

When telephoning, please ask for: Constitutional Services
Direct dial 0115 914 8482
Email constitutional.services@rushcliffe.gov.uk

Our reference:
Your reference:
Date: 14 June 2017



To all Members of the Corporate Governance Group

Dear Councillor

A meeting of the **Corporate Governance Group** will be held on Thursday 22 June 2017 at 7.00 pm in Council Chamber B, Rushcliffe Arena, Rugby Road, West Bridgford to consider the following items of business.

Yours sincerely

A handwritten signature in black ink, appearing to be 'AS'.

Deputy Monitoring Officer

AGENDA

1. Apologies for absence
2. Declarations of Interest
3. Notes of the Meeting held on Thursday 11 May 2017 (pages 1 - 8).
4. Internal Audit Annual Report 2016/17

The report of the Executive Manager – Finance and Corporate Services is attached (pages 9 - 22).

5. Health and Safety Annual Report 2016/17

The report of the Executive Manager - Transformation and Operations is attached (pages 23 - 30).

6. Annual Governance Statement 2016/17

The report of the Executive Manager – Finance and Corporate Services is attached (pages 31 - 47).

7. Review of Constitution – progress update

The note of the Monitoring Officer is attached (pages 48 - 50).

Rushcliffe Community
Contact Centre
Rectory Road
West Bridgford
Nottingham
NG2 6BU

In person
Monday to Friday
8.30am - 5pm
First Saturday of
each month
9am - 1pm

By telephone
Monday to Friday
8.30am - 5pm

Telephone:
0115 981 9911

Email:
customerservices
@rushcliffe.gov.uk

www.rushcliffe.gov.uk

Postal address
Rushcliffe Borough
Council
Rushcliffe Arena
Rugby Road
West Bridgford
Nottingham
NG2 7YG



8. Corporate Governance Group Annual Report 2016/17

The report of the Executive Manager – Finance and Corporate Services is attached (pages 51 - 59).

9. Work Programme

The report of the Executive Manager – Finance and Corporate Services is attached (pages 60 - 61).

Membership

Chairman: Councillor K P Beardsall

Vice-Chairman: Councillor G Davidson

Councillors N A Brown, M Buckle, N C Lawrence, A MacInnes, S C Matthews, F A Purdue-Horan and Mrs J A Smith

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 at the far side of the plaza outside the main entrance to the building.

Toilets: are located to the rear of the building near the lift and stairs to the first floor.

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

Microphones: When you are invited to speak please press the button on your microphone, a red light will appear on the stem. Please ensure that you switch this off after you have spoken.

**NOTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY 11 MAY 2017**

Held at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West
Bridgford

PRESENT:

Councillors K P Beardsall, N A Brown, M Buckle, A J Edyvean, S J Hull,
A MacInnes, S C Matthews, G S Moore, Mrs J A Smith (substitute for
Councillor A M Dickinson.)

ALSO IN ATTENDANCE:

A Ali RSM

OFFICERS PRESENT:

N Carter Service Manager – Finance and Commercial
K Emery Emergency Planning Officer
P Linfield Executive Manager – Finance and Corporate Services
A Poole Constitutional Services Team Leader
L Webb Constitutional Services Officer

APOLOGIES FOR ABSENCE:

Councillor A M Dickinson

39. Declarations of Interest

There were none declared.

40. Notes of the Previous Meeting

The notes of the meeting held on 9 February 2017 were accepted as a true record. Regarding the item on Information Governance, Councillor Buckle requested that further clarity be included in the notes to detail the Council's approach to reviewing the requirements of ISO 27001 to achieve accreditation. The Executive Manager - Finance and Corporate Services stated that the Chief Executive had agreed to review the situation and reassured Councillors that it would be part of the scope of the IT audit within the internal audit plan for 2017/18. He added that the Chief Information Officer would complete a gap analysis which would be subject to review.

41. External Audit Plan 2016/17

Councillors expressed their disappointment that KPMG, the Council's external auditors, were absent from the meeting and had not responded to The Executive Manager – Finance and Corporate Services' invitation to present at the meeting. In their absence, The Executive Manager – Finance and Corporate Services summarised their external audit plan for 2016/17. It was stated that KPMG tend to focus on bigger risks, such as the pension's liability

which had already been discussed a number of times at previous meetings and the valuations of land and buildings with a particular focus on the newly opened Rushcliffe Arena. In response to questions, the Executive Manager – Finance and Corporate Services explained the complexities of the valuation of Rushcliffe Arena due to its multi-purpose use of the site both as an office and leisure facility, and also due to the value of the land and car park. He added that the asset was professionally valued by the Council's valuer, the Service Manager – Transformation.

The Executive Manager – Finance and Corporate Services informed the Group that KPMG had highlighted the risk that KPMG may increase their charges for their audit services and would be challenged if appropriate. He explained in the case of the change in Accounting Standards in relation to the Statement of Accounts that he wanted to be sure that the charges were consistent across all local authorities and that this increase was not just applied to the Borough Council.

It was AGREED that the Corporate Governance Group accept the Audit Plan, noting the comments on audit fees at paragraph 4.3.

42. Internal Audit Progress Report 2016/17

Mr Ali a representative from RSM, the Council's internal auditors, presented the final report for the financial year 2016/17. He informed Members that overall it was a positive report and in line with the audit plan, eight reports had been finalised, all with the highest opinion issued with only some minor housekeeping issues and no high priority actions. Some issues that were raised concerned land charges procedure notes and inconsistency in HR policies in which RSM recommended that they be updated more regularly and that employees should be required to sign to confirm their acceptance of the policies. Mr Ali acknowledged that the Follow Up 2 report was still in draft and was with the Executive Management Team for consideration. Mr Ali stated that he could not comment on the draft of the report as it was likely that it may change following their comments. However, it would form part of the Internal Audit Annual Report for 2016/17.

It was AGREED that the Internal Audit Progress Report for 2016/17 be noted.

43. Internal Audit Strategy 2017/18 – 2019/20

Mr Ali also presented the Internal Audit Strategy 2017/18 – 2019/20 which consisted of a one year plan and a three year strategy which was reviewed overtime as priorities and risks could change.

In considering the internal audit strategy, the group were asked to consider the following questions:

1. Is the Corporate Governance Group satisfied that sufficient assurances are being received within our general plan (as set out in appendix A) to monitor the Council's risk profile effectively?

2. Does the strategy for internal audit (set out in appendix B) cover the Council's key risks as they are recognised by the Corporate Governance Group? Are the areas selected for coverage this year appropriate?
3. Is the Corporate Governance Group content that the standards within the charter in appendix C are appropriate to monitor the performance of internal audit?

Mr Ali explained that the priorities detailed on page 9 had been discussed with the Chief Executive and Heads of Service. Councillor Beardsall suggested that the new legislation concerning IT and data protection should be included as there would be large fines for non-compliance.

The Executive Manager – Finance and Corporate Services reassured members that this was covered within the appendix and that the focus of the audit would be linked to that compliance. Councillor Beardsall added that disaster recovery, business continuity and business resilience should also be covered due to possible effects of the recent move from the Civic Centre to Rushcliffe Arena. However, Mr Ali said that due to lack of resources and only being able to cover areas over a set number of days within the audit, it was unlikely that this would be covered. He highlighted that IT and the loss or failure of systems was covered in the audit each year. The Corporate Governance Group asked that this be re-considered.

