it could be, or could become, inadequate and ineffective.




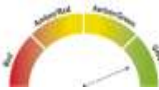
The organisation does not have an adequate framework of risk management, governance or internal control.

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2015/2016

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
01.15/16 Transformation	Kath Marriott - Executive Manager - Transformation		0	0	0
02.15/16 Streetwise	Peter Linfield, Executive Manager - Finance and Commercial David Banks, Executive Manager - Neighbourhoods		0	0	2
03.15/16 Building Control	Peter Linfield, Executive Manager - Finance and Commercial David Mitchell, Executive Manager - Communities		0	0	1
04.15/16 Debtors	Peter Linfield, Executive Manager - Finance and Commercial		0	0	2
05.15/16 Taxi Licensing	David Banks, Executive Manager - Neighbourhoods Peter Linfield, Executive Manager - Finance and Commercial		0	1	2
06.15/16 Risk Management	Kath Marriott - Executive Manager - Transformation		0	0	1
07.15/16 Member Services	Kath Marriott, Executive Manager - Transformation Peter Linfield, Executive Manager - Finance and Commercial		0	0	1
08.15/16 Fleet Services	David Banks, Executive Manager - Neighbourhoods Peter Linfield, Executive Manager - Finance and Commercial		0	1	2

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
09.15/16 Council Tax	Peter Linfield, Executive Manager - Finance and Commercial		0	0	2
10.15/16 Housing Benefits	Peter Linfield, Executive Manager - Finance and Commercial		0	0	1
11.15/16 Tendering and Contracts	Peter Linfield, Executive Manager - Finance and Commercial		0	0	4
12.15/16 Treasury Management, Cash and Banking	Peter Linfield, Executive Manager - Finance and Commercial		0	0	1
13.15/16 Main Accounting System and Budgets	Peter Linfield, Executive Manager - Finance and Commercial		0	0	1
14.15/16 Corporate Governance	Peter Linfield, Executive Manager - Finance and Commercial		0	0	2
15.15/16 Payroll	Peter Linfield, Executive Manager - Finance and Commercial		0	2	2
16.15/16 NNDR	Peter Linfield, Executive Manager - Finance and Commercial		0	0	2
17.15/16 Follow Up	Peter Linfield, Executive Manager - Finance & Corporate Services	Reasonable Progress	0	2	12
18.15/16 IT Review – Information Management Governance	Peter Linfield, Executive Manager - Finance and Corporate Services Kath Marriott, Executive Manager - Operations and Transformation		0	0	2

We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:

None	Partial	Reasonable	Substantial
 <p>Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).</p>	 <p>Taking account of the issues identified, the Board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).</p>	 <p>Taking account of the issues identified, the Board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).</p>	 <p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.</p>

FOR FURTHER INFORMATION CONTACT

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Report of the Executive Manager - Transformation and Operations

1. Summary

- 1.1. Attached to this report is an abridged version of the Council's Health and Safety Annual Report which provides a summary of the Council's occupational health and safety performance during the year 1 April 2015 to 31 March 2016. The full version of the annual report is available on the Member's Extranet.
- 1.2. The Annual Report is structured in such a way as to reflect Health and Safety Executive guidance. It summarises the Council's health and safety policies, procedures and activities which have taken place over the last year. It also sets out training programmes delivered, provides numerical and statistical data and the proposed health and safety objectives for the year.
- 1.3. A powerpoint presentation will be delivered to Corporate Governance Group which will highlight the main points to consider within the report.

2. Recommendation

- 2.1. It is recommended that the Corporate Governance Group:
 - a) considers the detailed information contained within the Annual Health and Safety Report,
 - b) notes the significant progress made against the health and safety goals and objectives previously agreed by the Group for the financial year 2015/16; and
 - c) endorses the proposed health and safety objectives for 2016/17 as set out in the report.

3. Implications

3.1. Finance

There are no financial implications.

3.2. Legal

There are no legal implications.

3.3. Corporate Priorities

Maintaining and enhancing our residents' quality of life.

3.4. Other Implications

None

For more information contact:	Name Joanne Wilkinson Job title Health and Safety Advisor 0115 914 8561 email jwilkinson@rushcliffe.gov.uk
Background papers Available for Inspection:	Health And Safety Annual Report 2015/16 – full version available on Members Extranet
List of appendices (if any):	Health And Safety Annual Report 2015/16 – abridged version

HEALTH AND SAFETY ANNUAL REPORT

April 2015 to end March 2016

1. INTRODUCTION

- 1.1 This annual report sets out the Council's occupational health and safety performance during the year 1 April 2015 to 31 March 2016. It provides a summary 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.

