

When telephoning, please ask for: Constitutional Services  
Direct dial 0115 914 8481  
Email [constitutionalservices@rushcliffe.gov.uk](mailto:constitutionalservices@rushcliffe.gov.uk)

Our reference:  
Your reference:  
Date: 27 November 2017



To all Members of the Corporate Governance Group

Dear Councillor

A meeting of the **Corporate Governance Group** will be held on Tuesday 5 December 2017 at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West Bridgford to consider the following items of business.

Yours sincerely

A handwritten signature in black ink, appearing to be 'R. A.', written over a light blue horizontal line.

Deputy Monitoring Officer

## AGENDA

1. Apologies for absence
2. Declarations of Interest
3. Notes of the Meeting held on Wednesday 13 September 2017 (pages 1 - 8).
4. Internal Audit Progress Report 2017/18

The report of the Executive Manager – Finance and Corporate Services is attached (pages 9 - 21).

5. Treasury Management 2017/18 – Six Monthly Update

The report of the Executive Manager – Finance and Corporate Services is attached (pages 22 - 29).

6. Health and Safety Interim Report

The report of the Executive Manager – Transformation and Operations is attached (pages 30 - 37).

7. Risk Management Update

The report of the Executive Manager – Transformation and Operations is attached (pages 38 - 44).

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](mailto:customerservices@rushcliffe.gov.uk)

[www.rushcliffe.gov.uk](http://www.rushcliffe.gov.uk)

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



8. Revenue and Capital Budget Monitoring 2017/18 – Quarter 2 Update

The report of the Executive Manager – Finance and Corporate Services is attached (pages 45 - 55).

9. Review of the Constitution – Task and Finish Group

A verbal update will be provided by the Service Manager – Finance and Corporate Services.

10. Work Programme

The report of the Executive Manager – Finance and Corporate Services is attached (pages 56 - 57).

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, Mrs J A Smith

<b>Meeting Room Guidance</b>
------------------------------

**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.

**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"> <li>• Internal Audit Progress Report 2016/17</li> <li>• Health and Safety Interim Report</li> <li>• Treasury Management 2016/17 – Six Monthly Update</li> <li>• Risk Management Update</li> <li>• Annual Audit Letter</li> <li>• Revenue and Capital Budget Monitoring</li> <li>• Review of Constitution</li> <li>• Work Programme</li> </ul>
8 February 2018	<ul style="list-style-type: none"> <li>• Pensions Update from Nottinghamshire County Council</li> <li>• Internal Audit Progress Report 2017/18</li> <li>• Treasury Management Strategy 2018/19</li> <li>• Revenue and Capital Budget Monitoring</li> <li>• Certification of Grants and Returns – Annual Report 2016/17</li> </ul>
10 May 2018	<ul style="list-style-type: none"> <li>• External Audit Plan 2017/18</li> <li>• Internal Audit Progress Report 2017/18</li> <li>• Internal Audit Strategy 2018/19</li> <li>• Risk Management Update</li> <li>• IT Update</li> <li>• Revenue &amp; Capital Budget Monitoring</li> </ul>

The meeting closed at 8.55 pm.



**Action Sheet**  
**CORPORATE GOVERNANCE GROUP - WEDNESDAY 13 SEPTEMBER**  
**2017**

<b>Minute Number</b>	<b>Actions</b>	<b>Officer Responsible</b>
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

**Action and Response Sheet**  
**CORPORATE GOVERNANCE GROUP - WEDNESDAY 13 SEPTEMBER**  
**2017**

<b>Minute Number</b>	<b>Actions</b>	<b>Officer Responsible</b>	<b>Response</b>
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	A representative from Nottinghamshire County Council will attend the Corporate Governance Group meeting in February 2018.
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	Completed.
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	A representative from Nottinghamshire County Council will attend the Corporate Governance Group meeting in February 2018.

## 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 first progress report for the financial year 2017/18 and shows the current position on the audit programme, along with any significant recommendations with regards to the audits completed during this period.

### 2. Recommendation

- 2.1 It is RECOMMENDED that the Corporate Governance Group notes Internal Audit's first Progress Report for 2017/18 (**Appendix A**).

### 3. Reasons for Recommendation

- 3.1 To conform to 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 Internal Audit Plan for 2017/18 was approved by the Corporate Governance Group at its meeting on 11 May 2017 and includes 14 planned reviews. Of these reviews 36% have been completed. The attached report highlights the completion and issuing of three reports: Garden Waste, Review of the Arena Project and Procurement of IT. In terms of findings:
- Green Waste has been awarded reasonable assurance with 1 medium priority identified in relation to reconciliation of stickers. Mitigating action has been agreed by management and a weekly reconciliation is now being completed.
  - Review of the Arena Project was advisory with no opinion issued; and
  - Procurement of IT was awarded substantial assurance.
- 4.2 With regard to the remaining programme, 2 assignments are currently at draft report status with final versions due to be reported at the next meeting of this Group in February 2018. The remainder of the audit plan is due to be completed over the remaining four months of 2017/18.

### 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.

<b>For more information contact:</b>	Nigel Carter Service Manager – Finance and Commercial 0115 914 8340 ncarter@rushcliffe.gov.uk
<b>Background papers Available for Inspection:</b>	Internal Audit Reports 2017/18
<b>List of appendices (if any):</b>	<b>Appendix A</b> – Internal Audit Progress Report 2017/18

**Rushcliffe Borough Council**  
**Internal Audit Progress Report 2017/18**  
**Corporate Governance Group**  
**5 December 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 Introduction.....	2
2 Reports considered at this Corporate Governance Group.....	3
3 Looking Ahead .....	5
4 Other Matters .....	6
Appendix A: Internal audit assignments completed to date .....	7
For further information contact .....	8

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

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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

This report is released to our Client 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.

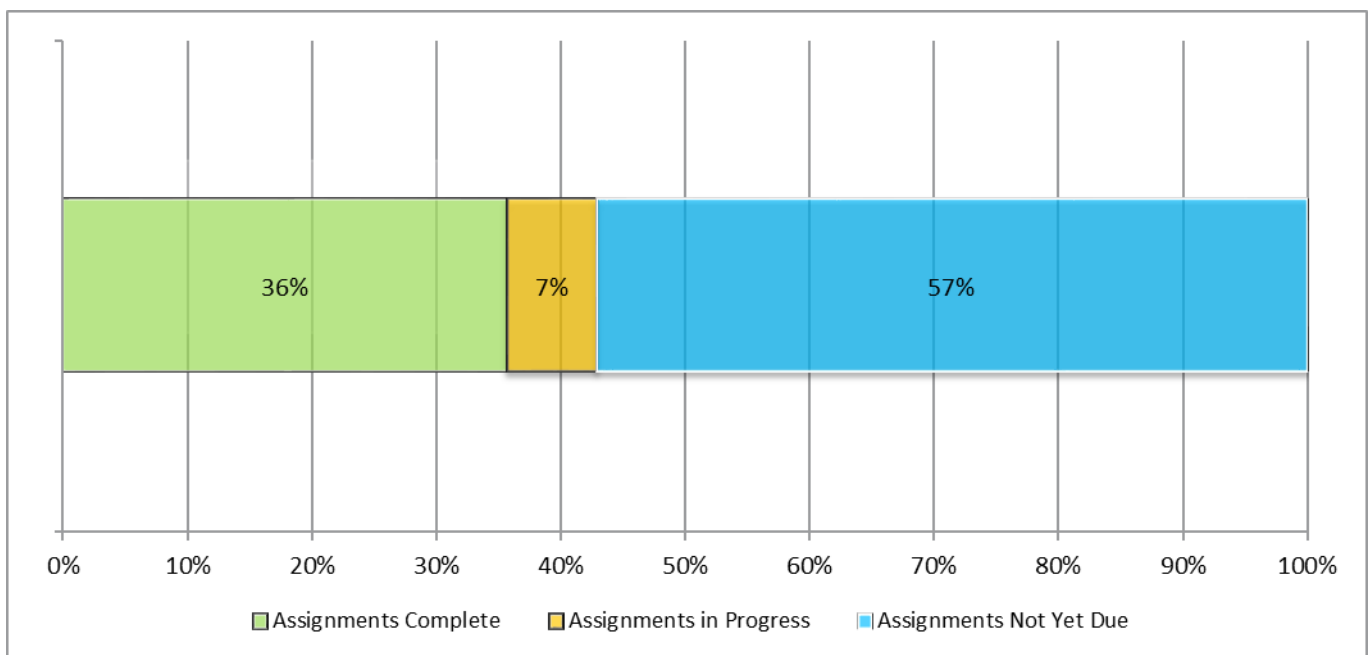
We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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 INTRODUCTION



The Internal Audit Plan for 2017/18 was approved by the Corporate Governance Group on 11 May 2017 and includes a total of 14 planned reviews.