ACTION: Mr Ali to discuss with management the issue of disaster recovery and to include within the scope of the IT Audit.

Mr Ali continued to explain the details of the audit from within the appendix attached to the report which outlined the internal audit strategy for the next three years, the roles and responsibilities of the internal audit service and their scope to ensure that the work was delivered on time.

It was **AGREED** that the Updated Internal Audit Strategy and detailed Audit Plan 2017/18 - 2019/20 be approved.

44. Risk Management Review Update

The report of the Executive Manager – Operations and Transformation was presented by the Service Manager – Finance and Commercial. Members received an update on the progress made since the presentation given in December 2016. When summarising the report the Service Manager – Finance and Commercial stated that further risk management refresher training was now needed as the last sessions took place in August 2015. Councillors were also informed that risk managers had been reminded to update the risk register once a risk has been reviewed and that a training session was planned for the Leadership Forum on 18 May 2017.

Members were assured that the Risk Register was a live document, reviewed regularly by risk holders and the Executive Management Team. All risks have been reviewed and 6 have been amended. Operational risks complied with the Data Protection Act would be reviewed again in recognition of the change in legislation.

The Service Manager – Finance and Commercial explained that the annual review of the Risk Management Strategy was approved in April and that the number of risks had increased since the last update, demonstrating that this was a “living” document which is proactively managed. He explained that some risks in relation to the move from the Civic Centre to Rushcliffe Arena had been removed from the Risk Register whilst others, for example ‘failure to successfully complete the Rushcliffe Arena snagging list’ and ‘challenge to ensure sufficient car parking spaces at Rushcliffe Arena’ had been added. Following questions officers confirmed that there are a number of corporate and operational risks managed in the register in relation to ICT activities and the completion and handover of Bridgford Hall.

After considering the report, Councillors expressed concerns over health and safety risks following Nottinghamshire County Council being fined £1 million after a tractor collided with a member of the public at Rufford Country Park. Councillors also raised their concerns regarding the speed limits of bin lorries. In response to questions the Executive Manager – Finance and Corporate Services agreed to provide further details to the group regarding health and safety procedures for refuse vehicles, specifically speed restrictions. He assured members that they had introduced drug and alcohol policy and mandatory testing of the refuse drivers.

Additionally Councillor Brown was concerned about bin lorries collecting during school hours and the risks with regard to school children and high volumes of traffic.

ACTION: Executive Manager – Finance and Corporate Services to provide to the Chairman (for Group circulation) an update in relation to refuse vehicle speed restrictions.

Councillors were concerned that following the recent break-in at Rushcliffe Arena, security was not included as a risk. The Executive Manager – Finance and Corporate Services stated that the risk register presented to the Group did not include every single risk.

The Corporate Governance Group received a presentation from the Emergency Planning Officer which covered a comprehensive overview of her work. She explained that she is employed by Nottinghamshire County Council but currently spends 2.5 days a week working for Rushcliffe Borough Council. She explained her work including managing spontaneous volunteers, national debrief learning which looks into putting plans in place if there is no power, training in place for Executive Managers, communications, support to the village of Gotham following the flood experienced on 15 June 2016 and how lessons are learned and shared nationally. She added that she had been involved with the preparation for the move to the Arena, including pre-move exercises with Staff from the Civic Centre and the Rushcliffe Community Contact Centre to ensure business continuity.

The Chairman thanked the Emergency Planning Officer for her comprehensive presentation.

45. **Constitution Review Task and Finish Group**

Councillor Beardsall, Chairman of the Member Panel gave an update to the members of the Corporate Governance Group and assured members that their work programme for the next five months was currently on target. A survey monkey questionnaire had been sent out to all members in order for the Group to consider proposals for public speaking at Development Control, Scrutiny and Council meetings. The Group plan to visit other councils to review their processes for public speaking and Councillor Beardsall stated that other Councillors would be invited to accompany them on the visits.

46. **Work Programme**

The Group considered, and agreed, its work programme. It was noted that there would be an IT update for the meeting scheduled 10 May 2018.

ACTION: IT update to be added to the work programme for the meeting scheduled on 10 May 2018.

The Group agreed the work programme as follows:

Date of Meeting	Item
22 June 2017	<ul style="list-style-type: none"> • Internal Audit Annual Report 2016/17 • Health and Safety Annual report • Annual Governance Statement 2016/17 • Review of Constitution • Corporate Governance Group Annual Report 2016/17 • Work Programme
13 September 2017	<ul style="list-style-type: none"> • Statement of Accounts 2016/17 • External Auditors Annual Governance Report 2016/17 • Review of Constitution • Treasury Management Outturn 2016/17 • Revenue & Capital Budget Monitoring • Work Programme
5 December 2017	<ul style="list-style-type: none"> • Internal Audit Progress Report 2016/17 • Health and Safety Interim Report • Treasury Management 2016/17 – Six Monthly Update • Risk Management Update • Annual Audit Letter • Review of Constitution • Revenue & Capital Budget Monitoring • Work Programme

Date of Meeting	Item
8 February 2018	<ul style="list-style-type: none"> • Internal Audit Progress Report 2017/18 • Treasury Management Strategy 2018/19 • Revenue and Capital Budget Monitoring • Certification of Grants and Returns – Annual Report 2016/17 • Work Programme
10 May 2018	<ul style="list-style-type: none"> • External Audit Plan 2017/18 • Internal Audit Progress Report 2017/18 • Internal Audit Strategy 2018/19 • IT Update • Risk Management Update • Revenue & Capital Budget Monitoring • Work Programme

The meeting closed at 8.50pm.

Action Sheet

CORPORATE GOVERNANCE GROUP - THURSDAY 11 MAY 2017

Minute Number	Actions	Officer Responsible
40. Notes of the Previous Meeting	None.	
41. External Audit Plan 2016/17	None.	
42. Internal Audit Progress Report 2016/17	None.	
43. Internal Audit Strategy 2017/18 – 2019/20	Management and Internal Auditors to discuss the issue of disaster recovery and to include this within the scope of the IT audit.	Executive Manager – Finance and Corporate Services.
44. Risk Management Review Update	To provide to the Chairman (for Group circulation) an update in relation to refuse vehicle speed restrictions.	Executive Manager – Finance and Corporate Services.
45. Constitution Review Task and Finish Group	None.	
46 Work Programme	IT Update to be added to the meeting scheduled for 10 May 2018.	Constitutional Services.

Responses

Minute Number	Actions	Officer Responsible	
40. Notes of the Previous Meeting	None.		
41. External Audit Plan 2016/17	None.		
42. Internal Audit Progress Report 2016/17	None.		
43. Internal Audit Strategy 2017/18 – 2019/20	Management and Internal Auditors to discuss the issue of disaster recovery and to include this within the scope of the IT audit.	Executive Manager – Finance and Corporate Services.	Agreed with Internal Audit that this will be covered.
44. Risk Management Review Update	To provide to the Chairman, for Group circulation, an update in relation to refuse vehicle speed restrictions.	Executive Manager – Finance and Corporate Services.	Response provided.
45. Constitution Review Task and Finish Group	None.		
46. Work Programme	IT Update to be added to the meeting scheduled for 10 May 2018.	Constitutional Services.	Completed

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 2016/17 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 2016/17.