2. KEY ACTIVITIES

2.1 Table of Staff Training

Course Subject	Number of Staff attended	% of those requiring training who have been trained
Health and safety Induction	22	100%
Defibrillator training	21	100%
First Aid requalification	4	100%
Ladder safety training	7	70%
Manual Handling practical training	19	100%
Chief Evacuation Marshal Training	18	100%
Flood awareness training	44	90%
Personal Safety	10	85%
Smoking cessation training	5	80%
RSPH Level 2	4	65%
Mental Health awareness	4	65%
Fire safety Training e-learning	13* (162 total)	84%
Display Screen Equipment e-learning	94* (189 total)	87%
Legionella awareness e-learning	9* (44 total)	90%
Asbestos awareness e-learning	16* (58 total)	97%
Manual handling e-learning	36 (133 total)	63%

* this figure shows the number trained in this 12 month period, the figure in brackets shows the cumulative total within the last three years.

2.2 Meetings of Health and Safety Groups

Meeting	Frequency of meetings	attendees
Corporate Health and Safety Group	quarterly	Executive Management Team
Employee Health and Safety Group	six monthly June 2015 December 2015	Executive Manager Transformation and Operations, Health and Safety Advisor, six work place representatives
Legionella, Asbestos and Tree Management Group	twice yearly June 2015 January 2016	Executive Manager Transformation and Operations Relevant managers Health and Safety Advisor
Depot	monthly team meetings	all collection teams

2.3 Occupational Health

	Attendance numbers Apr 15 to end March 16	Comment
Pre-employment medicals	42	All potential new employees are assessed through a pre-employment questionnaire at the time of job offer and prior to commencing their role with the Council
HGV Medical	6	Medical assessments as required for HGV drivers
Hand arm vibration	25 questionnaires 1 examination	All employees who use vibrating equipment are assessed annually via questionnaire and if required a medical examination is completed
Hearing tests	44	All employees who use noise emitting equipment undergo an audiometry assessment on a regular basis
Flu injections		12 November and 9 December 2015

3. PROGRESS TOWARDS ACHIEVING HEALTH AND SAFETY GOALS

To work towards the Bronze award for Nottinghamshire's Workplace Health Award Scheme	<ul style="list-style-type: none"> - 8 Workplace Health Champions recruited and undergone training - Big launch in June - Know Your Numbers event - Numerous health promotions and initiatives
---	--

	- Deadline for submission end June 2016
To review the next three top priority policies: - Provision of Work Equipment Policy - Violence at Work policy - Noise at Work policy	- Full review and update, went live February 2016 - Full review and update, went live March 2016 - Work has commenced on reviewing the Noise at Work Policy, and is in first draft stage
Develop a new policy on Workplace Substance Misuse (Drugs and Alcohol)	Policy has undergone full consultation with Unions and employee liaison groups Training on the testing kit May 2016 Implementation of policy June 2016

4. PERFORMANCE

4.1 Accident report forms completed

Establishment figure head count	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	386	392	388	370	358	340	338-303*	291
Depot	71	71	83	38	45	34	19	24
Civic	3	9	9	4	5	5	4	2
Community Contact Centre			0	0	1	1	1	1
Community Facilities	2	1	2	5	5	2	1	1
Total	76	81	94	47	56	42	25	28

*The establishment figure dropped from 338 to 303 from 1st September with the move of Streetwise.

4.2 Accident Report Forms by type

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Struck by Moving Object	17	21	21	16	14	8	4	9
Strike against fixed object	17	10	8	7	6	5	1	5
Slip / Trip / Fall	19	29	26	12	26	9	11	4
Manual	18	11	21	8	6	12	6	8

Handling								
Animal attack (e.g. dog)	5	6	9	1	3	3	2	0
Other (Shock/Contact with liquids)	0	4	9	3	1	5	1	2
Total	76	81	94	47	56	42	25	28

4.3 The number of employee days lost due to accidents

	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16
Number of days lost	216	57	155.5	36	166	38	102	262.5

