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Our reference:
Your reference:
Date: 15 September 2021

To all Members of the Governance Scrutiny Group

Dear Councillor

A Meeting of the Governance Scrutiny Group will be held on Thursday, 23 September 2021 at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West Bridgford to consider the following items of business.

This meeting will be accessible and open to the public via the live stream on YouTube and viewed via the link: <https://www.youtube.com/user/RushcliffeBC>
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Yours sincerely



Sanjit Sull
Monitoring Officer

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes of the Meeting held on 24 June 2021 (Pages 1 - 8)
4. Risk Management (Pages 9 - 36)
Report of the Director for Finance and Corporate Services.
5. Going Concern Assessment Linked to Covid-19 (Pages 37 - 42)
Report of the Director for Finance and Corporate Services.
6. Asset and Investment Management Outturn (Pages 43 - 56)
Report of the Director for Finance and Corporate Services.



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8.30am - 4.30pm

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7. Work Programme (Pages 57 - 58)

Report of the Director for Finance and Corporate Services.

Membership

Chairman: Councillor D Viridi

Vice-Chairman: Councillor B Gray

Councillors: R Adair, K Beardsall, L Healy, L Howitt, K Shaw, D Simms and J Stockwood

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**MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
THURSDAY, 24 JUNE 2021**

Held at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West
Bridgford and livestreamed on the
Rushcliffe Borough Council YouTube channel

PRESENT:

Councillors D Viridi (Chairman), B Gray (Vice-Chairman), R Adair, L Healy,
D Mason, K Shaw and J Stockwood

ALSO IN ATTENDANCE:

G Dulay	BDO
D Hoose	Mazars

OFFICERS IN ATTENDANCE:

P Linfield	Director of Finance and Corporate Services
H Tambini	Democratic Services Manager
S Whittaker	Service Manager - Finance

APOLOGIES:

Councillors K Beardsall, L Howitt and D Simms

The Chairman passed on the Group's thanks to the outgoing Chairman, Councillor Francis Purdue-Horan and thanked him for his commitment and excellent leadership to the Group.

The Chairman also advised that he had agreed to amend the order of two agenda items, Item 9 (Update on the Redmond Review of Public Sector Audit) would now be considered before Item 8 (Annual Governance Review), as given the links to both internal and external audit, it would allow the Council's external colleagues the opportunity to comment on Item 9.

1 Declarations of Interest

There were no declarations of interest.

2 Minutes of the meeting held on 4 February 2021

The minutes of the meeting held on 4 February 2021, were declared a true record and signed by the Chairman.

3 External Audit Annual Plan

Mr David Hoose, from Mazars, the Council's external auditor presented the External Audit Annual Plan, which summarised Mazars' approach to external audit activity with regards to the final accounts process and to value for money work in relation to the 2020/21 financial year.

Mr Hoose referred to the changes that had taken place in respect of Mazar's audit approach in relation to the key risks and audit judgements highlighted in section 4 of the report and confirmed that there was little change from last year. The Group was asked to note that a significant risk had been identified regarding the Covid-19 grants received by the Council, and given the complexity and new funding streams, those areas would be carefully monitored and accounted for. The Group also noted the significant change in approach to the monitoring and reporting of value for money for this year, with a more detailed reporting regime to the Council.

Members of the Group noted that the risks identified were similar to those identified in previous years; however, reference was made to the 60% increase in fees costs highlighted in the report and questioned if the uncertainty disclosures and costs would reduce as the Covid pandemic receded. The question of risks related to pensions was also raised and officers were asked if anything could ever be done to mitigate those risks, given that they appeared the same each year.

Mr Hoose advised that in respect of pensions, this remained a challenge and it was unlikely to change, unless there was a change in regulations.

The Director – Finance and Corporate Services advised that there was uncertainty in respect of fees, due to Covid, and a national consultation was currently underway. It was hoped that fees would not increase anymore, as the increase had been significant, and that had been due in part to changes in audit standards that had led to additional work for the auditors. It was acknowledged that it was important to ensure value for money from the auditors and the Group noted that the Council and Mazars would continue to work together to ensure that fees were kept to a minimum, audits were as efficient as possible, whilst noting the additional workloads and pressures being placed on the auditors, as outlined in the report.

The Chairman referred to the trivial threshold for errors and asked if it had varied much over recent years, and Mr Hoose advised that they had remained consistent.

It was **RESOLVED** that the External Audit Annual Plan be accepted.

4 **Internal Audit Progress Report**

Mr Gurpreet Dulay, from BDO, the Council's internal auditor presented the Internal Audit Progress Report, which summarised the progress made against the annual Internal Audit programme, together with any significant recommendations with regard to the audits completed during this period.

Mr Dulay confirmed that four reports from the 2020/21 Internal Audit Annual Plan covering: Pest and Dog Control; Recruitment and Retention; Covid-19 Grants Assurance; and Cyber Security had been completed, details of which were highlighted in the Appendix to the report. The Group was advised that the report summarised the opinions that had been given, which were very positive, with each being given either a Moderate or Substantial rating. Mr

Dulay advised that in respect of Pest and Dog Control and Recruitment and Retention, a few areas for improvement had been noted, details of which were highlighted in the Appendix. The Group noted that work on the current year was progressing well, and timings to bring reports to future Governance Scrutiny Group meetings were set out in the report.

Members noted that 2,833 cyber risks had been identified and questioned if that was an appropriate figure for the size of the organisation. Members also noted that the report had confirmed that all the management actions had been agreed; however, it would be helpful to know if all the concerns had been addressed.

Mr Dulay responded by advising that although that number of cyber risks had been identified, it was not an unreasonably high number to have, and the Council had an extremely high completion rate of 98.62% against those actions. In respect of the management actions agreed, Mr Dulay confirmed that those actions would be completed and then BDO would follow up on those.

In conclusion, the Chairman referred to the challenging situation that the team had faced during Covid and congratulated them on completing the audit in time.

It was **RESOLVED** that the Internal Audit Progress Report for 2020/21 be noted.

5 Internal Audit Annual Report

Mr Gurpreet Dulay, from BDO, the Council's internal auditor presented the Internal Audit Annual Report, which summarised the work undertaken during the course of 2020/21, and the management actions arising from the audits, together with the annual opinion of the Head of Internal Audit.

Mr Dulay advised that this was the last report for the financial year and BDO was required to provide an annual opinion and it had concluded that the Council had a moderately sound system of internal assurance (with Moderate being the second highest rating) and the Group was advised that no local authority this year had received the highest Substantial rating and was a positive outcome. The Group noted that of the nine audits, five had resulted in a green 'Substantial Assurance' rating, three with an amber 'Reasonable Assurance' rating, and one, the Annual Fraud Report was not classified in the same way. In addition, 27 management actions had been identified, including 12 'Medium Priority' and 15 'Low Priority', where management actions had been agreed in all cases. Mr Dulay also emphasised that this was the first year that BDO had undertaken this audit and had used different scoping to predecessors; however, the Group was advised that there were no significant changes compared to previous audits.

The Director – Finance and Corporate Services stated that this was a very positive report, particularly given the extremely challenging year and the need to maintain services and manage risks.

The Chairman referred to the Covid 19 Grants Assurance and questioned the test sample size of 20 grant payments out of the 1,660 total number of payments made, and sought reassurance that the testing had been robust, as the report highlighted that there was no absolute assurance on the remaining grants.

Mr Dulay advised that although the sample size appeared small, a wider review of specific parameters had been undertaken to identify any indicators of fraud. The Group noted that a key part of the sample testing was to look to see if the Council had key arrangements in place, which it did, and it had been concluded that from the samples taken, no concerns had been raised and substantial assurance was provided.

Members asked that in respect of the overall opinion for the year, were the individual audits weighted?

Mr Dulay confirmed that no weighting was applied; however, for any fundamentally key service, such as a main financial system, a judgement would be made as to its overall importance and the Director – Finance and Corporate Services confirmed that there was an implicit scoring system, as some systems and services were monitored more frequently than others.