This report provides a summary update on progress against that plan and summarises the results of our work to date



## 2 REPORTS CONSIDERED AT THIS CORPORATE GOVERNANCE GROUP

This table informs of the audit assignment that has been completed since the last Corporate Governance Group. The Executive Summary and Key Finding of the assignment below are attached to this progress report.

Assignment	Status	Opinion issued	Management Actions agreed		
			H	M	L
Garden Waste (01.17/18)	Final		0	1	5
Review of the Arena Project (02.17/18)	Final	Advisory	0	0	1
Procurement of IT Equipment (03.17/18)	Final		0	0	1



## 2.1 Impact of findings to date

---



### **Garden Waste (01.17/18)**

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one medium and five low priority findings were identified. Management actions were agreed in respect of all the findings.

The medium priority finding relates to:

- Reconciliations are not performed to verify the number of stickers held in stock to the number of stickers issued or income received.
- 



### **Review of the Arena Project (02.17/18)**

Conclusion: Advisory Review

Impact on Annual Opinion: n/a

As a result of testing undertaken, one low priority finding was identified and a management action was agreed in respect this finding.

---



### **Procurement of IT Equipment (03.17/18)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one low priority finding was identified and a management action was agreed in respect this finding.

---

### 3 LOOKING AHEAD

Assignment area	Planned Commencement Date	Status
Payroll	30 October 2017	Draft Report Issued
Country Park	6 November 2017	Draft Report Issued
Data Protection	4 December 2017	In Progress
Housing Benefits	11 December 2017	Planning Stage
Corporate Governance	8 January 2018	Planning Stage
Creditors and E Procurement	29 January 2018	Planning Stage
Contract Management	12 February 2018	Planning Stage
Main Accounting	19 February 2018	Planning Stage
Follow Up	19 February 2018	Planning Stage
Allowances	TBC	Planning Stage
IT	TBC	Planning Stage

## 4 OTHER MATTERS

### 4.1 Changes to the audit plan

There are no changes to the internal audit plan since the previous Corporate Governance Group.

## APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

There have been no reports previously seen by the Corporate Governance Group against the 2017/18 Internal Audit Plan.

## FOR FURTHER INFORMATION CONTACT

**Chris Williams, Head of Internal Audit**

chris.williams@rsmuk.com

Tel: 07753 584993

**Robert Barnett, Director**

robert.barnett@rsmuk.com

Tel: 07791 237658

**Amjad Ali, Senior Manager**

amjad.ali@rsmuk.com

Tel: 07800 617139

**Address:**

RSM Risk Assurance Services LLP

Suite A, 7th Floor  
City Gate East  
Tollhouse Hill  
Nottingham NG1 5FS

Phone: 0115 964 4450

# GARDEN WASTE - DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
-----	---------	----------------------------------	---------------------------------	---------------------------------	----------	-----------------------	---------------------	-------------------

**Risk: Green Waste charges are not effectively managed leading to a loss of income.**

6	<u>Missing control</u>  Reconciliations are performed between the number of stickers issued and the number of stickers held in stock and to income received.	No	-	We were informed by the Customer Services Supervisor and Recycling Officer that there are no reconciliations performed between the number of stickers issued and the number of stickers held in stock at either the Contact Centre or depot.  We were not provided with evidence of any income reconciliations. We were informed by the Financial Services Manager that income reconciliations can take place against the invoices raised but as the debtors system records this information and the system will not roll forwards to the following	Medium	Stock and income reconciliations will be performed on a regular basis to confirm that the number of stickers held in stock and value of payments received is as expected.	31 October 2017	Customer Services Manager and Financial Services Manager
---	--	----	---	---	--------	---	-----------------	--

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>period if it does not balance that a better form of reconciliation could be produced comparing the number of stickers issued with the number of bins that have been paid for to avoid misappropriation of stickers issued</p> <p>There is a risk that discrepancies in stock levels of stickers or in value of payment received are not identified which could result in misappropriation of stickers and financial loss.</p>				

## Report of the Executive Manager - Finance and Corporate Services

### 1. Summary

- 1.1. The purpose of this report is to summarise the Treasury Management activities of the Council for the period 1 April to 30 September 2017.
- 1.2. The Treasury Management Strategy Statement (TMSS) for 2017/18, approved by Council on 2 March 2017, incorporates the Council's Annual Investment Strategy, which outlines the Council's investment priorities as follows:
  - Security of capital
  - Liquidity of investments
  - Optimising yield earned on investments
- 1.3. The Annual Treasury Strategy Statement sets Prudential and Treasury Indicators which are relevant for the purposes of setting an integrated Treasury Management Strategy and are a requirement of the CIPFA Code of Practice.

### 2. Recommendations

It is recommended that Members note the Treasury Management update position at 30 September 2017.

### 3. Reasons for Recommendation

- 3.1 CIPFA's Code of Practice for Treasury Management recommends that Members should be informed of Treasury Management activities at least twice a year. This report therefore ensures this Council is embracing best practice for the scrutiny of Treasury Management activity in accordance with the Code of Practice.

### 4. Supporting Information

#### Economic Background

- 4.1. In the first six months of 2017/18:
  - Growth in the UK economy has slowed but is forecast to improve in 2018
  - The Bank of England base rate was held at 0.25% since 4 August 2016.

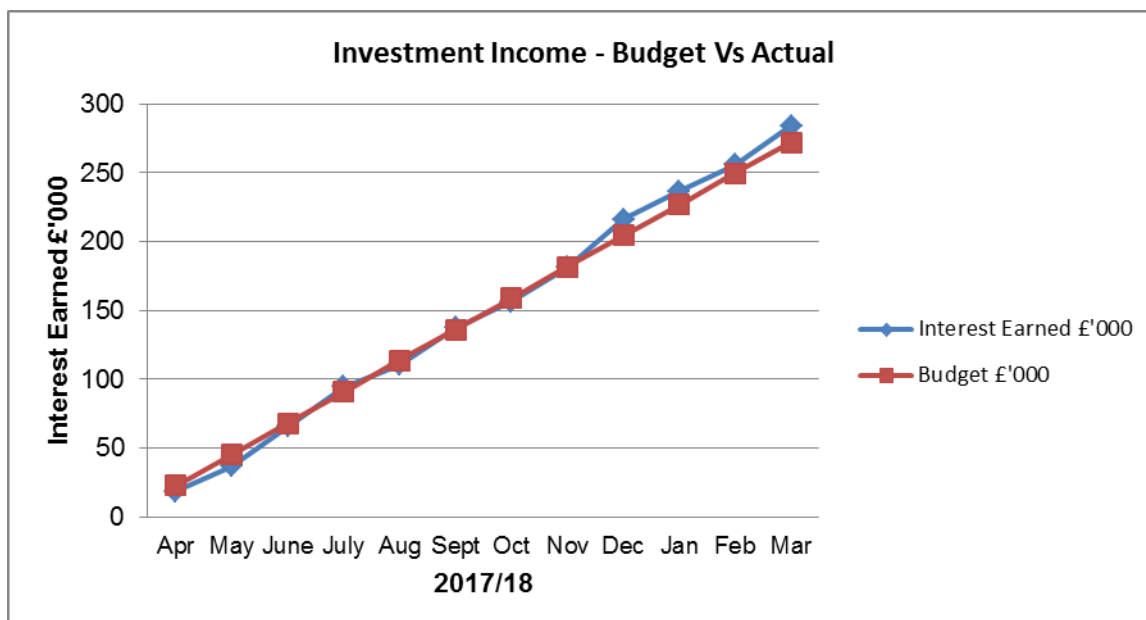


## **Economic Forecast**

- 4.2. The Bank of England base rate informs the rates that can be obtained from investments. On 2 November 2017 the Monetary Policy Committee increased the Bank rate by 0.25% to 0.5%. Arlingclose (the Council's Treasury Management advisors) expect the Bank rate to remain at 0.5%, but point out that negotiations on exiting the EU continues to cast a shadow over monetary policy decisions.
- 4.3. Inflation is expected to remain at around 2.75% for the foreseeable future with some monthly volatility.
- 4.4. The economic growth consequences of BREXIT remain speculative, uncertainty over the UK's future trade relations with the EU and the rest of the world will impact on economic growth during the second half of 2017 and in 2018.

## **Investment Income**

- 4.5. A combination of base rate forecasts, constraints on the lending list and the expenditure expected to be incurred on the Capital Programme meant the Council budgeted to receive £271,900 in investment income in 2017/18. Actual interest earned to 30 September 2017 totalled £137,300 with total receipts for the year expected to be £284,300. Interest receipts are slightly higher than estimated due to additional cash flow as a result of delays in the capital programme. Going forward this could change, for example if interest alter or there is any unexpected property investment. All investments have been made in accordance with the Council's Treasury Management Strategy.
- 4.6. In order to maintain returns and mitigate risks the Council has continued to diversify its investments mix. As a result the Council is currently placing deposits in Money Market Funds, Call Accounts, CCLA Property Fund, UK Local Authorities, Covered Bonds, Pooled Funds and Temporary Investments with a maximum of £5 million being placed with any single institution.
- 4.7. The projected return on investments is highlighted in the following graph, which depicts the performance against the budget.