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

Incident Type	Injury type	Location	Time lost in days
Slip, trip, fall	Fractured elbow	R2Go	24
Manual handling	Muscular back	R2Go	20.5
Manual handling	Sciatica	Community Facilities	59
Manual handling	Shoulder pain	R2Go	39
Other (road traffic accident)	Whiplash	R2Go	7
Strike against fixed	Bruise	R2Go	3
Slip, trip, fall	Bruise	R2Go	21
Struck by moving object	Fracture	R2Go	43
Struck by moving object	Fracture	R2Go	46
Total			262.5 days

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

2015 - 2016	7 RIDDOR reports
2014 – 2015	3 RIDDOR reports

4.6 Accidents to the public

	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16
Member of Public	4	5	9	14	10	10	15	25
Contractor	1	0	0	0	0	0	1	1

5. LEISURE CENTRE FACILITY FIGURES

See table in Appendix 1

- 416 accidents to members of the public in this 12 month period
- This compares to 479 for 2014/15

6. CONCLUSION AND NEW OBJECTIVES

6.1 The information reported in relation to the management of health and safety indicates that figures for number of accidents is comparable to the previous year 2014/15, which is encouraging as these figures are significantly lower than previous years.

6.2 The figure for days absent from work as a result of an accident whilst at work has increased significantly when compared to data from previous years. This figure does fluctuate greatly from year to year. Within this 12 month period, 9 of the accidents resulted in time off from work.

6.3 Health and safety objectives set at the beginning of the financial year have been met with the exception of the review of the Noise at Work policy which is currently in final draft.

6.4 In order to ensure continuing development in health and safety policies and practice the following objectives have been determined for the forthcoming year. These objectives have been identified by giving due regard to the issues highlighted in the report.

- To work in partnership to achieve the Nottinghamshire's Workplace Health Bronze Award by submitting the portfolio of evidence
- Review and update Noise at Work policy
- Assist with advice on H&S elements of office move to the Arena
- To audit Streetwise in two of its high risk areas to be determined

Table of accident statistics for Leisure Centres 2015/16

	Apr 15	May 15	Jun 15	July 15	Aug 15	Sept 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	RIDDOR	Total Accidents Public	Total Staff	Total attendance figures
East Leake	3	5	4	3	0	2	3	6	0	2	3	1	0	32	0	213,567
Rushcliffe Leisure Centre	9	13	13	13	8	8	16	12	3	9	12	12	3	128	0	397,170
Bingham Leisure Centre	14	4	11	9	7	5	7	5	5	11	8	8	0	94	1	256,425
Cotgrave Leisure Centre	12	8	11	8	6	13	11	15	9	20	11	8	5	132	5	221,355
Rushcliffe Arena	1	2	3	0	**	**	**	**	**	**	**	**	0	6	0	48,584
Keyworth Leisure Centre	2	0	1	3	3	1	4	1	2	2	3	2	0	24	1	125,339
Total	41	32	43	36	24	29	41	39	19	44	37	31	8	416	7	1,262,440

** Rushcliffe Arena was closed for business in July 2015

Report of the Monitoring Officer

1. Summary

- 1.1 The Monitoring Officer is responsible for ensuring that the Constitution is maintained. There have been significant legislative changes that have been accounted for in the revisions that are attached. In addition changes have been incorporated in order to clarify responsibilities for functions and ensure that the wording reflects the structure of the Council.

2. Recommendation

That the Constitution as amended be RECOMMENDED to Cabinet and Council for approval.

3. Review of the Constitution

- 3.1 As members will be aware a root and branch review of the Constitution requires a significant time input from both members and Officers. In light of this it was felt that a light touch review of the Constitution would be sufficient at this stage. As a consequence Officers have focussed on ensuring that the Constitution has been brought up to date with legislative changes and aligned to the present Corporate Structure that is designed to deliver the Council's Corporate Plan.
- 3.2 The Localism Act 2011 removed the Statutory Petition Scheme that had previously been introduced by the Local Democracy, Economic Development and Construction Act 2009. The Constitution has been amended in order to reflect this change in law.
- 3.3 A table of changes is attached and members have an electronic copy of the full document with the tracked changes attached in order to enable them to consider this matter.

4. Reasons for the Recommendation

- 4.1 To comply with relevant legislation and ensure that the Constitution reflects both the law as it stands presently and the structure of the Authority.

5. Implications

5.1. Finance

The Constitution and in particular the finance regulations underpin the good financial governance of the Authority. There are no direct financial implications arising from the report.

5.2. Legal

The Constitution underpins and provides authority for the governance arrangements of the Council and it is essential that it is maintained so as to provide this framework.