2. Recommendation

It is RECOMMENDED that the Corporate Governance Group notes Internal Audit's final Progress Report in relation to 2016/17 (**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 2016/17. 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 2016/17 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 2016/17, which included two follow up reviews. As reported at the last meeting, of the 17 reviews, 15 resulted in a green assurance being provided, 1 resulted in reasonable assurance (NNDR), due to the number of low recommendations, and the Follow up 2 is making good progress.
- 4.2 Within the follow-up review there is one outstanding recommendation with a medium status as shown in the table below. Since issuing the Follow up report the recommendation has been implemented.

Table 1

Ref 3. 15/16 Follow up - 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 systems are now fully set up from both the planning and finance perspective.</p> <p>We were informed by the Service Manager - Communities that currently reconciliations are not being undertaken on a monthly basis, the plan is to complete the reconciliation on the 5th or 8th of every month at the same time as the KPI's by the Service Manager - Communities.</p>	30 April 2017	Service Manager - Communities

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 ncarter@rushcliffe.gov.uk
Background papers Available for Inspection:	Internal Audit Progress Reports during 2016/17
List of appendices (if any):	Appendix A – Internal Audit Annual Report 2016/17



RUSHCLIFFE BOROUGH COUNCIL

Annual Internal Audit report 2016/2017

22 June 2017

This report is solely for the use of the persons to whom it is addressed.
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.





CONTENTS

1 The head of internal audit opinion	2
2 The basis of our internal audit opinion	4
3 Our performance	5
Appendix A: Annual opinions	6
Appendix B: Summary of internal audit work completed 2016/2017	7
For further information contact	10

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. Management actions 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 solely for the use of the persons to whom it is addressed and for the purposes set out herein. 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 third party which obtains access to this report or a copy and chooses to rely on it (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.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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 2017, the Head of Internal Audit opinion for Rushcliffe Borough Council is as follows:

Head of Internal Audit opinion 2016/2017

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 organisation-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

We carried out a review of the Council's Corporate Governance arrangements during 2016/17. The audit identified that an appropriate and comprehensive control framework is in place and that the controls were being applied adequately and effectively. This audit resulted in 'substantial' assurance and we raised one 'medium' and one 'low' priority management actions.

We have also taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2016/17 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.

Risk Management

An audit of Risk Management was undertaken during 2016/17, which resulted in a substantial assurance opinion, with four low priority findings being identified.

The Council has established Risk Management systems and processes in place, which are designed to reflect current best practice in Local Authority Risk Management. The risks identified are recorded at either the corporate level, in a Corporate Risk Register or at an operational level, in Departmental Risk Registers. This two tier approach ensures that the highest level strategic risks, those which present the greatest challenge to the Council, are identified, evaluated and closely monitored by the Risk Management Group.

Scrutiny of the strategic risks is carried out by the Corporate Governance Group twice a year. Departmental Performance Clinic reviews are undertaken every 6-8 weeks on each department, at which the Executive Management Team review the departmental risk registers and discuss anything requiring an escalation to the corporate risk register.

Internal Controls

We carried out 17 internal audit reviews during 2016/17 which included two follow up reviews. For the 15 reviews that resulted in an assurance opinion, there were 14 reviews (93%) which resulted in a substantial assurance opinion and 1 (7%), where reasonable assurance was given.

During the year we raised a total of 46 management actions, of which 10 were raised from follow up reviews. Of the 46 management actions raised: 6 were 'medium' priority and 40 were 'low' priority.

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

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

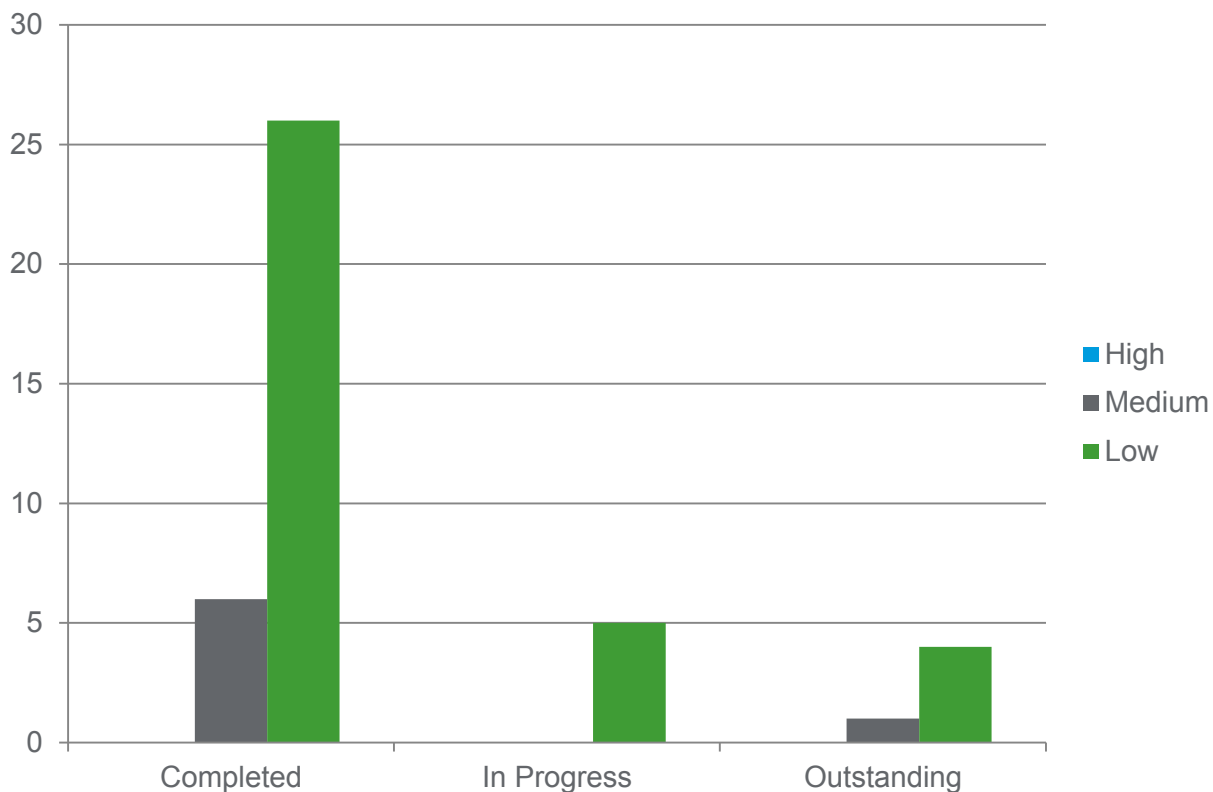
As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2016/2017.