4.8. The average interest rates achieved so far this year on the Council's investments are shown below, where they are comparable to LIBID rates. The table shows a mixed performance compared to LIBID rates as Counterparty limits will have restricted the rates that can be achieved on some investments. Investments are on a short term basis in line with the Treasury Management Strategy, utilising both instant access bank accounts and short term deposits. Averaging rates achieved shows the Council's is 0.31% and the LIBID rate is 0.29%.

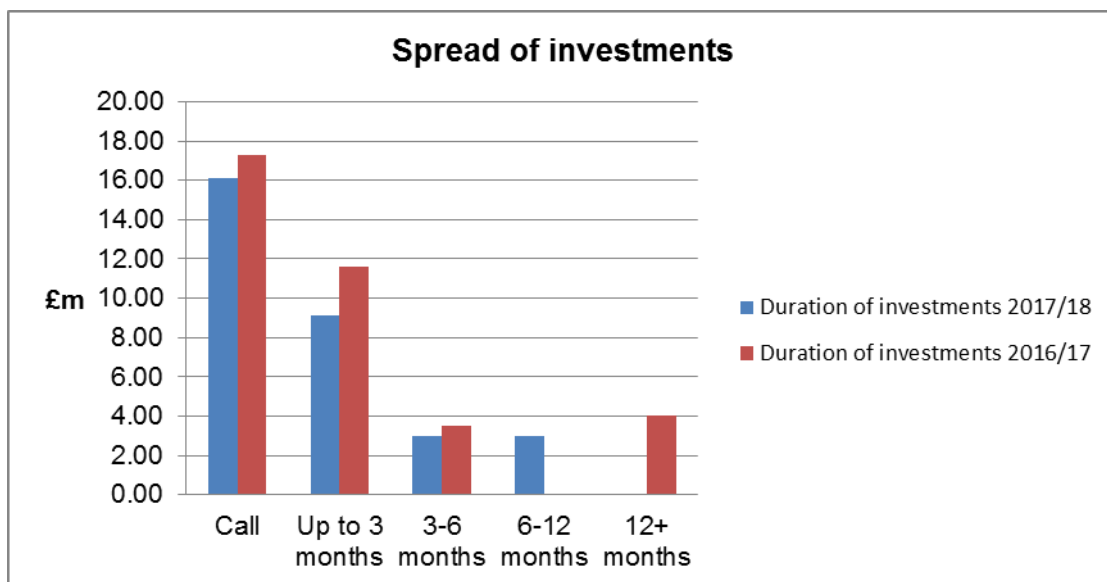
Benchmark	LIBID Return	Council Performance
Instant Access	0.22%	0.20%
7 day	0.24%	-
1 month	0.25%	0.26%
3 month	0.30%	0.40%
6 month	0.44%	0.37%
12 month	0.65%	-

4.9. The table below highlights the level of investment activity and the rates obtained at 30 September 2017. Investments are made in line with Arlingclose's approved counterparty list.

Date	Financial Institution	Amount £	Length of Investment	Interest Rate
21 July 2014	Other Local Authority	£3,000,000	4 years	2.04%
13 July 2017	Coventry Building Society	£1,000,000	6 months	0.28%
18 Sept 2017	Close Brothers	£1,000,000	6 months	0.45%
15 August 2017	Mansfield Building Society	£1,000,000	100 days	0.40%
N/A	Santander	£818,338	60 day notice	0.35%
N/A	Handelsbanken	£1,867,276	35 day notice	0.20%
N/A	Barclays	£4,960,992	32 day notice	0.27%
N/A	Bank of Scotland	£1,505,055	32 day notice	0.32%
N/A	Santander	£13,650	31 day notice	0.30%
N/A	Standard Life	£3,842,938	Call	0.20%

<b>Date</b>	<b>Financial Institution</b>	<b>Amount £</b>	<b>Length of Investment</b>	<b>Interest Rate</b>
N/A	Invesco	£3,385,889	Call	0.20%
N/A	Santander (Business Reserve)	£3,065,048	Call	0.15%
N/A	Federated	£2,869,456	Call	0.21%
N/A	Bank of Scotland (Instant Access)	£1,001,062	Call	0.15%
N/A	HSBC	£352,007	Call	0.13%
N/A	CCLA	£80,195	Call	0.18%
N/A	Goldman Sachs	£16,622	Call	0.13%
N/A	Residual MMF/Call Account balances	£843	Call	0.16%
N/A	CCLA Property Fund	£2,000,000	Ongoing	4.46%
N/A	Royal London Cash Plus Fund	£1,007,178	Ongoing	1.10%
	<b>Total Investments/ Average Interest Rate</b>	<b>£32,786,549</b>		<b>0.59%</b>

- 4.10. As the table above indicates, investments at 30 September 2017 totalled £32.79 million with an average rate of interest of 0.59% (2016/17 0.71%). Over the first half of 2017/18 interest rates available on Money Market Funds have fallen compared to last year. These funds were available on a temporary basis, and the level of funds available was mainly dependant on the timing of precept payments, receipt of grant and progress on the capital programme. The rates achieved vary between different institutions, for different durations, dependant on when the investment was made.
- 4.11. It should be noted that £9.5 million of the above investments relate to funds held in relation to Section 106 Agreements that are yet to be released by the Authority. As part of the agreement interest has to be paid over once funds are released. This interest amounts to approximately £30,000.
- 4.12. The above details the Counterparties that the Council had placed investments with at 30 September 2017. The following graph depicts our investment spread showing the range of investments and the different time periods; balancing both cashflow risk and counterparty risk and shows the movement from longer term to shorter term investments between 2016/17 and 2017/18. A consequence of bail-in is that increasingly the Council is holding lower values of investments, over a shorter period of time, with a greater number of institutions. This is compliant with the Council's Treasury Management Strategy and recommended action by the Council's Treasury advisors.



## Borrowing

- 4.13. In accordance with the Local Government Act 2003, the Council has a statutory duty to determine and keep under review how much it can afford to borrow. Therefore, the Council establishes 'Affordable Borrowing Limits' (or Authorised Limit) as part of the Prudential Indicators within the approved Treasury Management Strategy Statement.
- 4.14. The 'authorised limit' and 'operational boundary' indicators govern the maximum level of external borrowing to fund the capital programme and short-term cash flow.
- 4.15. No external borrowing is proposed to be undertaken in 2017/18 hence the Authorised Limit and Operational Boundary remain unchanged (see **Appendix A**).
- 4.16. As part of the Treasury Management Strategy the Council established a range of Prudential Indicators (which also accords with professional practice) to monitor both Treasury and Capital as the two are intrinsically linked. Details of the performance against the Prudential Indicators can be found in **Appendix A**. Key points to note:
- Capital expenditure has increased as a result of capital budgets brought forward from 2016/17, additional projects, and scheme re-phasing;
  - The incremental impact of investment decisions (on Band D Council Tax) indicates the net revenue costs or benefits associated with the capital programme. This indicator has moved positively from (£13.50) to (£17.02) to reflect programme slippage and expected returns from the Asset Investment Strategy.

## Conclusion

- 4.17. Treasury Management continues to be fraught with difficulty. The UK economy is more uncertain while the terms of BREXIT are being negotiated. Together with general international political uncertainty the effects are expected to have a long term impact on interest rates and the returns that can be achieved from investments. Officers will continue to be vigilant and report any significant issues to the Corporate Governance Group.

4.18. Members should also be aware that there are forthcoming changes to the CIPFA Code of Practice on both Capital and Treasury Management. An update will be provided when we report on the 2018/19 Treasury Management Strategy; and hopefully the revised Codes will have been fully published.

## 5. Other Options Considered

5.1. There are no other options.

## 6. Risk and Uncertainties

6.1. The report covers both counterparty and interest rate risks.

## 7. Implications

### 7.1 Finance

Financial implications are covered in the body of the report.

### 7.2 Legal

None.

### 7.3 Corporate Priorities

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

### 7.4 Other Implications

None.

<b>For more information contact:</b>	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
<b>Background papers available for inspection</b>	Treasury Management Strategy 2017/18
<b>List of Appendices (if any):</b>	<b>Appendix A</b> – Prudential and Treasury Indicators for 2017/18 position at 30 September 2017. <b>Appendix B</b> – Glossary of Terms.