5.3. Corporate Priorities

The Constitution enables delivery of the Corporate Priorities.

5.4. Other Implications

None.

For more information contact:	Name Phil Horsfield Monitoring Officer 0115 914 8332 email phorsfield@rushcliffe.gov.uk
Background papers Available for Inspection:	<i>Revised Constitution</i>
List of appendices (if any):	Appendix A – Table of proposed significant amendments

APPENDIX A

Section	Reference	Description of proposed change
Part 1 – Summary and explanation		Factual amendment to reflect change in number of councillors.
Part 2 – Articles of the Constitution	Article 2 Members of the Council	Proposed minor amendments to reflect current council structure and practices.
	Article 3 Citizens and the Council	Proposed minor amendments to reflect current council structure and practices.
	Article 4 The Full Council	Proposed minor amendments to reflect current council structure.
	Article 7 Cabinet	Proposed minor amendments to reflect current council structure.
	Article 8	Proposed minor amendments to reflect current council structure. In addition the remit of the Employment Appeals Committee has been amended to include absence and the Local Development Framework Group remit has been updated.
	Article 11 Joint Arrangements	Procedure for appointments to Joint Committees clarified.
	Article 12 Officers	Proposed minor amendments to reflect current council structure and practices.
	Article 13 Decision Making	Proposed minor amendments to reflect current council structure and practices. Plus Increased clarity with regard to Chief Executive's role in support of decision making.
	Article 14 Finance, contracts and legal matters	Proposed minor amendments to reflect current council structure and practices, including amendment to the authorisation of the official seal for contracts.
Part 3 – Responsibility and Functions		Proposed minor amendments to reflect current council structure and practices.
Part 4 – Rules of Procedure	10.6 – 10.14 21.1 – 21.7	Proposed removal of the provision for a statutory petition scheme.
		Minor amendments to reflect current council structure and practices.
	Standing Orders relating to contracts	Proposed amendments to update and clarify procedures and requirements in relations to contracts. Some proposed increases to financial thresholds to bring into line with current prices.
	Officer Employment	Update of provisions relating to officer recruitment, employment and dismissal in accordance with scheme as agreed by Full Council June 2015.
Part 5 – Codes and Protocols		Minor amendments to reflect current council structure and practices.
	RBC's Petition Scheme	Amendments to reflect removal of a national petition scheme.
	Corporate Information Security Access Policies	Proposed strengthening of corporate information security access policies to reflect current legislative and best practice requirements.
Part 6 – Members Allowances Scheme		Updated to reflect legislative changes and approved recommendations of the independent review panel and reaffirmed by Full Council March 2015.

Report of the Executive Manager - Finance and Corporate Services

1. Summary

- 1.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.
- 1.2 When the current transitional arrangements come to an end on 31 March 2018 the Council will be able to move to local appointment of the auditor. There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act); to make a stand-alone appointment; set up a Joint Auditor Panel / local joint procurement arrangements; or opt-in to a sector led body.
- 1.3 In response to the consultation on the new arrangement, the LGA successfully lobbied for Councils to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. An SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.
- 1.4 The LGA are working on developing a Sector Led Body and in order to the strengthen the LGA's negotiating position and enable it to more accurately evaluate the offering, the Council was recently asked to consider whether it was interested in submitting a non-binding expression of interest in opting-in to a SLB. The body will be Public Sector Audit Appointments Ltd (PSAA) a company that already exists and works on areas such as setting audit fees across the sector. A formal decision to opt-in will be required at a later stage. This decision must be made by Full Council.
- 1.5 Expressions of interest (EoI) were requested by 30th April 2016. We have yet to put forward RBC's EoI but we understand the option remains to do so and in any case the critical decision will be when the PSAA Ltd formally write to Councils as to whether they wish to 'opt-in' to the SLB.

2. Recommendation

2.1 It is RECOMMENDED that Members support the proposals:

- (a) To submit a non-binding expression of interest in opting-in to the Local Government Association (LGA) sector-led body approach to the procurement of future external audit contracts; and
- (b) To recommend to Full Council to 'opt-in' to the LGA's SLB approach to the procurement of future external audit contracts.

3. Reasons for Recommendation

3.1 To comply with legislation and ensure value for money is attained in procuring external audit services.

4. Supporting Information

4.1 Options for local appointment of External Auditors

4.2 There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act):

- Option 1 - to make a stand-alone appointment;
- Option 2 - set up a joint Auditor Panel / local joint procurement arrangements; and
- Option 3 - opt-in to a sector led body.