2.2 Implementation of internal audit management actions

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



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 2016/2017 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 2016 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 “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

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 2016/2017

Assignment	Executive Lead	Assurance level	Actions agreed		
			H	M	L
Disabled Facilities Grants (01.16/17)	David Banks, Executive Manager Neighbourhoods		0	1	0
Risk Management (02.16/17)	Kath Marriott, Executive Manager, Transformation and Operations		0	0	4
Purchasing and Creditors (03.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services		0	0	5
Payroll (04.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services		0	0	2
Corporate Governance (05.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services		0	1	1
Follow Up of Previous Internal Audit Actions (06.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services	Reasonable Progress	0	0	5
Housing Benefits (07.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services		0	0	1
Land Charges, Gazetteer and Street Naming & Numbering Processes (8.16/17)	David Mitchell, Executive Manager Communities		0	1	1
Council Tax (09.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services		0	0	3

Assignment	Executive Lead	Assurance level	Actions agreed		
			H	M	L
NNDR(10.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services		0	0	7
Economic Development (11.16/17)	Kath Marriott, Executive Manager - Transformation and Operations Manager		0	0	1
Treasury Management, Cash and Banking (12.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services		0	0	1
Licensing (13.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services David Banks, Executive Manager Neighbourhoods		0	0	2
Main Accounting System and Budgetary Control (14.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services		0	0	0
New Premises Project: ICT Relocation (15.16/17)	Kath Marriott, Executive Manager, Transformation and Operations		0	0	1
HR Policies (16.16/17)	Kath Marriott, Executive Manager - Transformation and Operations Manager		0	2	2
Follow Up 2 (17.16/17)	Peter Linfield, Executive Manager - Finance and Corporate Services	Good Progress	0	1	4

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

	<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

Chris Williams, Head of Internal Audit

chris.williams@rsmuk.com

Tel: 07753 584 993

Address:

RSM Risk Assurance Services LLP
Suite A, 7th Floor
City Gate East
Tollhouse Hill
Nottingham NG1 5FS
Phone: 0115 964 4450

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 2016 to 31 March 2017. 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 2016/17; and
 - c) endorses the proposed health and safety objectives for 2017/18 as set out in the report.

3. Implications

3.1. Finance

- 3.1.1. There are no financial implications.

3.2. Legal

- 3.2.1. There are no legal implications.

3.3. Corporate Priorities

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

3.4. Other Implications

3.4.1. None

For more information contact:	Joanne Wilkinson Health and Safety Advisor 0115 914 8561 jwilkinson@rushcliffe.gov.uk
Background papers Available for Inspection:	Health and Safety Annual Report 2016/17
List of appendices (if any):	Appendix 1 - Health and Safety Annual Report 2016/17 – abridged version

HEALTH AND SAFETY ANNUAL REPORT

April 2016 to end March 2017

1. INTRODUCTION

1.1 This annual report sets out the Council's occupational health and safety performance during the year 1 April 2016 to 31 March 2017. 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%
Emergency First Aid	2	100%
Drug and Alcohol Awareness	24	
Drug and Alcohol Train the Trainer	5	100%
Healthy Eating Training	3	43%
Physical Activity Intervention Training	5	72%
Fire Marshal training	20	100%
Evac Chair training	8	100%
Arena evacuation familiarisation training	71 (trained by H&S Advisor)	40%
Fire safety Training e-learning	120* (149 total)	69%
Display Screen Equipment e-learning	35* (133)	62%
Legionella awareness e-learning	6* (43 total)	96%
Asbestos awareness e-learning	4* (55 total)	96%
Manual handling e-learning	24* (167 total)	78%

* 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	Six monthly	Executive Management Team
Employee Health and Safety Group	six monthly June 2016 January 2017	Executive Manager Transformation and Operations, Health and Safety Advisor, 8 work place representatives
Legionella, Asbestos and Tree Management Group	twice yearly July 2016 March 2017	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 16 to end March 17	Comment
Pre-employment medicals	45	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	1	Medical assessments as required for HGV drivers
Hearing tests	30	All employees who use noise emitting equipment undergo an audiometry assessment on a regular basis
Hepatitis vaccinations (booster)	3	Offered to employees who are at risk of coming into contact with contaminated blood e/g/ through needle-stick injuries
Flu injections		12 th and 13 th October 2016

3. PROGRESS TOWARDS ACHIEVING HEALTH AND SAFETY GOALS

To work in partnership to achieve the Nottinghamshire's Workplace Health Bronze Award by submitting the portfolio of evidence	The Council has been successful in being awarded the Nottinghamshire's Workplace Health Bronze Award.
Review and update Noise at Work policy	The Policy has undergone full review and the updated policy has been fully implemented

Assist with advice on H&S elements of office move to the Arena	This was completed with a smooth and successful move to the Arena. Support included advice with office equipment purchases and alterations to fire and first aid arrangements.
To audit Streetwise in two of its high risk areas to be determined	Reviewed the current risk assessments and safe systems of work in place. Audits completed in the high risk areas of Hand Arm Vibration and COSHH.

4. PERFORMANCE

4.1 Accident report forms completed

Establishment figure head count	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	392	388	370	358	340	338-303*	291	285
Depot	71	83	38	45	34	19	24	18
Civic	9	9	4	5	5	4	2	2
Community Contact Centre		0	0	1	1	1	1	1
Community Facilities	1	2	5	5	2	1	1	1
Total	81	94	47	56	42	25	28	22

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

4.2 Accident Report Forms by type

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Struck by Moving Object	21	21	16	14	8	4	9	4
Strike against fixed object	10	8	7	6	5	1	5	6
Slip / Trip / Fall	29	26	12	26	9	11	4	5
Manual Handling	11	21	8	6	12	6	8	7
Animal attack (e.g. dog)	6	9	1	3	3	2	0	0
Other (Shock/Contact with liquids)	4	9	3	1	5	1	2	0
Total	81	94	47	56	42	25	28	22

4.3 The number of employee days lost due to accidents

	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17
Number of days lost	57	155.5	36	166	38	102	262.5	77

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
Strike against fixed	Bruise to head	R2Go	2
Slip, trip, fall	Swollen ankle	R2Go	18
Struck by moving object	Scratch to cornea	Civic	3
Struck by moving object	Pain knee	R2Go	14
Manual handling	Back pain	R2Go	4
Slip, trip, fall	Fracture finger	RCCC	10
Slip, trip, fall	Head trauma	R2Go	26
Total			77 days

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

2016 – 2017	4 RIDDOR reports
2015 - 2016	7 RIDDOR reports
2014 – 2015	3 RIDDOR reports

4.6 Accidents to the public

	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17
Member of Public	5	9	14	10	10	15	25	10
Contractor	0	0	0	0	0	1	1	0

5. LEISURE CENTRE FACILITY FIGURES

See table in Appendix 1

- 363 accidents to members of the public in this 12 month period
- This compares to 416 for 2015/16