## APPENDIX A

### Prudential and Treasury Indicators for 2017/18 Position at 30 September 2017

	2017/18 £'000 Original Estimate	2017/18 £'000 Projected Outturn
<b><u>Prudential Indicators</u></b>		
<b>Capital Expenditure</b>	15,128	20,846
<b>Ratio of net financing costs to net revenue streams</b>		
Non-HRA	(2.15%)	(2.48%)
<b>Expected Investment Position</b>	12,000	24,312
<b>Capital Financing requirement as at 31 March 2018</b>	14,336	11,121
<b>Incremental impact of capital investment decisions</b>		
Impact on council tax (Band D) per annum	(£13.50)	(£17.02)
<b><u>Treasury Management Indicators</u></b>		
<b>Authorised Limit for external debt</b>		
Borrowing and other long term liabilities	25,000	25,000
<b>Operational Boundary for external</b>		
debt borrowing and other long-term liabilities	20,000	20,000
<b>Upper limit for fixed interest rate exposure on investments over 1 year</b>	25%	25%
<b>Upper limit for fixed interest rate exposure on investments up to 1 year</b>	100%	100%
<b>Upper limit for variable rate exposure (investments)</b>	100%	100%
<b>Upper limit for total principal sums invested over 1 year</b>	4,375	4,375

**Glossary of Terms**

Money Market Funds – these funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks.

CCLA Property Fund - this a local authority property investment fund. The property fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

Covered Bonds – these investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means they are exempt from bail-in.

Pooled Funds – shares in diversified investment vehicles consisting of different investment types including banks, equity shares and property, these funds have the advantage of providing wide diversification of investment risks

LIBID – London Inter Bank Bid Rate. The rate at which banks are willing to borrow from other banks

## 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 Six Monthly Update Report which provides a summary of the Council's occupational health and safety performance during the six-month period 1 April 2017 to 30 September 2017. The full version of the annual report is available as a background paper and on the Members' Extranet.

1.1. The Six Monthly update 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.

1.2. A PowerPoint presentation will be delivered to Corporate Governance Group which will highlight the main points to consider within the report.

### 2. Recommendation

It is RECOMMENDED that the Corporate Governance Group:

- a) considers the detailed information contained within the 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 2017/18.

### 3. Implications

#### 3.1. Finance

None.

#### 3.2. Legal

None.



### 3.3. Corporate Priorities

Maintaining and enhancing our residents' quality of life.

### 3.4. Other Implications

None.

<b>For more information contact:</b>	Kath Marriott Executive Manager – Transformation and Operations 0115 914 8291 <a href="mailto:kmarriott@rushcliffe.gov.uk">kmarriott@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	Health and Safety Six monthly Report Apr to end Sept 2017
<b>List of appendices (if any):</b>	<b>Appendix 1</b> - Health and Safety Six Monthly Update Report Apr to end Sept 2017 – abridged version

## HEALTH AND SAFETY ANNUAL REPORT

April 2017 to end September 2017

### 1. INTRODUCTION

1.1 This six monthly report sets out the Council's occupational health and safety performance during the year 1 April 2017 to 30 September 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	11	100%
Personal Safety	12	80%
Arena Fire procedure for Facilities Staff	10	100%
Emergency First Aid	6	50%
Fire safety Training e-learning	15* (162 total)	74%
Display Screen Equipment e-learning	14* (146)	66%
Legionella awareness e-learning	5* (42 total)	93%
Asbestos awareness e-learning	4* (52 total)	98%
Manual handling e-learning	13* (135 total)	71%

\* 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 July 2017	Executive Manager Transformation and Operations, Health and Safety Advisor, 8 work place representatives
Legionella, Asbestos and Tree Management Group	Twice yearly September 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 to end Sept 16	Comment
Pre-employment medicals	25	All new employees are assessed through a pre-employment questionnaire prior to commencing their role with the Council
HGV Medical	3	Medical assessments as required for HGV drivers

## 3. PROGRESS TOWARDS ACHIEVING HEALTH AND SAFETY GOALS

<b>Review the effectiveness of health and safety aspects relating to the Arena</b>	This is in progress and is expected to be completed by March 2018
<b>Develop and evaluate the use of Lone working devices for the Council</b>	The use of Lone Working devices has been reviewed via a working Group with representatives from relevant service areas. The Group determined that there was no desire to look at implementing an external monitoring device at this time.
<b>Implementation of a new electronic accident form</b>	The electronic form is now in place and available to all staff who have access to the Intranet. A paper copy is still available.
<b>Work towards Silver award for Workplace Health (submission June</b>	The Council has been successful in being awarded the Nottinghamshire's

<b>2018)</b>	Workplace Health Silver Award in June 2017 a year earlier than anticipated.
<b>Review and update the following policies:</b> <ul style="list-style-type: none"> <li>• <b>Health and safety policy for the safe use of mobile phones</b></li> <li>• <b>Policy for the safe driving at work</b></li> </ul>	The Mobile Phone Policy was reviewed and updated in May 2017.  The Driving at Work Policy is due to be reviewed and updated before end March 2018.
<b>To audit Streetwise in two of its high risk areas to be determined</b>	Health and safety audits have been completed on the following high risk areas; Removal of flytipped asbestos, Quad bike weed spraying.

#### 4. PERFORMANCE

##### 4.1 Accident report forms completed

	2013/ 14	2014/ 15	2015/ 16	2016/ 17	Apr – end Sept 2014	Apr – end Sept 2015	Apr – end Sept 2016	Apr – end Sept 2017
Establishment figure head count	340	338- 303*	291	285	338	290	285	275
Depot	34	19	24	18	11	9	11	10
Civic	5	4	2	2	3	1	1	1
Community Contact Centre	1	1	1	1	0	1	0	0
Community Facilities	2	1	1	1	1	1	1	1
<b>Total</b>	<b>42</b>	<b>25</b>	<b>28</b>	<b>22</b>	<b>15</b>	<b>12</b>	<b>13</b>	<b>12</b>
<b>Incidence rate</b>	<b>123</b>	<b>73</b>	<b>96</b>	<b>77</b>	<b>44</b>	<b>41</b>	<b>46</b>	<b>44</b>

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

Incidence rate = the number of accident forms completed, divided by number of employees, multiplied by 1000.

## 4.2 Accident Report Forms by type

	2013/ 14	2014 /15	2015 /16	2016 /17	Apr – end Sept 2014	Apr – end Sept 2015	Apr – end Sept 2016	Apr – end Sept 2017
Struck by Moving Object	8	4	9	4	3	2	2	4
Strike against fixed object	5	1	5	6	1	2	3	1
Slip / Trip / Fall	9	11	4	5	4	1	2	5
Manual Handling	12	6	8	7	3	5	6	2
Animal attack (e.g. dog)	3	2	0	0	2	0	0	0
Other (Shock/Contact with liquids)	5	1	2	0	2	2	0	0
<b>Total</b>	<b>42</b>	<b>25</b>	<b>28</b>	<b>22</b>	<b>15</b>	<b>12</b>	<b>13</b>	<b>12</b>

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

	2013 /14	2014 /15	2015 /16	2016 /17	Apr – end Sept 2014	Apr – end Sept 2015	Apr – end Sept 2016	Apr – end Sept 2017
Number of days lost	38	102	262	77	2	74.5	31	161

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
Manual handling	Shoulder	R2Go	97
Slip trip fall	Strained ankle	R2Go	13
Manual handling	Back strain	Facilities	3
Struck by moving object	Injury to arm	R2Go	46
Struck by moving object	Bruised arm	R2Go	2
<b>Total</b>			<b>161 days</b>

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

Apr to Sept 2017	3 RIDDOR reports
Apr to Sept 2016	2 RIDDOR reports
Apr to Sept 2015	4 RIDDOR reports
Apr to Sept 2014	0 RIDDOR reports

4.6 Accidents to the public

	2013 /14	2014 /15	2015 /16	2016/ 17	Apr – end Sept 2014	Apr – end Sept 2015	Apr – end Sept 2016	Apr – end Sept 2017
Member of Public	10	15	25	10	10	20	8	1
Contractor	0	0	1	0	0	0	0	0

## 5. LEISURE CENTRE FACILITY FIGURES

See table in Appendix 1

- 155 accidents to members of the public in this 6 month period
- This compares to 184 for the same period in 2016

## 6. CONCLUSION AND NEW OBJECTIVE

- 6.1 The information reported in relation to the management of health and safety indicates that figures for number of accidents, currently at 12 is comparable to the previous three years.
- 6.2 The number of days absent from work due to accidents has risen significantly compared to the previous three years and is way above average for the last 4 years of data. 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 Steady progress is being made on the health and safety objectives set at the beginning of the financial year and it is anticipated that these will be completed in time.