It was **RESOLVED** that the Internal Audit Annual Report 2020/21 be noted.

6 **Annual Fraud Report**

Mr Gurpreet Dulay, from BDO, the Council's internal auditor presented the Annual Fraud Report, which provided an overview of general and specific fraud related issues that had arisen at the Council during 2020/21.

Mr Dulay advised that there had been no allegations of fraud and no whistleblowing concerns reported during 2020/21. The Group was advised that as part of the Internal Audit Plan for 2020/21, BDO had undertaken an audit assurance over claims relating to the Small Business Grant Fund, and the audit had identified no potential fraud concerns. Mr Dulay referred to the National Fraud Initiative exercise, which was undertaken every two years, with one related to Council Tax Single Person Discount, and the results of that exercise were highlighted in the report. The Group noted that staff had recently undertaken fraud awareness training, and had been asked to complete a survey, the results of which were very encouraging.

Members raised a concern that there was no information available from the Department of Work and Pensions (DWP) regarding potential Housing Benefit fraud and asked if the Group could be updated when any data was received.

The Director – Finance and Corporate Services advised that due to Covid, the DWP was extremely busy and it was hoped that information would be available for this report next year.

Members referred to the greatest areas of perceived fraud risk highlighted in the report related to procurement and Council Tax Single Person Discount and noted that there was little reference in the report to procurement risk and

sought reassurance that this was being appropriately monitored.

Mr Dulay confirmed that this was a national issue and in 2021/22, Internal Audit would be undertaking a full review programme as part of the forthcoming audit programme.

The Chairman noted the positive completion rate and responses received to the staff survey, details of which were highlighted in the report, and was reassured that this highlighted the level of overall staff awareness regarding fraud detection.

It was **RESOLVED** that the Annual Fraud Report for 2020/21 be noted.

7 **Update on the Redmond Review of Public Sector Audit**

The Director – Finance and Corporate Services presented the Redmond Review of Public Sector Audit Report, providing an update on the recommendations arising from the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.

The Director – Finance and Corporate Services advised the Group that although the report contained constructive comments, it was quite critical in particular regarding the lack of coherence in local audit and governance arrangements, and the Group noted that 40% of audits had not been completed by the deadline for 2018/19, and that figure had increased significantly in the following year. The importance of having effective audit arrangements in place was emphasised and the Director – Finance and Corporate Services outlined the key recommendations in the Redmond Review, together with the responses by the Ministry for Housing, Communities and Local Government, details of which were highlighted in the Council's report.

The Group was advised that following on from this Review, the Council was recommending that the possibility of appointing at least one, suitably qualified, independent member to sit on the Governance Scrutiny Group to offer support and a fresh perspective should be considered.

Mr David Hoose advised that the appointment of independent members was an emerging issue, which a number of local authorities had adopted, and if a suitable person was appointed, it was considered that they could add value.

Mr Gurpreet Dulay agreed that such an appointment could be beneficial, as it provided a fresh perspective and insight; whilst the challenges of ensuring that the role and responsibility of any independent member was clearly defined and agreed at the outset was essential.

The Director – Finance and Corporate Services confirmed that any person being considered for the role would have to be suitably qualified, and any candidates would have to pass the Council's robust recruitment and interview process.

Members considered both the advantages and disadvantages of such an

appointment, and the majority of the Group agreed that given that the Council already received excellent advice from both its internal and external auditors and officers, and that members of the Group were appropriately trained to undertake their duties, at the current time it would be inappropriate to consider such an appointment.

It was **RESOLVED** that the recommendations arising from the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting be noted.

8 **Annual Governance Statement**

The Service Manager – Finance presented the Annual Governance Statement 2020/21 and referred to the key headlines contained in the Statement, details of which were outlined in the appendix to the report.

The Group was advised that that in accordance with the Accounts and Audit Regulations 2015, the Council was required to publish the Annual Governance Statement alongside the Council's Statement of Accounts, and by reviewing the Statement, the Group would be scrutinising the Council's governance arrangements.

The Chairman referred to the significant governance issues related to Covid and the challenges faced by the Council and also referred to the decommissioning of the Ratcliffe on Soar power station site and sought reassurance regarding risk management and litigation. The Chairman referred to the considerable Business Rates paid by the power station and asked for an update on how the loss of that revenue could impact on the Council's reserves.

The Service Manager – Finance confirmed that the forecasts remained the same and the Council was working with its partners to identify how the Development Corporation and Freeport would impact on the Business Rates to ensure that the Council's finances were not detrimentally effected.

The Chairman was pleased to note that the budget deficit, which had originally been forecast as £2.63m, was now forecast at £1.5m.

The Chairman referred to the self-assessment undertaken by the Council's S151 Officer (**which self-assessment is that please?**) and sought clarification as to whether or not it would be subject to additional scrutiny.

The Director – Finance and Corporate Services advised that the Council's Internal Auditors, BDO would be reviewing the marking of the self-assessment to ensure surety.

It was **RESOLVED** that the Annual Governance Statement 2020/21, which incorporates actions for the forthcoming year be approved.

9 **Revisions to the Council's Constitution**

The Monitoring Officer presented a report outlining revisions to the Council's Constitution and summarised the main amendments being proposed, details of

which were highlighted in the report. The Group was asked to consider those proposed revisions and recommend them for adoption by Council.

It was **RESOLVED** that the proposed revisions to the Constitution be recommended for adoption by Council.

10 **Work Programme**

The Director – Finance and Corporate Services presented the report, which detailed the proposed Governance Scrutiny Group Work Programme for 2021/22. The Group was advised that the Statement of Accounts, currently scheduled for the meeting on 25 November 2021, would need to be considered at the meeting on 23 September 2021 instead.

It was **RESOLVED** that the Work Programme detailed below be approved by the Governance Scrutiny Group:

23 September 2021

- Internal Audit Progress Report
- Treasury Management Outturn
- Asset and Investment Management Outturn 2020/21
- Statement of Accounts
- Risk Management
- Streetwise Annual Report
- Going Concern Report
- Work Programme

25 November 2021

- Internal Audit Progress Report
- Treasury and Asset Investments – 6 month update
- Work Programme

3 February 2022

- Internal Audit Progress Report
- Internal Audit Strategy
- External Audit Annual Plan
- Annual Audit Letter
- Risk Management
- Treasury and Investments Strategy – Update
- Work Programme

19 May 2022

- Internal Audit Progress Report
- Internal Audit Annual Report
- Annual Governance Statement

- Constitution Update
- Work Programme

The meeting closed at 8.43 pm.

CHAIRMAN



Governance Scrutiny Group

Thursday, 23 September 2021

Risk Management Progress Report

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. This report provides an update on risk activity following the 4 February 2021 update to the Group. It provides a summary of risks in the Council's Risk Registers that have changed over that period including the risks identified as impacted by the Covid-19 pandemic.

2. Recommendation

It is RECOMMENDED that Governance Scrutiny Group:

- a) notes the contents of this report in relation to existing risks;
- b) considers the progress on the risks identified in response to the global Covid-19 pandemic;
- c) considers and makes recommendations on the information provided for risks that have red alert status.

3. Reasons for Recommendation

- 3.1. To provide Governance Scrutiny Group the opportunity to discuss risk activity and make recommendations on risk management, mitigation and financial impacts.

4. Supporting Information

Risk Management Activity

- 4.1. The Council's Risk Management Group (RMG) met on 31 August 2021 to review risks on the corporate and operational scorecards including Covid-19 risks. Additionally, the RMG also reviewed the internal controls and financial implications of risks at red (alert) level, information requested by the Governance Scrutiny Group on 29 September 2020.
- 4.2. The code of some risks has changed following a staffing restructure in May 2021, the codes are:
CED – Chief Executive's Department
DEG – Development and Economic Growth
FCS – Finance and Corporate Services

NS – Neighbourhood Services

- 4.3. There are currently 45 corporate risks and 32 operational risks on the risk register. 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.
- 4.4. **Appendix A** presents the Council's existing Risk Register containing corporate, operational and Covid-19 related risks. There are six new risks and five have been removed as a result recent reviews. Additionally, there are five increases and ten reductions to risk ratings. These can be summarised as follows:

Risk Increased

CRR_FCS28 Failure to comply with General Data Protection Regulation Impact increased from 3 to 4 due to the potential financial penalty of up to £17m or 4% of the Council's turnover (whichever is higher).