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 has decreased when compared to the previous year 2015/16, which is encouraging.
- 6.2 The figure for days absent from work as a result of an accident whilst at work has decreased significantly when compared to the previous year, however this figure does fluctuate greatly from year to year. Within this 12 month period, 7 of the accidents resulted in time off from work. As always, employees are encouraged to return to work and this can be helped by the use of the fit note process by the GP which allows employees to return to work earlier on phased return and/or with adaptations to duties.
- 6.3 All the Health and safety objectives set at the beginning of the financial year have been met.
- 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.
- Review the effectiveness of health and safety aspects relating to the Arena
 - Develop and evaluate the use of Lone working devices for the Council
 - Implementation of a new electronic accident form
 - Work towards Silver award for Workplace Health (submission June 2018)
 - Review and update the following policies:
 - Health and safety policy for the safe use of mobile phones
 - Policy for the safe driving at work
 - To audit Streetwise in two of its high risk areas to be determined

APPENDIX 1

Table of accident statistics for Leisure Centres 2016/17

	Apr 16	May 16	Jun 16	July 16	Aug 16	Sept 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	RIDDOR	Total Accidents Public	Total Staff	Total attendance figures
East Leake	4	5	3	1	2	2	4	2	2	4	2	5	0	36	0	213,785
Rushcliffe Leisure Centre	8	15	5	12	11	6	8	8	3	***	***	***	1	76	2	289,608
Bingham Leisure Centre	8	7	6	5	5	6	6	12	2	6	8	5	0	76	1	269,845
Cotgrave Leisure Centre	4	10	9	10	10	10	13	15	7	7	12	9	2	116	4	222,481
Rushcliffe Arena	**	**	**	**	**	**	**	**	**	5	5	9	1	19	0	135,041
Keyworth Leisure Centre	5	4	1	3	1	6	4	4	1	4	3	4	0	40	0	122,252
Total	29	41	24	31	29	30	35	41	15	26	30	32	4	363	7	1,253,012

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

It is RECOMMENDED that the Corporate Governance Group:

- a) Adopt the refreshed Local Code of Corporate Governance in accordance with the CIPFA/SOLACE framework (2016) (**Appendix A**); and
- b) Review and approve the 2016/17 Annual Governance Statement (**Appendix B**).

1. Reasons for Recommendation

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

2. 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 (2016 Edition)'. 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 this year reflects the requirements of the updated the CIPFA/SOLACE “Delivering good Governance in local government framework (2016)”. To comply with the framework Appendix A sets out a refreshed Local Code of Corporate Governance for the Group to adopt. The 7 principles within the Local Code are referenced in the relevant sections of the AGS. Other 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.

3. 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:	Nigel Carter Service Manager - Finance and Commercial 0115 914 8430 ncarter@rushcliffe.gov.uk
Background papers Available for Inspection:	KPMG – External Audit report 2015/16 RSM – Annual Report 2016/17
List of appendices (if any):	Appendix A – Local Code of Corporate Governance Appendix B - Annual Governance Statement 2016/17

LOCAL CODE OF CORPORATE GOVERNANCE

The CIPFA/SOLACE framework (2016) draws upon 7 core principles for good governance with a number of supporting principles. These are:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Behaving with integrity
Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
Leading by example and using the above standard operating principles or values as a framework for decision making and other actions
Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively
Demonstrating strong commitment to ethical values
Seeking to establish, monitor and maintain the organisation's ethical standards and performance
Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation
Respecting the rule of law
Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
Dealing with breaches of legal and regulatory provisions effectively
Ensuring corruption and misuse of power are dealt with effectively

B. Ensuring openness and comprehensive stakeholder engagement

Openness
Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action
Engaging comprehensively with institutional stakeholders
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably

Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
Ensuring that partnerships are based on: — trust — a shared commitment to change — a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit
Engaging with individual citizens and service users effectively
Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes
Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
Taking account of the impact of decisions on future generations of tax payers and service users

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

Defining outcomes
Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions
Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
Delivering defined outcomes on a sustainable basis within the resources that will be available
Identifying and managing risks to the achievement of outcomes
Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available
Sustainable economic, social and environmental benefits
Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
Ensuring fair access to services

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Determining interventions
Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore

ensuring best value is achieved however services are provided
Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts
Planning interventions
Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
Considering and monitoring risks facing each partner when working collaboratively, including shared risks
Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances
Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
Ensuring capacity exists to generate the information required to review service quality regularly
Preparing budgets in accordance with objectives, strategies and the medium term financial plan
Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy
Optimising achievement of intended outcomes
Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
Ensuring the medium term financial strategy sets the context for on-going decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
Ensuring the achievement of 'social value' through service planning and commissioning

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Developing the entity's capacity
Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
Recognising the benefits of partnerships and collaborative working where added value can be achieved
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources
Developing the capability of the entity's leadership and other individuals
Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority
Developing the capabilities of members and senior management to achieve effective

leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
<ul style="list-style-type: none"> • ensuring members and staff have access to appropriate induction tailored to their role and that on-going training and development matching individual and organisational requirements is available and encouraged • ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
Ensuring that there are structures in place to encourage public participation
Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
Holding staff to account through regular performance reviews which take account of training or development needs
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

F. Managing risks and performance through robust internal control and strong public financial management

Managing risk
Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
Ensuring that responsibilities for managing individual risks are clearly allocated
Managing performance
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)
Robust internal control
Aligning the risk management strategy and policies on internal control with achieving objectives
Evaluating and monitoring risk management and internal control on a regular basis
Ensuring effective counter fraud and anti-corruption arrangements are in place
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body
Managing data
Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

Strong public financial management
Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and control

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Implementing good practice in transparency
Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand
Implementing good practices in reporting
Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
Ensuring members and senior management own the results reported
Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate
Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations
Assurance and effective accountability
Ensuring that recommendations for corrective action made by external audit are acted upon
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

Annual Governance Statement 2016/17

1. ANNUAL GOVERNANCE STATEMENT

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 (2016)*. The seven principles (A-G) are highlighted at various points within the statement. 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 2017 and up to the date of approval of the statement of accounts.

2 THE GOVERNANCE FRAMEWORK

<p>Principles C & D – <i>Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining interventions to achieve them</i></p>

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 2021/22 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 2016/17 and 2017/18, and the financial strategy to 2021/22.

During 2016/17 the Council reviewed 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 2021/22. 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 alternative 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 (2017/18) – a 27% reduction. A combination of Member and management challenge has limited the projected budget savings required from 2017/18 to 2020/21 to approximately £1m. 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.

2.3 The Constitution

Principle A - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law*

A comprehensive document detailing 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

The constitution also provides detailed guidance on standing orders, financial regulations and the conduct of meetings. In addition, it 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. The registers for councillors and officers 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 review was undertaken in 2016/17 to reflect organisational and legislative changes. A further, more significant, review is being undertaken by a Member working group during 2017.

2.4 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 Finance Officer in Local Government (2010). During 2016/17, the Council's financial management arrangements

complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2016/17 the Executive Manager (Finance and Corporate Services) held the post of Chief Finance 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 Finance 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. 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).

2.5 Risk Management

Principle F – *Managing risks and performance through robust internal control and strong public financial management*

The Council's risk management arrangements are regularly reviewed. The effectiveness of the overall risk management arrangements is monitored by the Corporate Governance Group (CGG) throughout the year. As part of the annual review of Risk Management (1 December 2016) the CGG considered actions taken to review risk management arrangements, including acknowledging that the previous year's recommendations had been implemented. The report for 2016/17 identified 4 low "priority" management actions such as the Risk Management Strategy including a date of expected review. The 2016/17 Annual Report by Internal Audit acknowledges that once again the Council can take substantial assurance that an adequate and effective framework for risk management, governance and internal control is operating effectively (the highest level of the four opinion options).