**Table of accident statistics for Leisure Centres**

**April 2017 to end Sept 2017**

	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>RIDDOR</b>	<b>Total Accidents Public</b>	<b>Total Staff</b>	<b>Total attendance figures</b>
<b>East Leake</b>	3	5	6	5	2	3	0	24	0	108,420
<b>Bingham Leisure Centre</b>	6	4	5	2	4	0	0	21	0	139,083
<b>Cotgrave Leisure Centre</b>	12	4	6	10	8	12	0	52	0	115,083
<b>Rushcliffe Arena</b>	4	7	5	11	14	4	0	45	0	265,652
<b>Keyworth Leisure Centre</b>	4	2	1	3	3	0	0	13	0	56,666
<b>Total</b>	<b>29</b>	<b>22</b>	<b>23</b>	<b>31</b>	<b>31</b>	<b>19</b>	<b>0</b>	<b>155</b>	<b>0</b>	<b>684,904</b>

## Report of the Executive Manager - Operations and Transformation

### 1 Summary

- 1.1 This report provides an update on the progress made since the meeting on 11 May 2017 and also provides a summary of any activities associated with updating the Council's risk register and work relating to the Council's emergency planning and business continuity functions. An update on work to the audit recommendations made by the Council's internal auditor, RSM (formerly Baker Tilly) following the annual audit of risk management in August 2016 is also included.

### 2 Recommendation

It is RECOMMENDED that the Corporate Governance Group:

- a) note the contents of the report
- b) consider the actions taken to review the risk management arrangements and implement internal audit recommendations
- c) consider the work of the Emergency Planning Officer and endorse the work of the Local Resilience Forum.

### 3 Risk Management Review and Activity

- 3.1 Two sessions of training have been provided in the last 6 months. A training session was delivered for the Leadership Forum on 18 May 2017 looking at mitigating controls and their effectiveness, and refresher training was provided on 13 November 2017 to risk managers by the Council's insurance company, Zurich.
- 3.2 Executive Management Team met as the Council's Risk Management Group (RMG), on 11 May 2017 and 7 November in order to oversee the management of risk across the organisation and review, where necessary, strategic and operational risks. These meetings ensure consideration is given to reviewing the risk registers, amending or updating existing risks and ratings, verifying control measures and, where necessary identifying new risks. This process continues to remove unnecessary risks that are low scoring; those with the lowest likelihood or impact and / or risks that have effective mitigation ensuring the risk factors are under control. Additionally new risks are identified and are added to the registers taking into account the changing nature of the Council's business and its priorities.
- 3.3 There are currently 34 corporate risks, 3 more than the last report. The number of operational risks has decreased by 3 from 32 to 29, and therefore the total number of risks is 61. The number of risks within the registers will fluctuate throughout the year as active risk management is undertaken. Changing pressures facing local government and the proactive work of managers to identify risks as they emerge will continue to influence new risks added to the register and demonstrates the



Council's aim to be proactive to mitigate risk as soon as possible after identification. The risk registers are attached at **Appendix A**.

### 3.4 Examples of risks that have been changed following the review process are:

Risks removed:

- OR\_NS21 Lack of or inappropriate monitoring of the Streetwise prime contract resulting in reduced standards and increased levels of resident dissatisfaction
- OR\_NS26 Lack of or inappropriate monitoring of Nottingham City Council vehicle maintenance contract resulting in reduced standards and increased costs
- OR\_TR22 Potential delay over completion and handover of Bridgford Hall.

Risks added or proposed by Service Managers or Risk Management Group:

- CRR\_TR23 Grenfell Tower post incident risk to commercial buildings in Rushcliffe. The risk assessment is 1 impact and 1 likelihood
- OR\_CO06 Loss of income as a result of the refund of planning application fees (under the provisions of the Government's Planning Performance and Planning Guarantee). The risk assessment is 2 impact and 2 likelihood
- OR\_NS29 Lack of or inappropriate monitoring of the Council's contracts in place (resulting in reduced standards or increased levels of resident dissatisfaction). The risk assessment is 3 impact and 1 likelihood. This risk replaces OR\_NS21 and OR\_NS26.

Risks amended:

Nine risks have been amended since the last meeting, these are:

- CRR\_CO02 Failure of public sector partnerships / withdrawal of financial support – the likelihood has been increased
- CRR\_FCS12 Risk and return from Asset Investment Strategy – the likelihood for this risk has reduced from 3 to 2 following advice from RMG
- CRR\_FCS20 Failure to properly manage and deliver significant projects – the title of this risk has changed – 'Leisure and Office move' has been removed, and the impact has reduced from 3 to 2 on the advice of the RMG
- CRR\_TR20 Failure to successfully complete the Rushcliffe Arena snagging list – impact of this risk has been reduced from 3 to 2 following guidance from RMG
- CRR\_TR21 Failure to comply with the Data Protection Act – this risk has moved from operational to the Corporate risk register, and the likelihood has been decreased from 3 to 2 now an action plan is in place. It has also moved to the management of the Chief Information Officer
- CRR\_TR22 Loss or compromise of confidential or restricted information or data – this risk has moved to the management of the Chief Information Officer
- OR\_FCS10 Reputational risk to the Council following adverse media coverage – the impact has been reduced from 3 to 2 following training by The Media Group
- OR\_NS28 Delivery of social rented affordable housing – the likelihood has been increased from 2 to 3 following guidance from RMG
- OR\_TR23 Challenge to ensure sufficient car parking spaces at Rushcliffe Arena – the impact and likelihood have both been reduced from 3 to 2 after

a parking barrier was installed and a planned conversion of grasscrete areas to tarmac.

## **4 Emergency Planning Update**

### **4.1 Plans**

- A move to critical plan/checklist has been produced as part of a review of the corporate emergency plan.
- The Elected members plan was reviewed and re issued.
- Rushcliffe took part in the national capability survey that takes place every 2 years.
- The Rushcliffe Borough Council emergency planning officer is leading on the Local Resilience Forum spontaneous volunteer planning in her Nottinghamshire County Council role.

### **4.2 Community resilience**

Gotham applied for and received funding from Rushcliffe's Flood resilience store grant for the purchase of community level flood protection items.

Assistance has been given to Gotham's new flood group.

Assistance has been given to Radcliffe on Trent Parish Council around emergency planning.

### **4.3 Training**

Leisure centre staff from Bingham, Cotgrave, Keyworth and Rushcliffe Arena received training and refresher training on their facilities manager roles within the emergency accommodation plan.

Senior managers attended training on Strategic Coordinating groups and Tactical Coordinating groups for incident response.

Staff attended a "move to critical" workshop run by counter terrorism security advisors.

### **4.4 Exercising**

#### **Exercise Diamond 4**

A multi-agency planning group is currently meeting to plan a 2 day flood exercise in February 2018. The exercise will be strategic and tactical level with the scenario involving the escalation to a regional response coordinating group. To allow for the testing of the Trent catchment plan. All members of EMT and the emergency planning officer will be taking part.

#### **Exercise Silver Siren**

A multi-agency planning group is currently meeting to plan a week long live air crash investigation exercise in May 2018. Led by the RAF, the exercise will involve RAF Syerston as a location and the testing of Military and Local Resilience Forum partners working together. The second part of the exercise planned for November 2018 will involve the activation of Military support to the civil community, and strategic and mass fatalities coordinating groups.

### **4.5 Grenfell tower post incident work**

The Council has been responding to the Department for Communities and Local Government information requests and also taking a proactive approach with Rushcliffe communities.

## **Actions taken**

### **Social housing**

The Council has liaised with both Metropolitan and Waterloo housing regarding their housing stock and no issues have been reported.

### **Private landlords with houses of multi occupancy**

Standard housing inspections already include the provision of a fire and rescue guidance leaflet. Fire risk assessment information has been provided for Greater Nottingham electronic landlord forum. A South Notts Private Landlord Forum and Empty Property Fayre were jointly hosted by Rushcliffe Borough Council and Gedling Borough Council on 5 October 2017.

### **Rushcliffe Borough Council property**

A review of Rushcliffe property assets with a focus on the new Rushcliffe Arena building has taken place and no issues have been identified.

### **Liaison with Notts Fire and Rescue**

We are working with Notts Fire and Rescue regarding countywide standardised advice for fire risk information. Additionally, an Executive Manager attended a Grenfell Tower Strategic briefing chaired by Notts Fire and Rescue.

### **University accommodation**

Liaison is taking with place with Nottingham City Council emergency planning team regarding work with the University of Nottingham and their plans to be self-contained in accommodating and rehousing students in an evacuation.

### **Emergency plans**

The current corporate emergency plan is in date and mid-way through its 3 year review cycle. The opportunity was taken for a mid-cycle review and the plan was reviewed in June 2017.

- Local Resilience Forum work is already in progress around the management of spontaneous volunteers and has benefitted from substantial lessons identified which are being fed into the planning work. The RBC emergency planning officer leads this work in her NCC role.
- Multi agency plans already in their planning review cycle and completed September 2017 include: site clearance, mass fatalities, critical infrastructure, and humanitarian assistance.

### **Emergency accommodation plans**

Contract hub staff were able to re-confirm contract and availability of Parkwood leisure centres for emergency accommodation. Also, in conjunction with Nottinghamshire County Council emergency planning team, refresher training has taken place for Parkwood Leisure staff on their role in the emergency accommodation plan.