OR_CED04 Threat of industrial action Likelihood increased from 1 to 2 due to ongoing national pay negotiations.

OR_DEG06 Cost of defending appeals for large scale residential developments and potential award of costs Likelihood increased from 1 to 3 – due to staff resource issues (vacant posts) and an increase in the number of planning applications.
OR_DEG07 Failure to determine major planning applications within 13 weeks or agreed period Likelihood increased from 1 to 3 – due to staff resource issues (vacant posts) and an increase in the number of planning applications.

OR_DEG08 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 Likelihood increased from 2 to 3 – due to staff resource issues (vacant posts) and an increase in the number of planning applications.

Risk Decreased

OR_CED07 Ability of the Borough Council to maintain frontline services in the event of further waves of Covid-19 Likelihood reduced from 4 to 3 as a result of lifting of Covid restrictions.

CRR_FCS27 Threat of major successful cyber-attack Likelihood reduced from 3 to 2. A number of security controls for Office365 are now in place that reduce the likelihood of compromise from Cyber Attacks. There is still always a possibility this may occur, but the timeframe is unknown.

CRR_FCS08 Inadequate capital resources Likelihood reduced from 3 to 2 as external borrowing would be used to infill a shortage of resources where necessary.

CRR_FCS13 Failure to deliver the Transformation Strategy Impact reduced from 4 to 3 and Likelihood reduced from 3 to 2. The Transformation Strategy is being delivered albeit timelines are changing due to Crematorium and Bingham Leisure Centre projects.

CRR_NS14 Failure to manage a local lockdown Impact reduced from 4 to 2

- Previous experience is now in place of managing lockdowns including our Environmental Health team working closely with business to ensure compliance
- The Council have appointed extra resources to manage certain pinch points including parks and play areas which were particularly busy over the summer months
- Council contributes to, and lead on, various countywide and local groups including local cell meetings, external and internal recovery groups
- Previous experience now shows we are able to significantly contribute to managing local lockdowns or changes in current tier arrangements.

CRR_NS15 Ability of high streets to implement the necessary safety measures to reopen following lockdown and operate under Covid-secure measures Likelihood reduced from 3 to 2. The Council and its partners successfully supported business to reopen after lockdown was lifted in July.

CRR_NS16 Ongoing impact of Covid19 on the Borough's leisure facilities whilst operating within the Covid-secure guidelines for the leisure industry Likelihood reduced from 3 to 2 as a result of growing confidence in a return to leisure

CRR_NS18 Failure of public sector partnerships / withdrawal of financial support Likelihood decreased from 3 to 2. Two years partnership funding has been secured to support the shared Health Development officer post and recruitment to this post is expected in March. £20,000 grant funding has been secured to extend the Armed forces Covenant officer post which is a partnership post across Melton, Charnwood and Rushcliffe for a further 12 months.

CRR_NS20 Impact of Covid19 on the Council's budget, and ability to secure external funding for Carbon Management schemes and the availability of staff required to assist with the delivery of this new corporate priority Likelihood decreased from 3 to 2. The new team Manager for Environment is actively looking at funding opportunities for Carbon Management which may be made available from government as part of the green recovery from Covid.

OR_NS25 Failure to deliver mandatory DFG grant due to insufficient staffing Impact and likelihood reduced to 1 following successful recruitment to vacancy.

4.5. Risks removed:

- **CRR_FCS30** Ability to respond to government policy on Local Government Reorganisation. This risk has been replaced by CRR_DEG06, see new risks below.
- **CRR_DEG03 Inability to draw down Growth Deal 2 funding within specified timescales.** Funding has been fully drawn down.
- **OR_DEG04 Failure to successfully review the day-to-day operation of the Rushcliffe Arena.** The Arena is operating with no associated risks.
- **CRR_NS17a Impact on the Borough's leisure facilities if closed due to Covid-19.** There is no longer a threat of closure.
- **OR_NS28 Delivery of social rented affordable housing.** This risk has been split to focus on two different elements. See new risks below.

4.6. There are six new risks:

- **CRR_DEG04 Ability to deliver Rushcliffe Oaks project on time and within budget**
- **CRR_DEG05 Ability to deliver Bingham Arena and Enterprise Centre project on time and within budget**
- **CRR_DEG06 County Deals – opportunity for greater collaboration and Government funding**
- **CRR_NS21 Ensuring the Afghan relocation scheme is supported in accordance with national guidance (potential funding and community cohesion issues)**
- **OR_NS28a Increasing number of developments and greater opportunity for affordable housing**
- **OR_NS28b Capital resources are utilised to support Affordable Housing (new 3.6m of s106 grant)**

4.7. **Appendix B** shows Opportunity Risks that present opportunities to the Council to provide income and/or community benefit. There is currently one opportunity risk for the development of the Crematorium at Stragglethorpe.

- **OPP_DEG01 Opportunity provided by Rushcliffe Oaks**

5. Risks and Uncertainties

5.1. If risks within the Risk Register did not have the correct level of mitigation there would be a heightened threat if a risk occurred. Arrangements are in place to reduce risk by implementation of the Risk Management Strategy.

6. Implications

6.1. Financial Implications

The Risk Management Group ensures that the financial risks of the Council are managed.

6.2. Legal Implications

There are no implications in this report, the processes in place provide good risk management.

6.3. Equalities Implications

The Risk Management Group ensure that equalities implications are contained within this register.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

The Risk Management Group ensure that the Section 17 implications are contained within this register.

7. Link to Corporate Priorities

Quality of Life	Maintaining an accurate and up-to-date Corporate Risk Register assists the Council in delivering its Corporate Priorities.
Efficient Services	
Sustainable Growth	
The Environment	

8. Recommendations

It is RECOMMENDED that Governance Scrutiny Group:

- a) notes the contents of this report in relation to existing risks;
- b) considers the progress on the risks identified in response to the global Covid-19 pandemic;
- c) considers and makes recommendations on the information provided for risks that have red alert status.

For more information contact:	Peter Linfield Director - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	
List of appendices:	Appendix A – Rushcliffe Borough Council Risk Register

Coronavirus Risks

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_FCS09 Fee income volatility		2	4	8
CRR_FCS27 Threat of major successful cyber-attack	 to 	4	3 to 2	12 to 8
Likelihood decreased from 3 to 2. A number of security controls for Office365 are now in place that reduce the likelihood of compromise from Cyber Attacks. There is still always a possibility this may occur, but the timeframe is unknown.				
CRR_NS12a Failure to deliver statutory services due to impact of Coronavirus on staffing levels		1	4	4
CRR_NS12b Failure to deliver statutory services due to impact of Coronavirus on the community		1	4	4
CRR_NS14 Failure to manage a local lockdown	 to 	4 to 2	2	8 to 4
Impact reduced from 4 to 2 <ul style="list-style-type: none"> • Previous experience is now in place of managing lockdowns including our Environmental Health team working closely with business to ensure compliance • The Council have appointed extra resources to manage certain pinch points including parks and play areas which were particularly busy over the summer months • Council contributes to, and lead on, various countywide and local groups including local cell meetings, external and internal recovery groups • Previous experience now shows we are able to significantly contribute to managing local lockdowns or changes in current tier arrangements. 				
CRR_NS15 Ability of high streets to implement the necessary safety measures to reopen following lockdown and operate under Covid-secure measures		2	3 to 2	6 to 4
Likelihood decreased from 3 to 2 – The Council and its partners successfully supported business to reopen after lockdown was lifted in July.				
CRR_NS16 Ongoing impact of Covid19 on the Borough's leisure facilities whilst operating within the Covid-secure guidelines for the leisure industry	 to 	2	3 to 2	6 to 4
Likelihood decreased from 3 to 2 – there is growing confidence in a return to leisure				