4.3 Option 1 – Stand Alone Appointment

4.4 In order to make a stand-alone appointment the Council will need to set up an Auditor Panel. The members of the panel must be wholly or a majority independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Council's external audit. A new independent auditor panel established by the Council will be responsible for selecting the auditor.

4.5 Setting up an auditor panel allows the Council to take maximum advantage of the new local appointment regime and have local input to the decision.

4.6 However, recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances. The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts and the assessment of bids and

decision on awarding contracts will be taken by independent appointees and not solely by elected members.

4.7 *Option 2 – Joint Auditor Panel*

4.8 The Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council need to liaise with other local authorities to assess the appetite for such an arrangement.

4.9 The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities and there is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

4.10 However, the decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used or possibly only one elected member representing each Council, depending on the constitution agreed with the other bodies involved. The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for the Council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

4.11 *Option 3 – Sector Led Body*

4.12 In response to the consultation on the new arrangement the LGA successfully lobbied for Councils to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. An SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

4.13 The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities and by offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation. Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon. The appointment process would not be ceded to locally appointed independent members, instead a separate body is set up to act in the collective interests of the 'opt-in' authorities. The LGA are considering setting up such a body utilising the knowledge and experience acquired through the setting up of the transitional arrangements.

4.14 However, individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups. In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Councils to indicate their intention to opt-in before final contract prices are known.

4.15 Conclusion and Next Steps

4.16 The Council have until December 2017 to make an appointment. In practical terms this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.

4.17 The LGA are working on developing a Sector Led Body. In a recent survey, 58% of respondents expressed an interest in this option. Greatest economies of scale will come from the maximum number of councils acting collectively and opting-in to a SLB. A formal decision to opt-in will be required at a later stage.

4.18 The LGA is strongly supportive of the SLB approach as it believes this offers best value to Councils by reducing set-up costs and having the potential to negotiate lower audit fees.

4.19 The Executive Manager (Finance and Corporate Services) recommendation is that Full Council should approve the SLB approach; and in the meantime we also submit to the LGA a non-binding EoI from RBC.

5. Other Options Considered

5.1 The three options to consider are highlighted in the report at paragraphs 4.1 to 4.14.

6. Risk and Uncertainties

6.1 There is no immediate risk to the Council, however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner. Providing the LGA with a realistic assessment of our likely way forward will enable the LGA to invest in developing appropriate arrangements to support the Council.

5. Implications

5.1 Finance

Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel.

5.2 Legal

Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.

Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

5.3 Corporate Priorities

Not applicable

5.4 Other Implications

None

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	N/A

Report of the Executive Manager - Finance and Corporate Services

1. Summary

- 1.1. This annual report reviews the work undertaken by the Corporate Governance Group during 2015/16. Each of the scrutiny groups prepares an annual report and these will be presented to Council in September 2016. The Group has met five times during the year.
- 1.2. During the year Corporate Governance Group has scrutinised the following:
- Internal Audit
 - Progress Report
 - Annual Report 2014/15
 - Strategy
 - External Audit Plan 2015/16
 - Annual Governance Statement and Accounting Policies
 - Approval of the Statement of Accounts 2014/15 and External Auditors Report To Those Charged with Governance 2014/15
 - Annual Audit Letter
 - Revenue & Capital Budget Monitoring 2015/16
 - Risk Management Review
 - Health and Safety Annual Report 2015/16
 - Civic Centre Options Fraud and Irregularities 2014/15
 - Certification of Grants and Returns – 2014/15
 - Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2016/17
 - Treasury Management Monitoring
- 1.3. The Corporate Governance Group is asked to review the report and consider if it fully reflects the work undertaken by the Group.

2. Recommendation

It is RECOMMENDED that the Corporate Governance Group approve the report and forward it on to Council for consideration.

3. Risk and Uncertainties

There are no direct risks and uncertainties arising from this report.

4. Implications

4.1. Finance

There are no direct financial issues arising from this report.

4.2. Legal

There are no legal issues arising from this report.

4.3. Corporate Priorities

The Corporate Priorities are considered as an integral part of the Group's Work Programme.

4.4. Other Implications

There are no other issues arising from this report.

