

MINUTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
WEDNESDAY 13 SEPTEMBER 2017

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

PRESENT:

Councillors K P Beardsall, M Buckle, G Davidson, R Hetherington, (substitute
for N A Brown), N C Lawrence, A MacInnes, S C Matthews, Mrs J A Smith

ALSO IN ATTENDANCE:

A Bush KPMG
A Colston KPMG

OFFICERS PRESENT:

N Carter Service Manager – Finance and Corporate Services
T Coop Constitutional Services Officer
A Hall-Wright Financial Services Manager
P Linfield Executive Manager - Finance and Corporate Services
L Webb Constitutional Services Officer

APOLOGIES FOR ABSENCE:

Councillor N A Brown

9. Declarations of Interest

There were no declarations of interest.

10. Notes of the Previous Meeting

The notes of the meeting held on Thursday 22 June 2017 were accepted as a
true record.

11. Statement of Accounts 2016/17

The Executive Manager – Finance and Corporate Services presented a report
outlining the Council's statutory Statement of Accounts for 2016/17. The draft
management representation letter was also presented, which subject to the
consideration of the Group would be presented to the next Full Council
meeting for approval.

The Executive Manager advised that the past year had been particularly
challenging due to the disposal of the Civic Centre and the valuation of the
Council's new offices at Rushcliffe Arena, and thanked the Financial Services
Manager and the rest of the Financial Services Team for their hard work in
successfully dealing with these complex tasks.

The Executive Manager outlined Section A of the Statement of Accounts which
included the narrative statement and information on council performance, key

indicators and risk management. The Executive Manager explained to the Group that there had been a change to the financial statements expenditure and funding analysis which now reflected the service areas of the Council. An overview of the rest of the financial statements was also provided. The Executive Manager advised the Group that the increased amount of reserves was to deal with future potential risks such as the impact of the United Kingdom leaving the European Union, changes to New Homes Bonus and the localisation of business rates. The Executive Manager also provided information to the Group regarding major service developments and future challenges that the Council would face such as the financial impact of the loss of the Revenue Support Grant.

The Executive Manager thanked the auditors and the financial officers for their work in compiling the Statement of Accounts and noted that next year would be challenging as the Council's accounts had to be audited and approved by Council by the end of July 2018.

Members asked several detailed questions about the Council's pension liabilities. The Executive Manager reassured Councillors that the Council anticipated paying capital payments into the scheme over the next three years in order to meet any potential increased liabilities. The Chairman suggested that a more in depth analysis of pensions was required and should be presented to the Group. The Executive Manager agreed to contact Nottinghamshire County Council to see if a representative could be invited to attend and provide further information on pensions to the Group at a future meeting.

It was RESOLVED that:

- a) the Statement of Accounts for 2016/17, at Appendix A of the officer's report be accepted and recommend to Full Council for approval; and
- b) the Draft Management Representation letter at Appendix B of the officer's report be accepted.
- c) the Executive Manager – Finance and Corporate Services contact Nottinghamshire County Council to ask if the Group are able to receive an update regarding pensions at a future meeting.

12. External Auditors Report to those charged with Governance

Mr Andrew Bush of KPMG presented the External Auditor's Report to those Charged with Governance 2015/16. Mr Bush advised that the report provided a summary of the key findings arising from the audit of the Council's financial statements for the year ending 31 March 2017 and an assessment of the Council's arrangements to secure value for money in its use of resources.

Mr Bush noted that as at the date of the meeting there were no problems to report, however, at the time of printing they had had the following matters still to resolve; completion of modules four and five in relation to benefits expenditure, resolution of Arena valuation and receipt of a small number of third party confirmations for investments. In response to the Group's concerns

regarding pensions Mr Bush advised that he did not see the Council's valuation of pensions as an issue. Mr Bush advised that the level of prudence of property, plant and equipment in the report should now read '3' on the scale. It was noted that the Executive Manager - Finance and Corporate Services would be sent an updated version of the report to circulate to the Group. Mr Bush agreed with the Group that due to changes in the reporting schedule a challenge lay ahead next year for the finance team to produce the Council's statement of accounts a month head of usual time, however he was confident that the finance team would be able to meet the deadline.

Mr Colston of KPMG outlined section two of the report which considered whether the Council had sufficient arrangements to ensure that it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for tax payers and local people. Mr Colston noted that there were no significant issues in this area and that there was just one light touch recommendation being made in terms of financial resilience in that the production of the Statement of Accounts had assumed a 0% inflation within service areas. Mr Colston recommended that savings ought to be made in order to meet the 0% inflation rate. The Executive Manager advised that not all areas of the budget were subject to 0% inflation such as utilities and energy. Members of the Group asked several specific questions about this section of the report.

Mr Bush also advised that in the area of IT controls the Council did not perform a regular review of user access to e-financials, that there were weak passwords on Northgate and that there were a number of redundant powerful accounts on e-financials, albeit there are other compensating controls to mitigate this risk. Mr Bush also provided the Group with a progress report of last year's recommendations and he also reinstated the importance of the auditors asserting their independence from the Council.

Members of the Group thanked Mr Bush and Mr Colston for their hard work in preparing the report and for attending meeting to present the report to them. Given the outstanding issues in the report the Executive Manager – Finance and Corporate Services agreed to circulate the complete report in advance of Full Council.

It was RESOLVED that:

the report to those Charged with Governance be noted and the Executive Manager – Finance and Corporate Services circulate the complete report prior to Full Council.