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Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_NS17 Impact of Covid-19 on the Borough's leisure facilities and their ability to recover		3	3	9
New description. This risk was split into 17a and 17b but has now returned to a single risk due to threat of closure being removed by lockdown removal in July.				
CRR_NS20 Impact of Covid19 on the Council's budget, and ability to secure external funding for Carbon Management schemes and the availability of staff required to assist with the delivery of this new corporate priority	 to 	3	3 to 2	9 to 6
Likelihood decreased from 3 to 2 – The new team Manager for Environment is actively looking at funding opportunities for Carbon Management which may be made available from government as part of the green recovery from Covid.				
OR_CED07 Ability of the Borough Council to maintain frontline services in the event of further waves of Covid-19		2	4 to 3	8 to 6
Impact increased from 2 to 3 and likelihood decreased from 4 to 3 as a result of lifting of Covid restrictions and subsequent positive Covid cases affecting staff needing to isolate.				
OR_DEG05 Impact of Covid-19 on the Borough's high streets and their ability to recover following initial lockdown (March to June 2020) and any further local lockdowns		3	3	9
OR_NS30 Lack of emergency accommodation for those at risk of homelessness, fleeing domestic violence and in crisis		2	2	4
OR_NS31 Increased number of residents presenting as homeless as a result of income reduction, loss of employment and domestic violence leading to a loss of homes		2	2	4
OR_NS32 Increased risk of domestic violence, abuse, or neglect as a result of increased periods of time at home, limited school provision, reduced income and employment volatility		2	2	4
OR_NS33 Increased risk of Anti-Social Behaviour as a result of enforced periods of lockdown, limited 'allowable' social activities and free use of outdoor spaces		3	2	6

Page 16

Risk Status					
	Alert		Warning		Ok

Corporate Risks

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_CED01 Equal pay claim		3	2	6
CRR_CED02 Insufficient staff capacity - skills, knowledge etc		3	3	9
CRR_DEG01 Inability to demonstrate a five-year supply of deliverable housing sites against the housing target leading to further development on unallocated sites		3	2	6
CRR_DEG02 Failure to properly manage our property assets		3	1	3
CRR_DEG04 Ability to deliver Rushcliffe Oaks project on time and within budget		3	2	6
New Risk linked to the Opportunity Risk for the Rushcliffe Oaks project.				
<p>Internal Controls</p> <ul style="list-style-type: none"> • Early engagement with bidders prior to tender, to establish interest and availability • Response to proposed build programme will form part of tender evaluation and interview – we will get early indication of whether our programme is achievable • Ridge cost consultant has prepared pre-tender estimate based on current market data and projections, mindful of market trends and allowing for inflation. • Ridge cost consultant will undertake thorough evaluation of cost element of tender returns, to ensure bidders have put together a realistic cost schedule taking account of the market. 				
CRR_DEG05 Ability to deliver Bingham Arena and Enterprise Centre project on time and within budget		2	2	4
New risk added.				
<p>Internal Controls</p> <ul style="list-style-type: none"> • Work commenced February 2021 as per programme. Progressing well but Brexit and Covid-19 have placed pressure on supply chains. Strong Project Management by consultants Henry Riley prompting early warning of delays to material deliveries and impact to programme • Early discussion with Leisure Operator to adjust target opening date enabling the rescheduling of mobilisation activities to minimise financial impact of late delivery 				

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
<ul style="list-style-type: none"> • Generous contingency sums available within the project budget • Early engagement with utility providers to ensure extended lead in times are met 				
CRR_DEG06 County Deals – opportunity for greater collaboration and Government funding		3	3	9
New risk added. Awaiting full assessment.				
CRR_FCS01 Failure to properly deal with community governance review legislation, Community Right to Challenge, and nominations for assets of community value		2	2	4
CRR_FCS02 Reduction in Government funding linked to New Homes Bonus Fairer funding and business rates reviews and the impact of the overall Comprehensive Spending Review		3	3	9
Description changed to include: Fairer funding and business rates reviews and the impact of the overall Comprehensive Spending Review				
CRR_FCS03 Failure to prevent or detect fraud and corruption		2	2	4
CRR_FCS05 Revaluation of major business rate payer ie the impact of Ratcliffe on Soar Power Station closure		4	3	12
Description changed to include the impact of Ratcliffe on Soar Power Station closure				
CRR_FCS06 Lack of funding from partners		2	3	6
CRR_FCS07 Central Government policy changes		3	3	9
CRR_FCS08 Inadequate capital resources	 to 	3	3 to 2	9 to 6
Likelihood decreased from 3 to 2 as there is recourse to borrowing if needed				
CRR_FCS10 Inflationary pressures, particularly utility costs		3	2	6
CRR_FCS11 Increased demand for services		2	3	6
CRR_FCS12 Risk and return from Asset Investment Strategy		3	2	6
CRR_FCS13 Failure to deliver the Transformation Strategy	 to 	4 to 3	3 to 2	12 to 6
Impact reduced from 4 to 3 and likelihood from 3 to 2 – the Transformation Strategy is being delivered albeit timelines are changing due to Crematorium and Bingham LC projects				

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_FCS20 Failure to properly manage and deliver significant projects		2	2	4
CRR_FCS21 Potential inflationary pressures, with volatility over prediction for budget		2	2	4
CRR_FCS22 Uncertainty around Government funding and changes to the business rates system with a one-year financial settlement		3	3	9
CRR_FCS23 ICT supplier goes out of business		3	2	6
CRR_FCS24 Long term loss/failure of main ICT systems		4	1	4
CRR_FCS25 Loss or compromise of sensitive data		3	2	6
CRR_FCS26 Short term loss/failure of main ICT systems		3	2	6
CRR_FCS28 Failure to comply with General Data Protection Regulation		3 to 4	2	6 to 8
Impact increased from 3 to 4 due to the potential financial penalty of up to £17m or 4% of the Council's turnover (whichever is higher)				
CRR_FCS29 Loss or compromise of confidential or restricted information or data		3	2	6
CRR_NS08 Failure of internal health and safety compliance or enforcement of health and safety		3	1	3
CRR_NS09 Unforeseen incidents happening at public events		4	2	8
CRR_NS10 Failure of business continuity		3	2	6
CRR_NS11 Ineffective emergency planning arrangements		2	2	4
CRR_NS13a Response to flooding impacts on delivery of statutory services		2	3	6
CRR_NS13b Inadequate resources to respond to flooding incidents		2	3	6
CRR_NS18 Failure of public sector partnerships / withdrawal of financial support	 to 	2	3 to 2	4
Likelihood decreased from 3 to 2				
Two years partnership funding has been secured to support the shared Health Development officer post and recruitment to this post is expected in March £20,000 grant funding has been secured to extend the Armed forces Covenant officer post which is a partnership post across Melton, Charnwood and Rushcliffe for a further 12 months.				

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
CRR_NS19 Failure to safeguard children and vulnerable adults		3	1	3
CRR_NS21 Ensuring the Afghan relocation scheme is supported in accordance with national guidance (potential funding and community cohesion issues)		2	2	4
New risk – awaiting full assessment				

Operational Risks

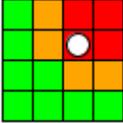
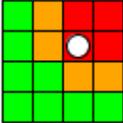
Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
OR_CED01 Threat of violence to staff		2	3	6
OR_CED02 Failure to comply with Equality legislation		2	1	2
OR_CED03 Risk to staff health due to their work		3	2	6
OR_CED04 Threat of Industrial Action		2	1 to 2	2 to 4
Likelihood increased from 1 to 2 – increase due to ongoing national pay negotiations.				
OR_CED05 Failure to meet major statutory duties or take on board new legislation		2	2	4
OR_CED06 Inadvertent illegal activity, taking illegal decisions		2	1	2
OR_DEG01 Failure to manage legionella issues		2	2	4
OR_DEG02 Failure to manage asbestos in buildings under our control		2	1	2
OR_DEG03 Failure to maintain council owned trees		2	2	4
OR_DEG06 Cost of defending appeals for large scale residential developments and potential award of costs		2	1 to 3	2 to 6
OR_DEG07 Failure to determine major planning applications within 13 weeks or agreed period		3	1 to 3	3 to 9
OR_DEG08 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		2	2 to 3	4 to 6
OR_DEG06, 07 and 08 have likelihood increased to 3 – due to staff resource issues (vacant posts) and an increase in the number of planning applications.				
OR_FCS06 Failure to manage and monitor budget		2	2	4
OR_FCS07 Lack of implementation of financial controls		2	2	4
OR_FCS08 Exposure to breach of VAT rules		3	2	6