2.6 Development and training needs

Principle E – *Developing the council's capacity including the capability of council leadership and staff*

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 (MDG) who evaluates its effectiveness upon its completion based on Councillor feedback. A revised programme of training was agreed by the MDG in 2016/17.

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 offer of the Masters in Public Administration Programme, working as a triumvirate with Gedling and Newark and Sherwood District Councils.

2.7 Communication

Principle B - <i>Ensuring openness and comprehensive stakeholder engagement</i>
--

Three editions of Rushcliffe Reports – the Council’s newsletter for residents – are printed and circulated to all 48,000 households and these set out details of a number of key service changes, and ask for customer feedback.

The Council also undertakes consultation to inform decisions relating to policy changes. Over the course of this year, various additional consultation was undertaken, for example on Local Plan 2, car park charging, West Bridgford Commissioners survey. We use social media (Facebook, Twitter and LinkedIn) and the Council’s website to promote these consultations in a timely fashion, linking through to online consultation to encourage responses.

The Council’s bi-annual resident satisfaction survey was last completed in October 2015 when over 700 residents completed the survey which was available online and through Rushcliffe Reports. 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. In December 2016, two thirds of the Council’s staff completed a survey after moving to the Rushcliffe Arena focussing on the move and new ways of working. 93% of staff agreed that the move from the Civic Centre to the new office was managed effectively, 71% felt that the Council’s Executive Management Team are more visible in the new building and 72% said they are enjoying new ways of working.

2.8 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, garage 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. The impact of pension accounting on its financial statements is a continuing example of some of the risks it faces.

2.9 Transparency

Principle G – *Implementing good practice in transparency, reporting and audit to deliver effective accountability*

All reports to meetings of Council, Cabinet, Scrutiny Groups and other committees are publicly available on the Council's website. Minutes are also published providing a record of the meeting and any decisions taken. Other forms of public accountability reporting include the Annual Statement of Accounts, the Council's Annual Report and in-year financial and performance monitoring reports. Reports from the Council's internal (RSM) and external (KPMG) auditors are published online, including their annual reports.

The Corporate Governance Group and Performance Management Board monitor performance against targets on a quarterly basis. Internal Audit comply with the requirements of the Public Sector Internal Audit Standards and has direct access to councillors and all staff in order to discharge their duties.

The Council publishes information in accordance with the Local Authorities (Data Transparency) Code.

The Council welcomes peer challenge reviews and inspections from regulatory bodies and will act on any recommendations arising as appropriate.

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 **Scrutiny groups- 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 **Other Scrutiny Groups**

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, the contract with Streetwise Environmental Ltd and the leisure services contracts with Parkwood Leisure, Glendale Golf and Carillion.

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 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 temporarily sharing Nottingham City Council'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 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.

The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.

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 2.5 the Council maintains an adequate and effective framework for risk management, governance and internal control, as recognised by the Head of Internal Audit.

3.8 External Audit

The external auditors, KPMG, 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. In the annual report for 2016/17 KPMG concluded that Rushcliffe Borough Council has good processes in place for the production of the accounts and provided a strong draft for audit. This was supported by good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales. In terms of value for money, KPMG concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

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 the quality in the production of the Statement of Accounts. 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.

The Authority has a £10.5m Investment Fund. In 2015/16 the Authority awarded a Loan of £2.7m to Nottinghamshire County Cricket Club (NCCC). As part of our Value for Money work in 2015/16, KPMG raised a recommendation regarding the governance arrangements through which this loan was awarded, including consideration of risks of default, and the specific risks

faced by the Cricket Club. In terms of remedial action the Section 151 Officer will continue to review the position of the NCCC projects, and their progress against budget; as well as the success or otherwise of the bidding process for future test matches; and thereafter agreeing the drawdown on the loans over time.

The Leisure Facilities Strategy Member Group has been meeting throughout 2016/17 and the refresh of the Leisure Facilities Strategy for 2017-2027 is substantively complete and will be considered by Cabinet following completion of the associated Playing Pitch Strategy in summer 2017.

Similarly the Strategic Asset Review of Edwalton Golf Courses Member Group met on 6 occasions and is due to report its findings to Cabinet in June 2017.

In 2016/17 the one governance issue that has arisen is in relation to payment diversion which RSM separately investigated with an action plan reported to CGG. The recommended actions are now being implemented.

During 2017/18 the Council will need to manage a number of challenges arising from the on-going financial pressures as a result of reduction in central government revenue support grant and the movement to funding via business rates and in the future 100% of business rates income being devolved to local government (currently the Council receives 40%). One of the biggest financial risks to the Council remains power station appeals given the relatively large proportion of the business rates tax base the Radcliffe on Soar power station constitutes and the history of appeals against its business rates valuation.

Challenges arising from welfare reform and the continued phased introduction of Universal Credit are further significant financial risks. The Council also 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, the work is on-going to identify preferred options for Local Plan part 2 and to complete the Green Belt review. This includes assessing the suitability of potential additional housing sites, some of which are likely to be required in order to address the shortfall in housing delivery arising from delays in bringing forward the Core Strategy's (Local Plan Part 1) strategic allocations.

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 continues to be involved in various collaboration activities including payroll, green bins, tree advice, ICT provision and Building Control, with further opportunities being considered, such as extending the green bin service to other Councils and consideration of how other services can be delivered in the future. In addition, where opportunities arise, consideration is given to the appropriate delivery model and how to involve partners to maximise objectives.

The external auditors have noted a number of risks in reviewing the Council's accounts, namely:

- Significant changes in the pension liability due to Local Government Pension Scheme Triennial Valuation. The risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts;

- The valuation of the new Arena. As the building is now in use, the associated capital costs will move from “Assets under construction” into “Land and Buildings”. This will require a valuation, which will most likely result in a difference in terms of the cost compared to the valuation and how this is accounted for;
- Financial resilience – the continued delivery of future savings to secure long term financial and operational sustainability remains challenging and therefore poses a risk to financial resilience; and
- Governance over the Asset Investment Strategy Fund.

Other challenges and risks for 2017/18 include: the finalisation of the leisure and accommodation project, and as the Council becomes increasingly innovative the management of alternative service delivery vehicles such as the implementation of a new company structure for Streetwise Environmental Ltd and the potential development of a company to manage and invest in property.

It is recognised that ICT threats and opportunities continue to evolve, it is imperative that the Borough Council has a clear understanding of how these impact on their day to day operations, particularly in the light of recent global cyber security threats. A review of Data Protection requirements is also planned for 2017/18 to ensure, following the 2016 Major Overhaul of EU Data Protection Laws, that the controls and processes in place to meet future data protection obligations.

The Council is also mindful of significant political risks in terms of both the result of the General Election and the impact of BREXIT, which are both likely to impact on Government policy with regards to local government going forward.