For more information contact:	Charlotte Caven-Atack Performance, Reputation and Constitutional Services Manager 0115 914 8278 email ccaven-atack@rushcliffe.gov.uk
Background papers Available for Inspection:	Not relevant for this report
List of appendices (if any):	Corporate Governance Group's Annual Report

Chairman's Foreword

This brief foreword looks back on the busy year of the Corporate Governance Group in 2015/16, which was a challenging year due to the untimely death of Mr Peter Steed, the Council's Section 151 Officer and the changes to the Management structure due to the success of Mr Dan Swaine becoming Chief Executive to Bolsover and North East Derbyshire Councils. It has been an interesting and challenging role, particularly in these changing times and a period of on-going financial austerity; however, I am pleased to report that due to the dedication of the staff the Council has had a successful year which reflects well on the governance arrangements in place.

The scrutiny process is vital to challenge and influence how the Council makes decisions to ensure a high service quality. The report demonstrates the variety of areas which the Corporate Governance Group has scrutinised over the past year and the actions taken to ensure the probity and soundness of the Council's decisions.

On a personal note, I would like to thank all members of the Group and the Council's staff for their help and support for the scrutiny process over the past year.



Councillor Gordon Moore
Chairman



Councillor George Davidson
Vice Chairman

What we are responsible for

The main role of Rushcliffe's scrutiny groups are to:

- Develop a work programme which scrutinises the Council's priorities.
- Ensure the Group's work helps implement the Council's plans and policies.
- Review, challenge and question how the policy, plans and services are implemented and recommend to Cabinet and Council improvements to services and their performance.
- Ensure the work contributes towards value for money, continuous improvement and best practice.

The Corporate Governance Group's responsibilities include:

- **Statement of Accounts** To examine the outturn and statement of accounts and make comments and recommendations to Council.
- **Annual Governance Statement** To consider the annual report on applying the Council's system of internal control and make recommendations to Cabinet on improvements/changes in practice and the acceptance of a draft Statement. This statement ultimately comprises a key element of the Council's Statement of Accounts.
- **Treasury Management** To consider the annual and interim reports on Treasury Management activity and ensure that practice has complied with the approved Treasury Management Strategy, making recommendations to Cabinet as appropriate.
- **Protecting against fraud** To consider the annual report on fraud and irregularities in order to make an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements. To consider any matters arising as a result of irregularity referred to it by Cabinet.
- **Capital and Revenue Budget Monitoring** To consider regular reports on progress against the revenue and capital budget, making recommendations to Cabinet on matters requiring its approval and where progress is considered to be unsatisfactory.
- **Internal Audit** To consider periodic reports on the more significant findings of internal audit in order to make an informed judgement on corporate governance and internal control statements, making recommendations to Cabinet on improvements.
- **Risk Management** To consider periodic reports on controls over key risk areas as identified in the risk register in support of making an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements.

Our work this year

During this year the Group considered many service areas and issues within its scrutiny role, particularly:

- Internal Audit
 - Progress Report
 - Annual Report 2014/15
 - Strategy
- External Audit Plan 2015/16
- Annual Governance Statement and Accounting Policies
- Approval of the Statement of Accounts 2014/15 and External Auditors Report To Those Charged with Governance 2014/15
- Annual Audit Letter
- Revenue & Capital Budget Monitoring 2015/16
- Risk Management Review
- Health and Safety Annual Report 2015/16
- Civic Centre Options Fraud and Irregularities 2014/15
- Certification of Grants and Returns – 2014/15
- Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2016/17
- Treasury Management Monitoring

Internal Audit Progress Report 2014/15

Members received a report from the Council's internal auditors for the financial year 2014/15. They were informed that six internal audits had taken place during this year and no serious concerns were raised; seven medium risk recommendations had been made to officers. All the audits and significant recommendations from the previous year's audits had been completed and work had commenced on the Plan for 2015/16.

Internal Audit Annual Report 2014/15

Members received a report from the Council's internal auditors for the financial year 2014/15 including an overall assessment of the assurances to Members and officers arising from their work last year. Members' attention was drawn to the Internal Audit Opinion which gave an assurance rating of green, the highest achievable conclusion.

Internal Audit Strategy 2015/16 – 2016/17

Members considered a report proposing the Internal Audit Strategy 2014/15 to 2016/17 and the Audit Plan for the 2015/16 financial year. The fee for the internal audit service for 2015/16 was £47,965, an increase of 3.9% on the previous year. However, this was still lower than the £62,220 in 2013/14 and reflected the improved risk profile for the Council.