OFFICIAL

OR_FCS09 Loss of capital/lower interest earned on investments, due to current economic climate		2	4	8
OR_FCS10 Reputational risk to the Council following adverse media coverage		2	2	4
OR_FCS11 Unauthorised access to IT systems		4	2	8
OR_FCS12 Partners closure of buildings where RBC has contact points, including RCCC		2	1	2
OR_NS02 Disruption and lack of fuel preventing collection of domestic waste		2	1	2
OR_NS06 Lack of knowledge of contaminated land		2	1	2
OR_NS20 Significant malfunction of core services/security risk at Council's temporary accommodation premises		2	2	4
OR_NS25 Failure to deliver mandatory DFG grant due to insufficient staffing		2 to 1	1	2 to 1
Description changed – insufficient funding changed to insufficient staffing. Impact reduced from 2 to 1, following successful recruitment.				
OR_NS28a Increasing number of developments and greater opportunity for affordable housing		2	4	8
OR_NS28b Capital resources are utilised to support Affordable Housing (new 3.6m of s106 grant)		2	3	6
OR_NS28 Delivery of social rented affordable housing – risk has been split to focus on the different elements of the risk				
OR_NS29 Lack of or inappropriate monitoring of the Council's contracts in place		3	1	3

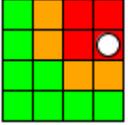
Focus on Risks at Alert Level (red status)

Corporate Risks

CRR_CED02 Insufficient staff capacity - skills, knowledge etc	3	3	9	 Likelihood Impact
<p>Internal Controls (Mitigation)</p> <ul style="list-style-type: none"> • Four-year plan programme and reviews • Corporate Strategy setting priorities • Transformation programme • Training and development plan / talent pool • People Strategy 2014-16. • Also looking at talent management through GNSR <p>Financial Impact</p> <p>Potential increase in staffing costs if agency staff are required to maintain key services safely; for example, refuse crews. Vacant posts in some areas are proving difficult to fill eg Planning, Finance and ICT.</p>				
CRR_FCS02 Reduction in Government funding linked to New Homes Bonus	3	3	9	 Likelihood Impact
<p>Internal Controls (Mitigation)</p> <ul style="list-style-type: none"> • Budget process • Four-year plan • Budget monitoring. <p>Financial Impact</p>				

Page 23

New Homes Bonus (NHB) is due to cease in 2024/25. In 2020/21 the Council has budgeted £2.311m in 2020/21 and £1.152m and £0.653m in 2021/22 and 2022/23 respectively, reducing to zero in 2023/24. NHB is currently primarily used to fund the Minimum Revenue Provision MRP in the revenue budget and once the NHB reserve is exhausted, MRP will become a cost to the revenue budget.

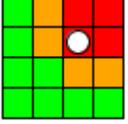
CRR_FCS05 Revaluation of major business rate payer ie the impact of Ratcliffe on Soar Power Station closure	4	3	12	
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Internal Controls (Mitigation)

- Ongoing reporting of business rate valuations through performance clinic and membership of the Nottinghamshire Pool to mitigate downside risk.

Financial Impact

- Business rates is an important source of funds for the Council. We retain 40% of any amount billed to pay for other services. Rushcliffe have several large business properties (for example the power station is £2.94m, 15.7% of the total collectable debit for 2020/21) and any change to the charge due on these properties would have a large effect on the finances of the Council.
- We do make a provision for known appeals, but we may not be aware of the full outcome of any decisions.
- There is a safety net in place which will cap losses, none the less, less revenue will be generated in the short term when the power station does close. The Freeport and DevCo provides an opportunity for further business and employment growth.

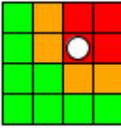
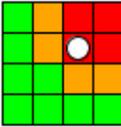
CRR_FCS07 Central Government policy changes	3	3	9	
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Internal Controls (Mitigation)

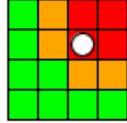
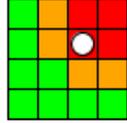
- Continue to monitor as part of budgetary process

Financial Impact

- Continuous horizon scanning and S151 officer and other Director’s involvement in peer groups ensures that emerging issues are identified and reported. The Council continue to lobby government on key issues and participate in consultations where appropriate. The most obvious current risk is planned legislation changes to waste collection and further detail is awaited.

<p>CRR_FCS22 Uncertainty around Government funding and changes to the business rates system with a one-year financial settlement</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Likelihood</p>  <p>Impact</p>
<p>Internal Controls (Mitigation)</p> <ul style="list-style-type: none"> Attending budget workshops and seminars and keeping abreast of latest developers. Sensitivity analysis and scenario planning as part of budget modelling. <p>Financial Impact</p> <ul style="list-style-type: none"> Planned reforms such as Business Rates reform and fair funding review have been further delayed due to Covid-19. These are now expected to take place next year although this has yet to be confirmed. The spending review covered 2021/22 only providing certainty over funding for one year and it's likely there will be further delays into 2022/23. There is a risk that future funding could change significantly emphasising the importance of healthy reserve balances. 				
<p>CRR_NS17 Impact of Covid-19 on the Borough's leisure facilities and their ability to recover</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Likelihood</p>  <p>Impact</p>
<p>Internal Controls (Mitigation)</p> <ul style="list-style-type: none"> The Council is working closely with both Lex Leisure and Mitie as recovery begins after re-opening on 25 July 2020 To support the process, the Council were successful in gaining Sport England funding to appoint an external firm of leisure experts to act as a critical friend, evaluate on both user numbers and income predictions, and offer other support that may be required. Support has been offered to various clubs affected by both the closure and the phased re-opening. <p>Financial Impact</p> <p>The Council has agreed an 'open book' financial reconciliation process on a monthly basis. At present the Council has been financially supporting Lex due to the unprecedented circumstances to ensure our leisure provider remains able to continue to operate the leisure centres. The Council successfully accessed central government funding in January 2021 to cover some costs incurred and help with the current shortfall.</p>				

Operational Risks

Risk Code & Title	Impact	Likelihood	Current Rating	Matrix
<p>OR_CED07 Ability of the Borough Council to maintain frontline services in the event of further waves of Covid-19</p>	3	3	9	
<p>Internal Controls (Mitigation)</p> <ul style="list-style-type: none"> The Council has successfully continued to deliver services despite several waves of Covid. Separate reporting has been undertaken to both Cabinet and Corporate Overview Group regarding Covid's impact and action undertaken by the Council <p>Financial Impact</p> <p>The combination of government financial support and council budget efficiencies has ensured the budget continues to deliver overall budget efficiencies.</p>				
<p>OR_DEG05 Impact of Covid-19 on the Borough's high streets and their ability to recover following initial lockdown (March to June 2020) and any further local lockdowns</p>	3	3	9	
<p>Internal Controls (Mitigation)</p> <ul style="list-style-type: none"> The Council is working closely with local businesses and providing support. Funding has been provided to the Council to support the safe reopening of the high street but the criteria for this is limiting. <p>Financial Impact</p> <ul style="list-style-type: none"> There would be an impact on business rates collected if high street businesses closed and other costs such as Housing Benefits could increase and the risk of worsening income streams such as council tax and business rates. 				