Finally, there has been, for the first time in 12 years, a change in the Leader of the Council also resulting in a new Cabinet. This may lead to a change in the emphasis in delivering corporate priorities.

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 S Robinson (Leader)

Signed.....
A Graham (Chief Executive)

Date September 2017

Date September 2017

Note of the Monitoring Officer

1. Summary

- 1.1 This note provides an update of the work undertaken by the Constitution Task and Finish Group and advises the Corporate Governance Group of the change of membership, with Councillor Mrs J Smith filling the position vacated by Councillor Edyvean.

2. Recommendation

It is RECOMMENDED that the Corporate Governance Group notes the Constitution Task and Finish Group's progress and the change in membership.

3. Reasons for Recommendation

- 3.1 To meet the requirement of the Corporate Governance Group for regular progress updates from the Task and Finish Group.

4. Supporting Information

- 4.1.1 To date the Group has met on four occasions. At its first meeting the Terms of Reference, as set out in Appendix 1, were confirmed along with the general approach and areas of the review. The Group has developed a project plan which programmes the review to be completed and the Constitution revised by February 2018. The Group monitors progress against the plan and is on track to complete the work within the agreed timescale.
- 4.1.2 The Group has considered and supported the introduction of hyperlinks within council agendas to the relevant section of the Constitution. A document has been developed which will enable an improved change control procedure to be implemented and evidenced.
- 4.1.3 The Group also commissioned a survey of all members to ascertain opinions in relation to public speaking. The Group found that, of the members who responded, 72.9% supported the adoption of public speaking in council meetings. The Group recognise that the introduction of public speaking for the Planning Committee is being separately considered by Cabinet and Council with a view to implementation in July 2017.
- 4.1.4 At the most recent meeting, held on 12 June 2017, the Group welcomed Councillor Mrs J Smith to the Group, who replaces Councillor Edyvean. The Group reviewed the 15 articles and considered alternative options. The Group formed a view that there was a significant amount of duplication between the

Articles and other parts of the Constitution. Secondly, it was felt that accessibility and readability could be improved if they were consolidated into the relevant parts of the Constitution. The Group supported the revised approach which would see the development of a new introduction, the deletion of the existing Articles and the consolidation of the pertinent aspects of the Articles into the relevant parts of the Constitution.

4.1.5 Finally, the Group considered the scheme of delegation, taking into account the differing approaches adopted by other councils. On balance the Group felt that the Rushcliffe scheme is towards the brief end of this spectrum but does also contain details in some of the key areas of potential legal challenge – e.g. planning and licensing. Given this, no fundamental changes to it are proposed but a number of straightforward changes may improve it as single reference point. For example, standardised formatting and the identification of functions which are conferred on officers by law, such as Head of Paid Service, Section 151 /114 finance functions, section 5 Monitoring Officer functions, as opposed to delegated by Council decision.

For more information contact:	Nigel Carter Deputy Monitoring Officer 0115 914 8340 ncarter@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	Appendix 1 – Terms of Reference

Terms of Reference

- a) To review the accessibility, utility and usability of the current Constitution and improve it;
- b) To review the structure of the current Constitution to improve its content, layout and flow as a practical working document;
- c) To identify and prioritise specific areas of content and procedures for detailed review, noting that, in time, all sections will be reviewed;
- d) To draft a simple and effective change control mechanism for the constitution and establish an on-going review process which involves all councillors;
- e) There shall be communication to the working party as follows, all other changes to the constitution, that are taking place or any related change under consideration, shall be communicated and entered into the overall working plan. To enable further input by the working party.

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 2016/17. Each of the scrutiny groups prepares an annual report and these will be presented to Council in September 2017. 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 2016/17
 - Annual Report 2015/16
 - Strategy 2017/18
- External Audit Plan 2016/17
- Future External Audit Procurement
- Annual Governance Statement 2015/16
- Approval of the Statement of Accounts 2015/16 and External Auditors Report to Those Charged with Governance 2015/16
- Annual Audit Letter 2015/16
- Revenue & Capital Budget Monitoring 2016/17
- Risk Management Review and Update
- Health and Safety Annual Report 2015/16 and Interim Report
- Certification of Grants and Returns – 2015/16
- Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2017/18
- Treasury Management
 - Outturn 2015/16
 - Monitoring
- Review of the Constitution
- Payment Diversion
- Information Governance

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:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	Appendix 1 - Corporate Governance Group's Annual Report

Corporate Governance Group

Chairman's Foreword

This brief foreword looks back on the busy year of the Corporate Governance Group in 2016/17. 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 and the past 5 years I have been Chairman as I now move on to the Cabinet. I have every confidence the Group will continue to develop and progress and ensure good governance prevails at the Council.

Councillor Gordon Moore
Chairman Corporate Governance Group



Councillor Gordon Moore
Chairman



Councillor Alistair MacInnes
Vice Chairman

What we are responsible for?

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 Reports 2016/17
 - Annual Report 2015/16
 - Strategy 2017 to 2020
- External Audit Plan 2016/17
- Future External Audit Procurement
- Annual Governance Statement 2015/16

- Approval of the Statement of Accounts 2015/16 and External Auditors Report to Those Charged with Governance 2015/16
- Annual Audit Letter 2015/16
- Revenue & Capital Budget Monitoring 2016/17
- Risk Management Review and Update Report
- Health and Safety Annual Report 2015/16 and Interim Report
- Certification of Grants and Returns 2015/16
- Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2017/18
 - Treasury Management Outturn 2015/16
 - Treasury Management Monitoring
- Review of the Constitution
- Payment Diversion
- Information Governance

Internal Audit Progress Reports 2016/17

At the meeting in December 2016, Members were informed that two reports had been finalised since the last meeting of the Group. These were for the areas of Risk Management and Disabled Facilities Grants and both were awarded a substantial assurance.

At the meeting in February 2017, Members were informed that six reports had been finalised since the last meeting of the Group. These were for the areas of Purchasing and Creditors; Payroll; Corporate Governance; Follow up of previous actions; Housing Benefits; and Council Tax and all assignments were awarded a substantial assurance.

At the meeting in May 2017, Members were informed that nine reports had been finalised since the last meeting of the Group. These were for the areas of Land Charges, Gazetteer and Street Naming & Numbering Processes; NNDR; Economic Development; Treasury Management, Cash and Banking; Licensing; Main Accounting System and Budgetary Control; New Premises Project: ICT Relocation; Follow up of previous actions; and HR Policies. All assignments, except for NNDR, were given substantial assurance.

Internal Audit Annual Report 2015/16

Members received a report from the Council's Internal Auditors RSM, for the financial year 2015/16 which included an overall assessment of the assurances to Members and officers arising from their work last year. During the year 17 reviews had been completed and Members' attention was drawn to the Internal Audit Opinion which gave an assurance rating of green, the highest achievable conclusion.

Internal Audit Strategy 2017 to 2020

Members considered a report proposing the Internal Audit Strategy 2017 to 2020 and the Audit Plan for the 2016/17 financial year, which would be reviewed overtime as priorities and risks could change. As indicated in the strategy the audit fee for 2017/18 was £46,810, compared to a budget of £47,100 (in 2016/17) and £47,965 (2015/16). The low fees continue to reflect an improved risk profile for the Council.