## 5 Implications

### 5.1 Finance

The Risk Management Group ensures that the financial risks of the Council are managed. The SLA with Nottinghamshire County Council to provide an Emergency Planning Service is £25,900.

### 5.2 Legal

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






### 5.3 Corporate Priorities

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


### 5.4 Other implications

There are no other implications.

<b>For more information contact:</b>	Katherine Marriott Executive Manager – Operations and Transformation 0115 914 8291 <a href="mailto:kmariott@rushcliffe.gov.uk">kmariott@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	None.
<b>List of appendices (if any):</b>	<b>Appendix A</b> – Risk registers

CRR_TR16 Threat of major successful cyber-attack		8
CRR_TR17 Inability to draw down Growth Deal 2 funding within specified timescales		8
CRR_TR20 Failure to successfully complete the Rushcliffe Arena snagging list		6
CRR_TR21 Failure to comply with the Data Protection Act		4
CRR_TR22 Loss or compromise of confidential or restricted information or data		3






### Added to the register













Risk Code & Title	Status	Current Rating
CRR_TR23 Grenfell Tower post incident risk to commercial buildings in Rushcliffe. The risk assessment is 1 impact and 1 likelihood		2

### New risks in development



Risk Code & Title	Status	Current Rating
None		

### Operational Risks

Risk Code & Title	Status	Current Rating
OR_CO04 Cost of defending appeals for large scale residential developments and potential award of costs		4
OR_CO05 Failure to determine major planning applications within 13 weeks or agreed period		3
OR_FCS01 Failure to meet major statutory duties or take on board new legislation		4
OR_FCS03 Inadvertent illegal activity, taking illegal decisions		2
OR_FCS04 Failure to implement Paperlite working practice for Members		2
OR_FCS06 Failure to manage and monitor budget		4
OR_FCS07 Lack of implementation of financial controls		4
OR_FCS08 Exposure to breach of VAT rules		6
OR_FCS09 Loss of capital/lower interest earned on investments, due to current economic climate		8
OR_FCS10 Reputational risk to the Council following adverse media coverage		6
OR_NS02 Disruption and lack of fuel preventing collection of domestic waste		2
OR_NS06 Lack of knowledge of contaminated land		2
OR_NS20 Significant malfunction of core services/security risk at Council's temporary accommodation premises		4
OR_NS25 Failure to deliver mandatory DFG grant due to insufficient funding		2
OR_NS28 Delivery of social rented affordable housing		6

OR_TR04 Failure to manage legionella issues		4
OR_TR05 Failure to manage asbestos in buildings under our control		4
OR_TR13 Failure to maintain council owned trees		4
OR_TR14 Partners closure of buildings where RBC has contact points, including RCCC		6
OR_TR16 Failure to secure vacant possession of Cotgrave precinct and associated risks to town centre regeneration		2
OR_TR17 Threat of violence to staff		6
OR_TR18 Failure to comply with Equality legislation		2
OR_TR19 Risk to staff health due to their work		2
OR_TR20 Threat of Industrial Action		2
OR_TR21 Unauthorised access to IT systems		8
OR_TR23 Challenge to ensure sufficient car parking spaces at Rushcliffe Arena		4
OR_TR24 Failure to successfully review the day to day operation of the Rushcliffe Arena		4

### Added to the register

Risk Code & Title	Status	Current Rating
OR_CO06 Loss of income as a result of the refund of planning application fees (under the provisions of the Government's Planning Performance and Planning Guarantee). The risk assessment is 2 impact and 2 likelihood.		4
OR_NS29 Lack of or inappropriate monitoring of the Council's contracts in place (resulting in reduced standards or increased levels of resident dissatisfaction).The risk assessment is 3 impact and 1 likelihood.		3

### New risks in development

Risk Code & Title	Status	Current Rating
None		

## Report of the Executive Manager – Finance and Corporate Services

### 1. Summary

- 1.1. This report presents the budget position for revenue and capital as at 30 September 2017 along with the appropriate recommendations for referral to Cabinet. Given the current financial climate it is imperative that the Council maintains due diligence with regards to its finances and ensures necessary action is taken to maintain a robust financial position.
- 1.2. The report also highlights the purchase of the new investment property Bardon and the benefits and risks associated with this.

### 2. Recommendation

It is RECOMMENDED that the Corporate Governance Group note:

- a) the projected revenue and capital budget positions for the year of £193,000 revenue efficiencies and £7,439,000 from capital scheme re-phasing and potential savings; and
- b) the recommendation to Cabinet to remove £5.75m from the 2017/18 Capital Programme as provisions for the original schemes at Land North of Bingham and RAF Newton are no longer required.

### 3. Reasons for Recommendation

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

### 4. Supporting Evidence

#### *Revenue Monitoring*

- 4.1 The revenue monitoring statement by service area is attached at **Appendix A** with detailed variance analysis as at 30 September 2017 attached at **Appendix B**. This shows projected efficiency savings for the year of £153,000 and additional funding of £40,000. This could improve throughout the remainder of the year as managers continue to drive cost savings, and raise income, against existing budgets.
- 4.2 **Appendix A** includes a Minimum Revenue Provision (MRP) of £1 million. This is a provision that the Council is required to make each year to cover the internal borrowing costs for the Arena which will be funded by New Homes Bonus.

- 4.3 As documented at **Appendix B** the financial position to date reflects a number of positive variances including employee cost savings, savings from contracts, additional green waste income and a reduction in both Housing and Council Tax Benefit payments. £50k is anticipated from the new property acquisition Bardon (see Appendix D, which gives further information on the acquisition). There are several negative variances, including an increase in the cost of insurance, variations in the cost of contracts, agency costs for waste collection and recycling and an increase in the cost of NNDR (Business Rates) at East Leake Leisure Centre and the Arena.
- 4.4 At October Cabinet the use of a maximum of £20k of the revenue efficiencies towards a business case feasibility assessment concerning Bingham Leisure Centre was approved. This will reduce the projected revenue efficiencies for the year to £173,000.

#### *Capital Monitoring*

- 4.5 The updated Capital Programme monitoring statement as at 30 September 2017 is attached at **Appendix C** which provides further details and the progress of the schemes and both re-phasing and potential savings of £7,439,000. A summary of the projected outturn and funding position is shown in the table below:-

<b>CAPITAL PROGRAMME MONITORING - SEPTEMBER 2017</b>			
<b>EXPENDITURE SUMMARY</b>	<b>Current Budget £000</b>	<b>Projected Actual £000</b>	<b>Projected Variance £000</b>
Transformation	15,110	9,310	(5,800)
Neighbourhoods	2,188	1,052	(1,136)
Communities	399	374	(25)
Finance & Corporate Services	10,298	9,820	(478)
Contingency	290	290	-
	<b>28,285</b>	<b>20,846</b>	<b>(7,439)</b>
<b>FINANCING ANALYSIS</b>			
Capital Receipts	(15,277)	(14,207)	1,070
Government Grants	(5,167)	(1,917)	3,250
Other Grants/Contributions	(1,969)	(1,500)	469
Use of Reserves	(3,189)	(664)	2,525
Internal Borrowing	(2,683)	(2,558)	125
	<b>(28,285)</b>	<b>(20,846)</b>	<b>7,439</b>
<b>NET EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 4.6 The original Capital Programme of £15.1 million has been supplemented by a net brought forward and in-year adjustments of £13.2 million giving a revised total of £28.3 million. This is an ambitious capital programme which will see completion of two major redevelopment schemes: Cotgrave Multi-service Centre and Cotgrave Employment Land. The variance of £7.4 million is largely down to four schemes:



- £5m in relation to development of Land North of Bingham which is no longer going ahead and can be removed from the 2017/18 programme with a view to reallocating the LEP element (£2.5 million) of the provision in the 2018/19 programme.
- £750,000 in relation to RAF Newton site which is no longer going ahead and can be removed from the 2017/18 programme. It is intended to reallocate this provision and include in the 2018/19 programme.
- £909,000 slippage on Support for Registered Housing Providers as no schemes have been identified yet.
- £478,000 slippage on the release of the loan to Nottinghamshire County Cricket Club.

In October, £1.9 million of the Asset Investment Strategy provision was committed to purchase a unit in Coalville, Leicestershire which should generate rental income of up to £120,000 per annum. Further information is provided in Appendices D and E.

#### 4.7 **Summary**

The report projects overall efficiency savings for both revenue and capital (along with budget re-phasing). It should be noted opportunities and challenges can arise during the year which may impact on the projected year-end position. There remain external financial pressures from developing issues such as the impact of the localisation of business rates, welfare reform, and continued financial pressures on individuals, businesses and partners; with heightened risks as a result of BREXIT. Against such a background it is imperative that the Council continues to keep a tight control over its expenditure, identifies any impact from income streams and maintains progress against its Transformation Strategy.