Risk Threat and Opportunity Matrix

Page 27

		Risk – Threats				Risk - Opportunities					
Likelihood	Likely 4	4	8	12	16	16	12	8	4	Likely 4	Likelihood
	Possible 3	3	6	9	12	12	9	6	3	Possible 3	
	Unlikley 2	2	4	6	8	8	6	4	2	Unlikley 2	
	Rare 1	1	2	3	4	4	3	2	1	Rare 1	
		Insignificant 1	Minor 2	Moderate 3	Major 4	Significant 4	Moderate 3	Minor 2	Insignificant 1		
		Impact				Impact					

Table 1 Consequence / Impact

This is a measure of the consequences of the identified risk

Risk - Threats		Risk - Opportunities	
Impact	Thresholds and Description	Impact	Thresholds and Description
1 – Insignificant	Financial Impact = <£10k No adverse impact on reputation No impact on partners	1 – Insignificant	Little or no improvement to service Little or no improvement to welfare of staff / public Little or no financial income / efficiency savings (less than £10k) Little or no improvement to environment or assets Little or no feedback from service users
2 – Minor	Financial Impact = £10k - £50k Negative internal/ within sector impact on reputation Negative partner impact	2- Minor	Minor improvement to service Minor improvement to welfare of staff / public Improvement that produces £10k - £50K of income / efficiency savings Minor improvement to environment or assets Positive user feedback

Risk - Threats		Risk - Opportunities	
Impact	Thresholds and Description	Impact	Thresholds and Description
3 – Moderate	Financial Impact = >£100k Negative Regional/Local impact on reputation Negative impact on key partnerships	3 – Moderate	Moderate improvement to service Moderate improvement to welfare of staff / public Improvement that produces £50k+ - £100k of income / efficiency savings Moderate improvement to environment or assets Positive local media contact
4 – Major	Financial Impact = >£250k Negative National reputation Key partners withdraw	4 – Significant	Significant improvement to service Significant improvement to welfare of staff / public Improvement that produces £100k+ of income / efficiency savings Significant improvement to environment or assets Positive local media coverage

Table 2 Likelihood / Probability of Occurrence

This measures the chance of the risk or opportunity occurring

Risk - Threats		Risk - Opportunities	
Likelihood	Thresholds and Description	Likelihood	Thresholds and Description
1 – Rare	Unlikely	1 – Rare	Opportunity has not been fully investigated but considered extremely unlikely to materialise
2 – Unlikely	Possible	2 – Unlikely	Opportunity has not been fully investigated; achievability is unproven / in doubt
3 – Possible	Probable within 2 years	3 – Possible	Opportunity may be achievable, but requires significant management, planning and resources
4 – Likely	Probable within 12 months	4 – Likely	Opportunity is achievable with careful management

Appendix B

Opportunity Risk

Risk Code & Title	RAG Status	Impact	Likelihood	Current Rating
OPP_DEG01 Opportunity provided by Rushcliffe Oaks		4	4	16

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Governance Scrutiny Group

Thursday, 23 September 2021

Going Concern Assessment Linked to Covid-19

Report of the Director of Finance and Corporate Services

1. Purpose of report

- 1.1 This report sets out the Council's assessment by the Council's Section 151 officer of the Council's Going Concern status. The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. Given Covid 19 these are exceptional times hence the requirement for a separate report confirming the Council's position with regards to its Going Concern status.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group Note:

- a) the positive outcome of the assessment made of Rushcliffe Borough Council's status as a going concern for the purposes of the statement of accounts 2020/21.

3. Reasons for Recommendation

- 3.1. To conform with professional standards with regards to the Local Authority Code of Accounting Practice.

4. Supporting Information

The Assessment of Going Concern

- 4.1. As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2020/21 (hereafter referred to as the Code). The Code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the Council's Statement of Accounts is prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

4.2 The main factors which underpin the going concern assessment are:

- The Council's current financial position
- The Council's projected financial position
- The Council's governance arrangements
- The regulatory and control environment applicable to the Council as a local authority

These are considered in more detail below.

The council's current financial position

4.3 The Council's draft financial statements 2020/21 can be viewed on the Council's website. The financial outturn position for 2020/21 showed efficiency savings of £0.093m against a net revenue service revised budget of £13.142m. As at the 31st March 2021 the Council held a General Fund Balance £2.6m. In addition, the Council held earmarked reserves of £22.4m which are held to meet specific identified pressures, but which ultimately can be diverted to support general expenditure should the need arise. £6m of this balance relates specifically to the collection fund to be released in 2021/22 (estimated £4m) and 2022/23 (the difference between the estimated and outturn positions) to meet the deficits arising from business rates reliefs issued in response to the pandemic.

4.4 General reserves reflect the ability of the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of the financial resilience of the organisation. As part of the Medium Term Financial Strategy the Section 151 Officer has assessed that the optimum level of general reserves to be held by the Council to be at or above £1.5m least equal to 5% of the Council's net operating expenditure. At 31 March 2021 general reserves were at £2.6m.

4.5 At 31 March 2021 the Council held £34m in the form of either cash or short term investments maturing within the next financial year.

4.6 The year-end Capital Programme provision totalled £16.13m. Actual expenditure in relation to this provision totalled £9.3m (71% of spend) giving rise to a variance of £6.8m. Budgets to the value of £6.7m have been carried forward into 2021/22. The Council funds its capital programme from internal borrowing, capital receipts, earmarked reserves, direct financing from revenue, government grants and partnership funding e.g. developer contributions.

The Council's Balance Sheet as at 31 March 2021

4.7 The balance sheet shows a net worth of £29.9m and this is significantly reduced by the inclusion of a pension liability of £63.2m. There are statutory arrangements for funding the pension deficit through increasing contributions over the remaining working life of the employees, as assessed by an

independent actuary. Therefore, the financial position of the Council remains healthy. Other factors giving rise to this assessment include:

- The adequacy of risk assessed provisions for doubtful debts
- The range of reserves set aside to help manage expenditure
- An adequate risk assessed working balance to meet unforeseen expenditure

The Council's projected financial position

- 4.8 In March 2021, the Council approved a balanced budget for 2021/22. This allows for net spending of £13.3m (which includes adjustments to compensate for continuing impact of Covid) and required a council tax increase of 3.24%, a Transformation Programme of £0.253m and the use of £1.1m from the New Homes Bonus reserve to offset the impact of Minimum Revenue Provision in relation to the Arena; and £4m to be released from the Collection Fund Reserve to offset the estimated collection fund deficit in 2021/22 (see paragraph 4.3).
- 4.9 The Council's Medium Term Financial Strategy (MTFS) is updated annually and reflects a five-year assessment of the council's spending plans and associated funding. It includes the ongoing implications of approved budgets and service levels and the revenue costs of the council's capital programme, as well as the management of debt and investments. The Council continues to monitor and report on the impact of Covid on the Council's finances (Cabinet 14 September 2021) and will take any action necessary.
- 4.10 The salient points arising from the report are as follows:
- The 2021/22 position shows a projected net efficiency of £0.880m including loss of income and additional costs as a result of Covid (£0.071m) offset by grant income and net efficiencies (£0.394m). This position includes an estimate of Government grant in relation to lost income.
 - There is an estimated £2.8m variance on the Capital programme reducing from an estimated £36m down to £33m in the year. The reduction in capital outlay due to the slippage in the programme should avoid the need to externally borrow in 2021/22.
 - Multi-asset investment values had taken a significant hit due to Covid with a reduction in value of £1.238m. As of March 2021 this has recovered by £1.143m.
 - Council Tax and Business Rates collection rates are improved compared to last year. This will continue to be monitored as Government changes to Retail Relief are applied.
 - In the current year a surplus of £2.338m is projected on NNDR however £1.765m of this will be required to cover the additional reliefs applied this financial year.
 - The Council needs to have sufficient reserve levels to insulate against financial shocks and to take advantage of opportunities (such as the Freepoint)

- The situation remains fluid and a number of risks and Covid legacy issues remain which will need to be monitored. For example continued delay and uncertainty surrounding Fairer Funding and Business Rates reviews make planning for the medium term challenging.