13. Treasury Management Outturn 2016/17

The Financial Services Manager presented the report on Treasury Management Outturn Position 2016/17 that provided a summary of the transactions undertaken by the Council as part of the Treasury Management function. The report reflected how the Council had invested its money during 2016/17, the rate of return achieved and the Counterparties that had been used. A summary of the prudential indicators was also provided.

The Financial Services Manager noted that there had been an underspend on the Capital expenditure programme for the year of £8.3m as the approved capital programme for 2016/17 had been £26.65m but actual expenditure against the approved programme had been £18.364 million. It was also noted that the Council had used their own reserves in order to finance the Rushcliffe Arena development which had been more cost effective than using external borrowing. There had also been an increase in the amount of the Council's investments and corresponding returns due to the underspend on capital expenditure and the capital receipt from the sale of the Civic Centre.

The Financial Services Manager stated that the overall rate of return on investments for the year had been 0.71% which was less than the budgeted rate of 0.89% due to the investment interest rates that the Council was able to secure continuing to reduce. It was also noted that due to the underspend on the capital programme there had been an increased return on investments of £317,000 against a budget of £257,200.

Members of the Group asked several specific and detailed questions on the Treasury Management Outturn report and received verbal responses.

The Chairman informed the Group that Treasury Management Training would be available for all Councillors on the 23 November 2017.

It was RESOLVED that:

the Treasury Management Outturn 2016/17 report be endorsed.

14. Revenue and Capital Budget Monitoring 2017/18 – Quarter 1 Update

The Group considered the report of the Executive Manager - Finance and Corporate Services that presented the budget position for both revenue and capital as of 30 June 2017. The Financial Services Manager outlined the key areas of the report and advised that there were currently projected revenue and capital budget surpluses for the year comprising of £12,000 revenue efficiencies and £2,425,000 from capital scheme rephrasing and potential savings. It was noted that this position could improve throughout the remainder of the year as managers continued to drive cost savings, and raise income, against existing budgets. The Financial Services Manager advised that the net efficiency of 2.4 million was mainly due to Highways England not awarding the £1.7 million funding for the A46 RAF Newton Footbridge and re-profiling the of the NCCC loan to align with the anticipated project spend this year by NCCC (which was £0.478m)

Members asked about the current status of the Council's loan to Nottinghamshire County Cricket Club. The Group was in agreement that the loan and the Council's support of the Club was vital in order to fully realise the economic and business benefits that having a world class sporting venue, hosting high profile matches brought to the Borough.

It was RESOLVED that:

the projected revenue and capital budget positions for the year of £112,000 revenue efficiencies and £2,425,000 from capital scheme re-phasing and potential savings be noted.

15. Constitution Review Task and Finish Group

The Service Manager – Finance and Corporate Services provided a verbal update to the Group about the progress of the Constitution Review Task and Finish Group. He informed the Group that since their last update the Task and Finish Group had been working on part four of the Constitution which covered areas such as access to information and rules of procedure around Council, Cabinet and Scrutiny Groups. The constitution currently had sixteen articles which set out some of the rules in which the Council should operate. It had been proposed that in order to make the document more accessible that the sixteen articles would be removed and instead there would be a clear and concise introduction with the articles being included later on in the constitution in their appropriate sections. Other work had included looking at the procedure for motions at Council and their amendment, the processes of which had now been placed in a flow charts to provide clear processes to follow. The Service Manager also stated that the Local Government Act (2000) made reference to standing orders and so one of the proposed changes was to change ‘rules of procedure’ to ‘standing orders.’

The Service Manager advised the Group that the next meeting of the Task and Finish Group would take place in October at which part 5 of the constitution would be reviewed. This would include the code of conduct for Councillors, code of conduct for Councillor and staff relations and complaints. It was noted that this may involve consultation with the parish councils. The Service Manager advised that the Task and Finish Group was in on target for a draft copy of the revised constitution to be presented to the Corporate Governance Group in early 2018.

It was RESOLVED that:

the progress update be noted.

16. Work Programme

The Group considered the report of the Executive Manager – Finance and Corporate Services that set out details of the proposed work programme for the municipal year 2017/18.

It was RESOLVED that:

- a) a representative from Nottinghamshire County Council be invited to provide an update regarding pensions at the February 2018 meeting of the Corporate Governance Group.
- a) the Group’s Work Programme, as detailed in the table below, be approved.

Date of Meeting	Item
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 • Revenue and Capital Budget Monitoring • Review of Constitution • Work Programme
8 February 2018	<ul style="list-style-type: none"> • Pensions Update from Nottinghamshire County Council • 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

The meeting closed at 8.55 pm.

Action Sheet
CORPORATE GOVERNANCE GROUP - WEDNESDAY 13 SEPTEMBER
2017

Minute Number	Actions	Officer Responsible
9. Notes 22 June 2017	None	
10. Statement of Accounts 2016/17	Nottinghamshire County Council to be contacted to see if they can provide further information regarding pensions at a future Corporate Governance Group meeting.	The Executive Manager – Finance and Corporate Services
11. External Auditors Report to those charged with Governance 2016/17	The Group be provided with an updated version of KPMG's report prior to Full Council.	The Executive Manager – Finance and Corporate Services
12. Treasury Management Outturn 2016/17	None.	
13. Revenue and Capital Budget Monitoring 2017/18 – Quarter 1 Update	None.	
14. Constitution Review Task and Finish Group	None.	
15. Work Programme	That a representative from Nottinghamshire County Council be invited to provide an update regarding pensions at the February 2018 meeting of the Corporate Governance Group.	The Executive Manager – Finance and Corporate Services