### 5 **Risk and Uncertainties**

- 5.1 Failure to comply with Financial Regulations in terms of reporting on both revenue and capital budgets could result in criticism from stakeholders, including both members and the Council's external auditors.
- 5.2 Areas such as income can be volatile according to external pressures such as the general economic climate. For example, Planning income is variable according to the number and size of planning applications received and property assets are subject to risks such as void periods and property valuation volatility.

### 6 **Implications**

#### 6.1 **Finance**

Financial implications are covered in the body of the report.

#### 6.2 **Legal**

None.

### 6.3 Corporate Priorities

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

### 6.4 Other Implications

None.

<b>For more information contact:</b>	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 <a href="mailto:plinfield@rushcliffe.gov.uk">plinfield@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	Council 2 March 2017 – 2017-18 Budget and Financial Strategy Cabinet 13 September 2017 – Revenue and Capital Budget Monitoring Update, Quarter 1 2017-18
<b>List of appendices (if any):</b>	<b>Appendix A</b> – Revenue Outturn Position 2017/18 – Quarter2 <b>Appendix B</b> – Revenue Variance Explanations <b>Appendix C</b> – Capital Programme 2017/18 – Quarter 2 Position <b>Appendix D</b> – Property Acquisition Report 2017 – Bardon <b>Appendix E</b> – Sensitivity Analysis

## Revenue Outturn Position 2017/18 – Quarter 2

	Quarter 2			
	Original Budget £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000
	Excluding recharges			
Communities	1,220	1,215	1,216	1
Finance & Corporate Services	3,403	3,351	3,256	(95)
Neighbourhoods	3,971	4,055	4,034	(21)
Transformation	2,849	2,929	2,891	(38)
<b>Sub Total</b>	<b>11,443</b>	<b>11,550</b>	<b>11,397</b>	<b>(153)</b>
Capital Accounting Reversals	(1,587)	(1,587)	(1,587)	0
Minimum Revenue Provision	1,000	1,000	1,000	0
<b>Net Service Expenditure</b>	<b>10,856</b>	<b>10,963</b>	<b>10,810</b>	<b>(153)</b>
Revenue Contribution To Capital	158	158	158	0
Transfer to/(from) Reserves	(27)	(134)	(134)	0
<b>Total Net Service Expenditure</b>	<b>10,987</b>	<b>10,987</b>	<b>10,834</b>	<b>(153)</b>
Grant Income (including New Homes Bonus)	(2,334)	(2,334)	(2,444)	(110)
Business Rates (including SBRR)	(2,561)	(2,561)	(2,491)	70
Council Tax	(6,074)	(6,074)	(6,074)	0
Collection Fund Surplus	(18)	(18)	(18)	0
<b>Total Funding</b>	<b>10,987</b>	<b>10,987</b>	<b>11,027</b>	<b>(40)</b>
<b>Total Variance (to Reserves at year end)</b>	<b>0</b>	<b>0</b>	<b>(193)</b>	<b>(193)</b>

**Revenue Variance Explanations (over £15k)**

<b>ADVERSE VARIANCES in excess of £15,000</b>	<b>Projected Outturn Variance £'000</b>
<b>Finance &amp; Corporate Services</b>	
Insurances - Increases in the Motor Insurance premium and Insurance Premium Tax	24
<b>Transformation</b>	
Economic Development - rental income Cotgrave	20
Office Accommodation – Actual valuation of the Arena NNDR (Business Rates) by Valuation Office	70
<b>Neighbourhoods</b>	
Leisure Centres - East Leake NNDR (Business Rates) revaluation and increase in contract price	55
Waste Collection and Recycling - Agency costs to cover sickness and vacancies	61
<b>Total Adverse Variances</b>	<b>230</b>

<b>FAVOURABLE VARIANCES in excess of £15,000</b>	<b>Projected Outturn Variance £'000</b>
<b>Communities</b>	
Community Parks & Open Spaces - Renegotiated catering contracts at Rushcliffe Country Park	(15)
<b>Finance &amp; Corporate Services</b>	
Council Tax - Staff vacancies	(16)
Housing Benefit - overpayments recovered	(50)
Council Tax Benefit - Staff vacancies	(21)
Housing Benefit Admin - staff vacancies	(18)
<b>Transformation</b>	
IT rechargeables - savings from contracts and duplicated accruals	(50)
Customer Services - Staff vacancies	(15)
Investment Properites	(50)
<b>Neighbourhoods</b>	
Waste Collection and Recycling - staff vacancies (£17k) and Green Waste income above target (£88k)	(105)
<b>Total Favourable Variances</b>	<b>(340)</b>
<b>Sum of Minor Variances</b>	<b>(43)</b>
<b>TOTAL VARIANCE</b>	<b>(153)</b>

<b>FUNDING VARIANCES</b>	<b>Projected Outturn Variance £'000</b>
<b>Original Funding:</b>	
Business Rates - this is the difference between the budgeted income and NNDR1	70
Grant Income (including New Homes Bonus)	(8)
<b>Additional S31 Grants:</b>	
Flexible Homelessness Support Grant	(55)
New Burdens - DHP Administration Grant	(11)
New burdens funding	(12)
IER funding	(19)
New Burdens - Benefit Cap	(5)
<b>TOTAL VARIANCE</b>	<b>(40)</b>

## Capital Programme 2017/18 – Quarter 2 Position

CAPITAL PROGRAMME MONITORING - SEPTEMBER 2017						Explanation
	Original Budget	Current Budget	Actual YTD	Projected Actual	Variance	
		£000	£000	£000	£'000	
<b>TRANSFORMATION</b>						
Cotgrave Regeneration & MSC	2,920	4,616	148	4,616	0	Contracts awaiting finalisation. Works not yet commenced but budgets will need reprofiling in Qtr 3 to reflect slippage
Cotgrave Employment Land	0	1,477	1,254	1,477	0	Units complete and nearly wholly let.
Land North of Bingham	2,800	5,387	0	387	(5,000)	Leisure and Wellbeing land acquired and due for disposal. The £2.5m LEP funding allocated to the Land North of Bingham (match funded with £2.5m New Homes Bonus) can be removed from the 2017/18 programme as it is no longer required for the original scheme. Provisional reallocation of the LEP element of the provision in the 2018/19 programme.
Bingham Land off Chapel Lane	0	1,800	1,581	1,800	0	Land acquisition complete. Remediation costs to be incurred.
Highways England Footbridge A46	1,700	0	0	0	0	Cabinet approved slippage 10.10.17
Bridgford Hall	0	205	107	205	0	Final contract costs and retention to be processed
RAF Newton	750	750	0	0	(750)	This LEP funding can be removed as it is no longer required for the original scheme. Sum to be provisionally reallocated in the 2018/19 programme.
The Point	25	25	0	25	0	Works scheduled for the end of the year
Arena Car Park Enhancements	500	500	0	500	0	Works are currently being scoped and scheme to be agreed
Colliers Way Industrial Units	0	20	0	20	0	Interdependent with Barratt's housing development
Information Systems Strategy	165	330	66	280	(50)	
	<b>8,860</b>	<b>15,110</b>	<b>3,156</b>	<b>9,310</b>	<b>(5,800)</b>	
<b>NEIGHBOURHOODS</b>						
Wheeled Bins	70	70	51	70	0	
Vehicle Replacement	20	240	187	188	(52)	Planned replacements complete in July, balance available
Support for Registered Housing Providers	250	909	6	0	(909)	No schemes identified yet, projected actual will be amended when grants committed. Actual is staff time which will be written off to revenue if no grants processed.
Hound Lodge - Heating	40	0	0	0	0	Cabinet approved slippage 10.10.17
Assistive Technology	0	12	10	12	0	
Discretionary Top Ups	0	106	24	106	0	
Disabled Facilities Grants	375	412	225	412	0	
Arena Redevelopment	500	183	0	58	(125)	Final costs to be processed - 1% overall saving projected
Car Park Machines	0	50	27	50	0	Machines installed, functionality issues to be resolved
Car Park Improvements - Lighting	50	50	0	0	(50)	Works deferred to 2018/19.
BLC Artificial Turf Pitch		10	0	10	0	Works complete and in defects period