External Audit Plan 2016/17

Members considered the External Audit Plan 2016/17 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 Plan also detailed the key risks with regards to the year-end accounts and the Council achieving value for money, which included:

- assumptions surrounding pension liabilities
- the valuation of Rushcliffe Arena
- given external financial pressures, on-going financial resilience
- governance over 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 and the Annual Audit Letter. In line with the Audit Fee Letter, the planned fee for the audit is £41,000.

Future External Audit Procurement

Following changes in legislation and the closure of the Audit Commission, Members considered options for the future delivery of External Audit services. The Group supported the proposals to submit a non-binding expression of interest in opting-in to the Local Government Association (LGA) Sector Led Body (SLB) approach using Public Sector Audit Appointments (PSAA) as the procurement vehicle; and recommended this option to Council.

Annual Governance Statement 2015/16

The Group was presented with the Council's Annual Governance Statement which would be included in the Statement of Accounts. The Group was informed that the Statement contained the three themes from the Council's new Corporate Strategy and that it outlined the financial challenges that the Council would be facing in the future.

Approval of the Statement of Accounts 2015/16 and External Auditors Report to Those Charged with Governance 2015/16

Members were presented with the Council's statutory Statement of Accounts for 2015/16 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. The traditional Explanatory Forward contained in the Statement of Accounts had been replaced by a Narrative Statement, that in addition to summarising the key events and their financial impact, included non-financial performance indicators against key corporate priorities and commentary on key risks.

The External Auditor's Report to those Charged with Governance (ISA 260) 2015/16 summarised; the key findings arising from the audit of the Council's financial statements for the year ending 31 March 2016 and an assessment of the Authority's arrangements to secure value for money in its use of resources. Members were informed that the External Auditor anticipated issuing an unqualified audit opinion and

the Annual Governance Statement complied with the guidance issued by CIPFA/SOLACE.

Annual Audit Letter 2015/16

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 2015/16. The Letter identified that the Council had a clean bill of health and was able to demonstrate its value for money for the year.

Revenue & Capital Budget Monitoring throughout 2016/17

The Group considered the update report detailing significant variances against the profiled budget for both revenue and capital, with explanations for variances.. The Group also received an update on the financial performance with regards to The Point.

Risk Management Review Update

The Group received an update on the progress made since the meeting on 21 April 2016, which included a summary of the activities associated with updating the Council's risk register and work relating to the Council's emergency planning and business continuity functions. Following the Annual Audit in 2015/2016 the Council's auditors had made four low priority recommendations which had all been addressed.

Risk Management Review

The Group received an update on the progress since December 2016, 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. Members were informed that the Risk Register was a live document, reviewed regularly by risk holders and the Executive Management Team. All risks had been reviewed and six had been amended. Operational risks complied with the Data Protection Act and would be reviewed again in recognition of the recent changes in legislation.

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 Streetwise Enterprise Company.

Health and Safety Interim Report 2015/16

Members considered the Health and Safety Interim Report for the period 1 April 2016 to 30 September 2016. The report highlighted the key health and safety activities that had taken place since the beginning of the year. These included being awarded the Nottinghamshire's Workplace Health Bronze Award; reviewing and updating the Noise at Work policy, assisting Streetwise in two of its high risk areas, an audit of

'hand held vibration' and COSHH; and advice on health and safety elements of the office move to the Arena

Certification of Grants and Returns – 2015/16

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 2015/16. The Council submitted one return in respect of the Housing Benefit Subsidy for £18.720 million and only three errors had been identified, with no recommendations. Consequently, the external auditor had certified the claim unqualified.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2017/18

The Group considered details of the Capital Prudential Indicators, and the Council's Treasury Management and Investment Strategy, for 2017/18 to 2021/22. Following discussion, both documents were recommended to Council for approval as part of the Council's Medium Term Financial Strategy.

Treasury Management Outturn 2015/16

The Group received the Treasury Management Outturn Position 2015/16 report that provided a summary of the transactions for the year undertaken by the Council as part of the Treasury Management function.

Treasury Management Monitoring

The Group received the Treasury Management Six Month Monitoring Report for 2016/17 that provided a summary of the transactions undertaken by the Council as part of the Treasury Management function.

Review of the Constitution

The Group considered a report outlining the proposed changes to the Council's Constitution to bring it up to date with legislative changes and aligned to the present Corporate Structure. The Group felt that a full review of the Constitution was required to address issues including Public Speaking at meetings. A Member working group has subsequently been set up to undertake the work.

Payment Diversion

The Group received a presentation from RSM regarding an incident that had occurred in November 2016, in which the Council had been the victim of a payment diversion. Following the compliance review RSM made several recommendations to increase awareness surrounding cyber attacks and IT vigilance amongst staff.

Information Governance

The Group received a presentation regarding the importance of information management and the Council's Information Management Strategy. Members considered the Strategy's vision and the five strategic strands that supported it.

Member Working Group

At its December meeting the Corporate Governance Group agreed to establish a small Member Working Group to progress the constitutional review and identify areas to be prioritised for early work, including public speaking, use of first class travel by Councillors, an identified role in the Constitution for opposition group leaders and improved access to information for Councillors. The Panel consisted of Councillors Beardsall, Buckle, Edyvean and MacInnes, the Chief Executive and the Monitoring Officer, with the following terms of reference;

- a) To review the accessibility, utility and usability of the current Constitution and improve it;
- b) To review the structure of the current Constitution to improve its content, layout and flow as a practical working document;
- c) To identify and prioritise specific areas of content and procedures for detailed review, noting that, in time, all sections will be reviewed; and
- d) To draft a simple and effective change control mechanism for the constitution and establish an on-going review process which will involve Councillors.

It was proposed that the review would be completed within 12 months.

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 by developing a challenging work programme

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
22 June 2017	<ul style="list-style-type: none"> • Internal Audit Annual Report 2016/17 • Health and Safety Annual Report • Annual Governance Statement • Review of Constitution • Corporate Governance Group Annual Report 2016/17
13 September 2017	<ul style="list-style-type: none"> • Statement of Accounts 2016/17 • External Auditors Annual Governance Report 2016/17 • Review of Constitution • Treasury Management Outturn 2016/17 • Revenue & Capital Budget Monitoring
5 December 2017	<ul style="list-style-type: none"> • Internal Audit Progress Report 2016/17 • Health and Safety Interim Report • Treasury Management 2016/17 – Six Monthly Update • Risk Management Update • Annual Audit Letter • Review of Constitution • Revenue & Capital Budget Monitoring

Date of Meeting	Item
8 February 2018	<ul style="list-style-type: none"> • Internal Audit Progress Report 2017/18 • Treasury Management Strategy 2018/19 • Revenue and Capital Budget Monitoring • Certification of Grants and Returns – Annual Report 2016/17
10 May 2018	<ul style="list-style-type: none"> • External Audit Plan 2017/18 • Internal Audit Progress Report 2017/18 • Internal Audit Strategy 2018/19 • Risk Management Update • IT Update • Revenue & Capital Budget Monitoring

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