The Council's governance arrangements

- 4.11 The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Head of Paid Service, the Monitoring Officer and the Section 151 Officer in addition to the current political arrangements.
- 4.12 An overview of this governance framework is provided within the Annual Governance Statement which is included within the Statement of Accounts and was presented to the Governance Group on 24 June 2021 This includes a detailed review of the effectiveness of the Council's governance arrangements.

The external regulatory and control environment

- 4.13 As a local authority the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement for a balanced budget each year combined with the legal requirement for councils to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and central government control there are other factors such as the role undertaken by External Audit as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.
- 4.14 Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail' with the likelihood being, when faced with such a scenario, that central government would intervene supported by organisations such as the Local Government Association to bring about the required improvements or help maintain service delivery.

Conclusions

- 4.15 It is considered that having regard to the Council's arrangements and such factors as highlighted in this report that the Council remains a going concern.

5. Alternative options considered

- 5.1. Not Applicable

6. Risks and Uncertainties

- 6.1. Covid 19 continues to present some financial risks to the Council however such risks have been incorporated into the balanced budget for 2021/22 and continue to be monitored regularly.

7. Implications

7.1. Financial Implications

There are no direct financial implications arising from this report.

7.2. Legal Implications

Section 25 of the 2003 Local Government Act requires the authority's Section 151 Officer to comment on the robustness of the estimates and the adequacy of reserves. A report was considered as part of its budget determination by Full Council in March 2021.

Section 114 (1) of the Local Government Finance Act 1988 places a duty on the Section 151 Officer to report certain matters to the authority. The duty of the Section 151 Officer to report is triggered if they believe that a decision involves (or would involve) unlawful expenditure a course of action is unlawful and is likely to cause a loss or deficiency an entry of account is unlawful.

Likewise the Section 151 Officer must inform the authority where they believe that the authority's expenditure is likely to exceed available resources. The authority is prevented from entering into any agreements incurring expenditure until the Council has considered the report. As per this report this is not a significant risk at this time.

7.3. Equalities Implications

There are no direct implications

7.4 Section 17 of the Crime and Disorder Act 1998 implications

There are no direct implications

8. Link to Corporate Priorities

Quality of Life	The Budget resources the corporate plan and therefore resources all corporate objectives.
Efficient Services	
Sustainable Growth	
The Environment	

9. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group Note:

- a) the positive outcome of the assessment made of Rushcliffe Borough Council's status as a going concern for the purposes of the statement of accounts 2020/21.

For more information contact:	Peter Linfield Director of Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	Draft Statement of Accounts 2020/21 – Council website
List of appendices:	None

 <p>Rushcliffe Borough Council</p>	<p>Governance Scrutiny Group</p> <p>Thursday, 23 September 2021</p> <p>Capital and Investment Strategy Outturn 2020/21</p>
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Report of the Director – Finance and Corporate Services

1 Purpose of report

- 1.1 The purpose of this report is to summarise the transactions undertaken during the 2020/21 financial year reporting against the Council's Capital and Investment Strategy 2020/21-2024/25.
- 1.2 The report also provides information on the Council's commercial investment activity as it embraces the new CIPFA Code ensuring there is both transparency and scrutiny in terms of both treasury and asset investment decision making.
- 1.3 The report also highlights issues arising linked to Covid-19 which impacted on the Council's year-end investments position and the overall council budget in 2020/21.

2 Recommendation

- 2.1 It is RECOMMENDED that the Governance Scrutiny Group agrees the 2020/21 outturn position.

3 Reasons for Recommendation

- 3.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing Treasury Management activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Finance in Local Authorities (the Prudential Code).
- 3.2 The Prudential Code is currently being reviewed and following a consultation exercise CIPFA have just announced that proportionality will be included as an objective, clarification and definitions to define commercial activity and investment will be included, and that the purchase of commercial property purely for profit cannot lead to an increased capital financing requirement (CFR). CIPFA will also introduce a liability benchmark as a treasury management indicator. The revised Prudential Codes is expected to be published in December 2021. It is important to note the section on commercial investments from paragraph 4.26 does cover the issue of proportionality with different types of asset investments the Council has made.

4 Supporting Information

TREASURY MANAGEMENT

Prudential Indicators Summary

- 4.1 During 2020/21, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year are as follows:

Prudential and treasury indicators	2019/20 Actual £000	2020/21 Estimate £000	2020/21 Actual £000
Capital expenditure	6,061	18,936	9,306
Capital Financing Requirement	7,300	21,849	7,300
Investments	(35,090)	(14,328)	(47,127)

- 4.2 The approved capital programme for 2020/21 was £18.936m, with £19.179m brought forward from 2019/20 less further adjustments of £3.520m and agreed reprofiling of £18.465m during the year giving a total provision for the year of £16.130m. Actual expenditure against the approved programme was £9.306m (58%) giving rise to a variance of £6.824m. Carry forwards of £6.682m were approved by Cabinet as part of the Final Outturn Report. The increase in the Investments balance between years reflects slippage in the Capital Programme and additional S106 deposits.

Capital Expenditure and Financing

- 4.3 The Council undertakes capital expenditure on both its own long-term assets and on grants that can be capitalised under statute (capital payments to third parties). These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.) which has no resulting impact upon the Council's borrowing need; or
 - If insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 4.4 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed:

	2019/20 Actual £000	2020/21 Estimate £000	2020/21 Actual £000
Capital Expenditure	6,061	18,936	9,306
Less Financed by:			
Capital Receipts	(5,196)	(14,922)	(7,600)
Capital Grants	(811)	(2,428)	(1,557)
Reserves	(54)	(70)	(149)
Increase in Borrowing Need	0	1,516	0

Significant slippage in capital expenditure mitigated any need to borrow in 2020/21 and all of the expenditure was financed from the Council's capital resources.

The Council's Overall Borrowing Need

- 4.5 The Council's underlying need to borrow for capital expenditure is called the Capital Financing Requirement (CFR). The CFR represents the net capital expenditure in 2020/21 and prior years that has not yet been paid for by revenue or other resources.
- 4.6 Part of the Council's Treasury Management activity is to organise the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be through utilising temporary cash resources within the Council (internal borrowing) or sourced through borrowing from external bodies, for example, the Public Works Loan Board (PWLb).
- 4.7 Where a positive CFR exists, the Council is required, by statute, to make an annual charge called the Minimum Revenue Provision (MRP) to reduce the CFR based on the life of the relevant assets. This provision effectively raises cash to either help repay loans or replenish internal borrowing.
- 4.8 The total CFR can be reduced by:
- The application of additional resources (such as unapplied capital receipts); or
 - Charging more than the statutory revenue charge (MRP) each year through a voluntary revenue provision (VRP).
- 4.9 For 2017/18, 2018/19, and 2019/20 the Council decided to set the MRP at £1m. This comprises £0.250m MRP to finance the Arena based on £10m borrowing over a 40-year life. A further £0.750m was provided by way of VRP to meet the Council's commitment to repay the borrowing early. Up until 31/03/20, the Council released an equivalent sum (£1m) from the New Homes Bonus (NHB) Reserve to offset any impact of the borrowing charge to the taxpayer in-year. This practice will continue over the next few years although with new schemes increasing borrowing requirements the amount of VRP to finance the Arena will be reduced to cushion the impact. This in turn will increase the number of years to repay the Arena debt (from 10 years to 12 years).
- 4.10 The Council's CFR for 2020/21 represents a key prudential indicator and is shown below. The table shows that no additional borrowing was needed in 2020/21 giving rise to a reduction in the CFR of £1m, after deducting the MRP of £1m in 2020/21.

Capital Financing Requirement (CFR)	2019/20 Actual £000	2020/21 Actual £000
Opening Balance	8,300	7,300
Add: unfinanced Capital Expenditure (per above)	0	0
Less: MRP/VRP	(1,000)	(1,000)
Closing Balance	7,300	6,300

Net Borrowing, CFR, Authorised Limit and Operational Boundary

- 4.11 The borrowing activity is normally constrained by prudential indicators for net borrowing, the CFR and by the Authorised Limit for external debt.
- 4.12 The authorised limit is the “affordable borrowing limit” required by section 3 (1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited and was set at £25m.
- 4.13 As the Council did not need to resort to external borrowing during 2020/21 these indicators are not applicable
- 4.14 Similarly, the Council is required to set an operational boundary, which is the expected borrowing position of the Council during the course of the year. The operational boundary is not a limit and actual borrowing can be either below or over the boundary subject to the authorised limit not being breached. The Operational Boundary was set at £20m in case any borrowing is required in emergency circumstances. The Authorised limit of £25m gives room for any variations from this. Any borrowing in excess of this would require Full Council approval.