CAPITAL PROGRAMME MONITORING - SEPTEMBER 2017						
	Original Budget	Current Budget	Actual YTD	Projected Actual	Variance	Explanation
BLC Improvements	130	130	2	130	0	The schedule of works is being drawn up Improvements largely complete, electrics work still to do
EGC Upgrade Facilities	0	16	0	16	0	
	<b>1,435</b>	<b>2,188</b>	<b>532</b>	<b>1,052</b>	<b>(1,136)</b>	
<b>COMMUNITIES</b>						
Capital Grant Funding	48	100	34	100	0	£46,000 still available for allocation, 3 applications pending.
Play Areas - Special Expense	50	100	0	100	0	Revised plans to replace the skate-park at the Hook
West Park Fencing and Drainage	0	34	21	34	0	Fencing element complete, drainage work to be commissioned
West Park Lighting	25	25	0	0	(25)	Works deferred to 2018/19.
RCP - Car Park	90	90	0	90	0	Planned for Oct/Nov after school holidays
Gamston Community Centre - Heating	30	0	0	0	0	Cabinet approved slippage 10.10.17
Warm Homes on Prescription	0	50	0	50	0	Better Care Funding secured
	<b>243</b>	<b>399</b>	<b>55</b>	<b>374</b>	<b>(25)</b>	
<b>FINANCE &amp; CORPORATE SERVICES</b>						
NCCC Loan	1,400	1,798	542	1,320	(478)	The loan is being released in tranches Individual schemes dealt with via investment appraisal
Asset Investment Strategy	3,000	8,500	0	8,500		
	<b>4,400</b>	<b>10,298</b>	<b>542</b>	<b>9,820</b>	<b>(478)</b>	
<b>CONTINGENCY</b>						
Contingency	190	290	0	290	0	
	<b>190</b>	<b>290</b>	<b>0</b>	<b>290</b>	<b>0</b>	
<b>TOTAL</b>	<b>15,128</b>	<b>28,285</b>	<b>4,285</b>	<b>20,846</b>	<b>(7,439)</b>	

**Property Acquisition Report 2017 – Bardon**

1. **Background**

- 1.1 On 2<sup>nd</sup> October the Council completed the acquisition of Bardon with an anticipated cost of £1.917m (including stamp duty, professional fees etc). In undertaking the purchase advice was sought from the Council's agent (Savills) in relation to this property. This included a visit to the property by both Savills and the Council's Service Manager for Transformation (lead specialist for Property Services, RICS qualified).
- 1.2 The property itself is in a well-established distribution/warehouse location, close links to j22 M1 (2.5 miles) and 6.5 miles to A42 and 12.5 miles to M42. Located in what is known as the 'Golden Triangle'.
- 1.3 Key points from the assessment are as follows:
- Strong tenant covenant (3A1);
  - 9.5 year lease remaining;
  - Good location;
  - Well established distribution/business park;
  - Strong demand, short supply – asset value would only be marginally lower with no tenant;
  - Assessment of the lease shows no real concerns for the Landlord. Internal repairs rest with the tenant; and
  - Risks – single occupier, break at year 5, older property (although portal frame and the inspection showed no signs of particular concern).
- 1.4 The £1.8m investment gives an estimated 5.57% return on investment and a yield of 6.25%.
- 1.5 Sensitivity analysis at Appendix E shows the impact of surrounding assumptions on inflation and rental increases. The rate of return using 100% capital receipts identifies after 40 years a positive net present value (for the central case) of around £1.28m and an internal rate of return after financing costs of 5.94% (typically Government Green Book projects aim for 3.5% IRR).

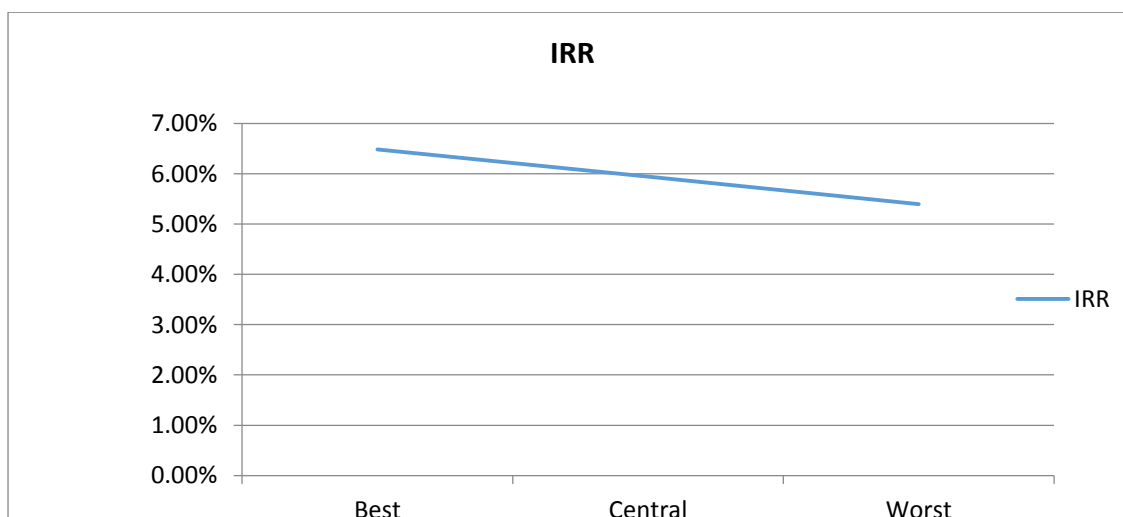
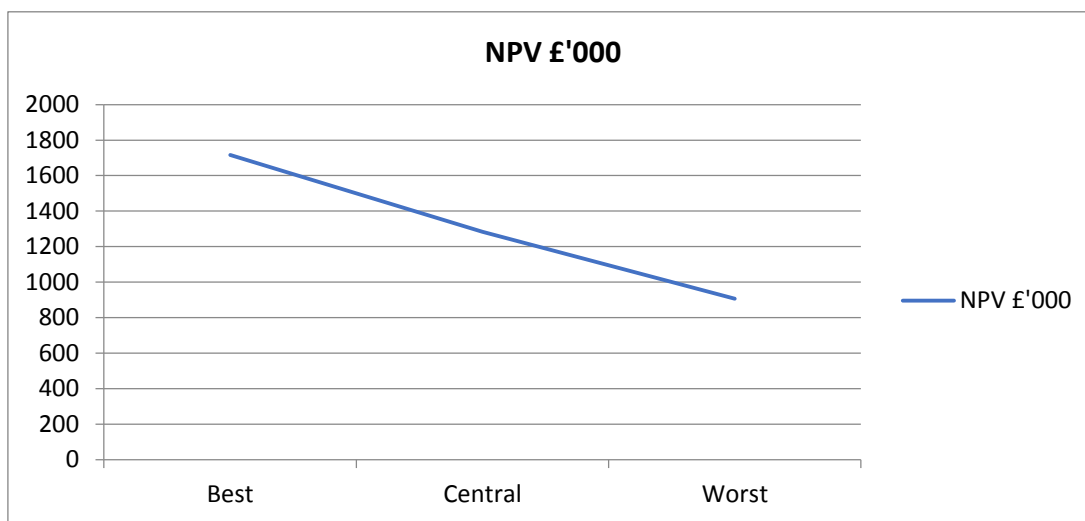


**Sensitivity Analysis**

1. The following assumptions have been made ranging from worst, central to best case scenarios (being as realistic as possible):

<b>Sensitivity</b>	<b>Best (pa)</b>	<b>Central (pa)</b>	<b>Worst (pa)</b>	<b>Rationale</b>
Inflation for management costs and repairs	1.7%	2.0%	2.3%	Central case being Government inflation target
Inflation on rent and asset value; rent review 5 yearly	2.5%	2.0%	1.5%	Linked to inflation targets and more variable
Variable borrowing rates. Borrowing assumed over 40 years for 50% of financing	Current rate	+0.30%	+0.60%	Assume interest rate rises
Vacancy factor	Assume 18 months vacancy at year 11, 21 etc			

2. Using the above assumptions and assuming disposal in Year 40 gives a positive Net Present Value ranging from £0.9m to £1.7m and an internal rate of return ranging from 6.48% to 5.39%.



**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
5 December 2017	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2016/17</li> <li>• Health and Safety Interim Report</li> <li>• Treasury Management 2016/17 – Six Monthly Update</li> <li>• Risk Management Update</li> <li>• Annual Audit Letter</li> <li>• Revenue and Capital Budget Monitoring</li> <li>• Review of Constitution</li> <li>• Work Programme</li> </ul>
8 February 2018	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2017/18</li> <li>• Pensions Update from Nottinghamshire County Council</li> <li>• Treasury Management Strategy 2018/19</li> <li>• Revenue and Capital Budget Monitoring</li> <li>• Certification of Grants and Returns – Annual Report 2016/17</li> <li>• Information Governance</li> </ul>

Date of Meeting	Item
10 May 2018	<ul style="list-style-type: none"> <li>• External Audit Plan 2017/18</li> <li>• Internal Audit Progress Report 2017/18</li> <li>• Internal Audit Strategy 2018/19</li> <li>• Risk Management Update</li> <li>• IT Update</li> <li>• Revenue &amp; Capital Budget Monitoring</li> </ul>

#### 4. Implications

##### 4.1. Finance

No direct financial implications arise from the proposed work programme.

##### 4.2. Legal

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

##### 4.3. Corporate Priorities

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

##### 4.4. Other Implications

There are no other implications.

<b>For more information contact:</b>	Constitutional Services 0115 914 8481 Constitutionalservices@rushcliffe.gov.uk
<b>Background papers Available for Inspection:</b>	None
<b>List of appendices (if any):</b>	None