Health and Safety Annual Report 2015/16

Members considered the Health and Safety Annual Report for the previous year including details of new policies within the corporate health and safety framework. Members were also provided with evidence of training delivered, progress towards meeting health and safety aims and objectives, and the number of accidents

recorded. The report also detailed Health and Safety in Leisure Centres and the new Streetwise Enterprise company.

Civic Centre Options

Members received a report and presentation relating to the options for the future use of the current Civic Centre. These were discussed by Members of the Group and a recommendation was made back to Cabinet.

Fraud and Irregularities 2014/15

The Group received a report that outlined the successful detection of fraud by the Council in 2014/15. With regard to Council Tax and Housing Benefit Fraud, 70 cases were investigated with 24 of those cases found to be irregular; overpayments of £142,804 had been identified. Officers would now attempt to recover these overpayments. Members were also informed about the Council's participating in a new data-matching initiative using Real Time Information from HMRC regarding earnings and pensions. The Council received 208 referrals between September and February leading to the identification of £70,475 in housing benefit overpayments.

Members were informed that from 1 November 2015, the benefit fraud investigation work of local authorities, DWP and HMRC would be merged into one service known as Single Fraud Investigation Service (SFIS).

Final Accounts Update 2014/15 - Annual Governance Statement and Accounting Policies

The Group was presented with the Council's Annual Governance Statement which would be included in the Statement of Accounts. Members attention was drawn to new content surrounding 'Significant Governance Issues' included following the identification of new risks and opportunities and the changing environment in which the Council operated.

Approval of the Statement of Accounts 2014/15 and External Auditors Report To Those Charged with Governance 2014/15

Members were presented with the Council's statutory Statement of Accounts for 2014/15 and were informed that no significant issues had arisen from the audit this year. The Council's External Auditors KPMG had reported that the Authority had good processes in place for the production of the accounts and good quality supporting working papers. However the closure of accounts process had not been without difficulty, as this was the first year the Streetwise accounts had been produced. Members were informed that the External Auditor anticipated issuing an unqualified audit opinion on the Report to those Charged with Governance (ISA 260) 2014/15 and on the Annual Audit Letter and Value For Money statement.

Treasury Management Outturn Position 2014/15

The Group received the Treasury Management Outturn Position 2014/15 report that provides a summary of the transactions undertaken by the Council as part of the Treasury Management function.

Revenue & Capital Budget Monitoring 2015/16 – Quarter 1 Update

The Group considered the update report detailing significant variances against the profiled budget to 30 June 2015. The Revenue budget monitoring reports indicated an underspend against the profiled budget of £227,000, with a projected favourable variance of £415,000 for the year. Members were informed that the underspend reflected a number of positive variances which, included additional income from a number of major planning applications, better income returns on investments, the lack of current calls made on the contingency budget and on-going rental income from the lease of the garage to Nottinghamshire County Council. In respect of the Capital budget monitoring, Members were informed of a net underspend of £128,000 to the end of June 2015, with a projected favourable variance of £1,735,000 for the year.

Annual Audit Letter

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 2014/15. The fees remained the same at £55,050 and there were no recommendations raised as a result of the audit work.

Internal Audit Progress Report 2015/16

Members were informed that, in line with the audit plan, one report had been finalised since the last meeting of the Group. This was for the area of Transformation and it had been awarded the assurance level of green, the highest achievable and that there were no recommendations.

Health and Safety Interim Report

Members considered the Health and Safety Interim Report for the period 1 April 2015 to 30 September 2015. The report highlighted the key health and safety activities that had taken place since the beginning of the year. These included entering the Council in Nottinghamshire's Work Place Award Scheme, reviewing the Violence at Work Policy and drafting a new Workplace Substance Misuse (Drugs and Alcohol) policy. Members of the Group raised an issue of health and safety in relation to the Council's bin lorries, and in particular reversing procedures. The Group discussed their concerns with the Council's Health and Safety Advisor.

Risk Management Review Update

Members were updated in respect of the Council's Risk Register and the progress made to implement the recommendations resulting from the audit in 2014/15. During the annual audit, three recommendations were made and Members were informed that all three had not been actioned. Members also received an update about the Council's Emergency Planning and Business Continuity procedures.

Treasury Management Six Month Monitoring Report

The Group received the Treasury Management Six Month Monitoring Report that provides a summary of the transactions undertaken by the Council as part of the Treasury Management function.

Revenue & Capital Budget Monitoring 2015/16 – Quarter 2 Update

The Group considered the update report detailing significant variances against the profiled budget to 30 September 2015. The Revenue budget monitoring reports indicated an underspend against the profiled budget of £521,000, with a projected favourable variance of £654,000 for the year. In respect of the Capital budget monitoring, the report indicated a net underspend of £612,000 to the end of September 2015, with a projected favourable variance of £2,815,000 for the year.

Certification of Grants and Returns – 2014/15

Members received a report from the Council's external auditor summarising the work undertaken in relation to the certification of the Council's grant claims and returns for the financial year 2014/15. The Council submitted one return in respect of the Housing Benefit Subsidy for £17.8 million and no errors or issues had been identified. Consequently, the external auditor had certified the claim unqualified without amendment.

Internal Audit Progress Report

Members were informed by the internal auditors that seven reports had been finalised recently with assurance levels for all the audits being green, the highest achievable and as a consequence no recommendations had been made.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2016/17

The Group considered details of the Capital Prudential Indicators, and the Council's Treasury Management and Investment Strategy, for 2016/17 to 2020/21. Following discussion, both documents were recommended to Council for approval as part of the Council's Medium Term Financial Strategy.

Revenue and Capital Budget Monitoring 2015/16 Quarter 3 Update

The Group considered the update report detailing significant variances against the profiled budget to 31 December 2015. The Revenue budget monitoring reports indicated an underspend against the profiled budget to date of £677,000. In respect of the Capital budget monitoring, the report indicated a net underspend of £1,481,000 to the end of December 2015, with a projected favourable variance of £2,804,000 for the year.

External Audit Plan

Members considered the External Audit Plan 2015/16 that summarised the work that the Council's external auditors KPMG proposed to undertake in respect of the audit of the Council's financial statements. The Audit would be completed in four phases and on conclusion, the findings would be presented to the Group in September in the Report to Those Charged with Governance (ISA 260 report) and the Annual Audit Letter. In line with the Audit Fee Letter presented to the Group in June 2015, the planned fee for the audit was £41,288, a reduction of 25% compared to the previous year.

Internal Audit Progress Report 2015/16

Members were informed by the internal auditors that seven reports had been finalised recently with assurance levels for all the audits being green. All the audits and significant recommendations from the previous year's audits had been completed and work would now commence on the Plan for 2016/17.

Internal Audit Strategy 2016/17 – 2018/19

Members considered the report that detailed the Internal Audit Strategy 2016/17 to 2018/19 and the Audit Plan for the 2016/17 financial year. The fee for the internal audit service for 2016/17 remained at £47,100, compared to £47,965 in 2014/15 and £62,220 in 2013/14, and reflected the improved risk profile for the Council.

Risk Management Update

Members received an update on the progress since December 2015, which included a summary of the activities associated with updating the Council's Risk Register and work relating to emergency planning and business continuity functions. RSM the Council's Internal Auditors had completed the audit of Risk Management and the Council had retained its Green status, the highest level achievable. There had been only one recommendation arising from the audit that the Risk Management Strategy should be refreshed and updated to reflect to ensure it reflected the current operational structure.

Member Panels

The Group did not establish any Member Panels this year.

Call-ins

The Group did not discuss any call-ins this year.

Looking forward to the year ahead

The Group will continue to help review and shape policy, ensuring improvements are implemented. This will be done by developing a challenging work programme linked to the Council's transformation strategy and four-year plan.

Report of the Executive Manager - Finance and Corporate Services

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
28 June 2016	<ul style="list-style-type: none"> • Internal Audit Annual Report 2015/16 • Health and Safety Annual Report • Annual Governance Statement 2015/16 • Future External Audit Procurement • Constitution Update • Annual Report 2015/16 • Work Programme
8 September 2016	<ul style="list-style-type: none"> • Internal Audit Progress Report 2016/17 • Statement of Accounts 2015/16 • External Auditors Annual Governance Report 2015/16 • Treasury Management Update • Revenue & Capital Budget Monitoring • Work Programme

Date of Meeting	Item
1 December 2016	<ul style="list-style-type: none"> • Internal Audit Progress Report 2016/17 • Health and Safety Interim Report • Risk Management Update • Annual Audit Letter • Revenue & Capital Budget Monitoring • Work Programme

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.

For more information contact:	Name: Constitutional Services 0115 914 8482 email Constitutionalservices@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	None