The Ratio of Financing Costs to Net Revenue Streams

- 4.15 This is an indicator of affordability and compares net financing costs (MRP, borrowing costs, including interest foregone from the use of cash balances less investment income) to net revenue income. This indicator shows how the proportion of net income used to pay for financing costs. The actual is lower than originally estimated primarily as a result of income from investments exceeding expectations and additional Covid grants although a significant proportion of these were transferred to reserves to meet future commitments.

	2019/20 Actual	2020/21 Estimate	2020/21 Actual
General Fund	2.68%	5.88%	2.81%

Upper Limits for Fixed and Variable Rate Exposure

- 4.16 The purpose of these indicators is to allow the Council to manage the extent to which it is exposed to changes in interest rates:

	2020/21 Limit	2020/21 Actual
Fixed Upper Limit for Fixed Interest Rate Exposure	50%	22%
Variable Upper limit for Variable Interest Rate Exposure	100%	78%

Upper Limit for Total Principal Sums invested over 1 year

- 4.17 This limit is intended to contain the exposure to the possibility of any loss that may arise as a result of the Council having to seek early repayment of any investments made. If an investment had to be repaid before its natural maturity date due to cash flow requirements then, if market conditions were unfavourable, there would be an adverse impact on the Council.

	2020/21 Limit £000	2020/21 Actual £000
Upper Limit for Total Principal Sums Invested over 364 days	7,200	0

Treasury Position at 31 March 2021

- 4.18 The Council's debtand investment position is managed by the Treasury team in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all Treasury Management activities in line with the approved treasury strategy. Procedures and controls to achieve these objectives are established through reports to Members via the Governance Scrutiny Group and reporting and through officer activity detailed in the Council's Treasury Management Practices. The following table details the Counterparties that the Council had placed investments with at the end of 2020/21.

Financial Institution	Amount £	Length of Investment	Interest
OLA - Cornwall	5,000,000	90 Days	0.80%
OLA - Lancashire County Council	5,000,000	2 Years	1.20%
Police & Crime Commissioner - Nottm	5,000,000	6 months	0.12%
Aviva Investors	89,210	Call	0.00%
Blackrock	500,774	Call	0.01%
Federated	1,696,393	Call	0.01%
Goldman Sachs Asset Management	53,756	Call	0.00%
Handelsbanken	412,000	Call	0.00%
HSBC	3,625,121	Call	0.01%
Invesco	843,046	Call	0.01%
Bank of Scotland	4,377,793	Call	0.05%
Bank of Scotland	108,002	32 Days	0.10%
Barclays Bank	765,237	32 Days	0.02%
Handelsbanken	2,500,560	35 Days	0.01%
Santander UK	69,580	Call	0.08%
Santander UK	4,003,858	35 Days	0.30%
Residual MMF/Call Account balances	31,090	Call	0.01%
Royal London Cash Plus Fund	1,006,286	On-going	1.38%
CCLA Property Fund	2,055,925	On-going	4.58%
CCLA Diversified Income Fund	1,929,083	On-going	4.58%
Kames Diversified Income Fund	3,989,037	On-going	5.01%
Investec Diversified Income Fund	4,069,297	On-going	4.07%
Total Investments/Average Interest Rate	47,126,047		0.68%

The Strategy for 2020/21

- 4.19 The expectation for interest rates within the strategy for 2020/21 anticipated that short term money market rates would remain the same in light of uncertainties surrounding Brexit outcomes, The onset of Covid-19 resulted in further challenges in terms of cash flow, market volatility and reducing interest rates. Interest rates of 0.75% were assumed in the budget but the Base Rate was decreased from 0.75% to 0.25% to 0.10% and remains at this level today. The Council continued with the prudent investment of the treasury balances to achieve the objectives of security of capital and liquidity of its investments, whilst achieving the optimum return on investments. To mitigate any potential cash flow issues the Council investments were placed in short-term liquid assets which have affected (and will continue to affect) the level of interest that can be achieved from investments and the underlying value of these assets.

Investment Rates and Outturn Position in 2020/21

- 4.20 On the 19 March 2020, the Bank of England decreased the base rate from 0.25% to 0.10% which continues to have a significant impact on investment income. Whilst the Council continues to ensure investments are secure, the Council is proactively looking to maximise its rate of return. The overall rate of return on investments for the year was 0.68% compared with the budgeted rate of 0.75%. Despite setbacks, Covid grants from the Government, additional S106 monies and underspends on the capital programme resulted in an increase in the amounts available to be invested resulting in a net return on investments of £681,057 against an adjusted budget of £365,800. (The budget had included

costs of £76,300 for borrowing which didn't materialise). The fair value of the Council's diversified funds fell by £1.238m at 31/3/20. These were expected to bounce back and during 2020/21 the values increased by £1.143m shown below. There continues to be fluctuations on these funds with a net favourable variance of £0.070m (excluding CCLA Property Fund) currently being reported during the first 3 months of 2021/22.

Fair Value	31.03.2020	31.03.2021
Kames	3,358,073	3,989,037
Investec	3,706,999	4,069,297
RLAM	991,347	1,006,286
CCLA Property	2,070,647	2,055,925
CCLA Divesified	1,779,479	1,929,083
	11,906,545	13,049,628

4.21 The Council's investment policy is governed by the annual Capital and Investment Strategy approved by Council on 5 March 2020 (and prior to this approved by the Governance Scrutiny Group on 6 February 2020). This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, for example, rating outlooks and credit default swaps information. The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties.

4.22 The Council's longer-term cash balances comprise primarily of revenue and capital resources, although these will be influenced by cash flow considerations and the need for working balances and contingencies. The Council's core cash resources are detailed in the following table and confirm that whilst the Council has delivered a capital programme and has to operate with an increasingly constrained revenue budget, its reserves and balances remain in a healthy position given the on-going financial challenges going forward. The increase between years primarily relates to Government Grants in relation to reimbursement for additional NDR reliefs issued during the year. These have been appropriated to the newly created earmarked reserve for the Collection Fund (as referenced in the 2020/21 financial outturn report to Cabinet).

Balance Sheet Resources	31 March 2020 £000	31 March 2021 £000
General Fund Balance	2,604	2,604
Earmarked Reserves	13,473	22,365
Usable Capital Receipts	3,537	493
Capital Grants Unapplied	220	364
Total	19,834	25,826

Conclusion – Treasury Management

- 4.23 Overall, the Council has successfully achieved its objectives of ensuring investments were held with relatively secure counterparties; ensuring there was sufficient liquidity to operate efficiently and enable the delivery of objectives; and achieve a yield on investment returns given the constraints placed upon the Council (in terms of both financial market risks and the need to retain liquidity and protect capital). Covid-19 presented risks and we will continue to closely monitor these as the economy enters its recovery phase.

ASSET INVESTMENT STRATEGY

Overview

- 4.24 The Government and CIPFA recently issued new guidance on Treasury Management activity, and both continue to focus on the role of longer-term investments specifically held to make a commercial return. Following a recent consultation exercise, CIPFA has just announced that the Prudential Code will be amended so that the purchase of commercial property purely for profit cannot lead to an increased capital financing requirement (see paragraph 3.1). The Council's Asset Investment Strategy falls within the definition of the guidance. The Council allocated £20m to the Asset Investment Strategy within the Capital Programme to support commercial investment in areas such as investment in property and subsidiaries, or loans that support service outcomes. The balance at the start of 2020/21 was £8.382m
- 4.25 This section of the report reviews the current position and the issues that influenced the Asset Investment Group's future approach to investments.

Investments 2020/21

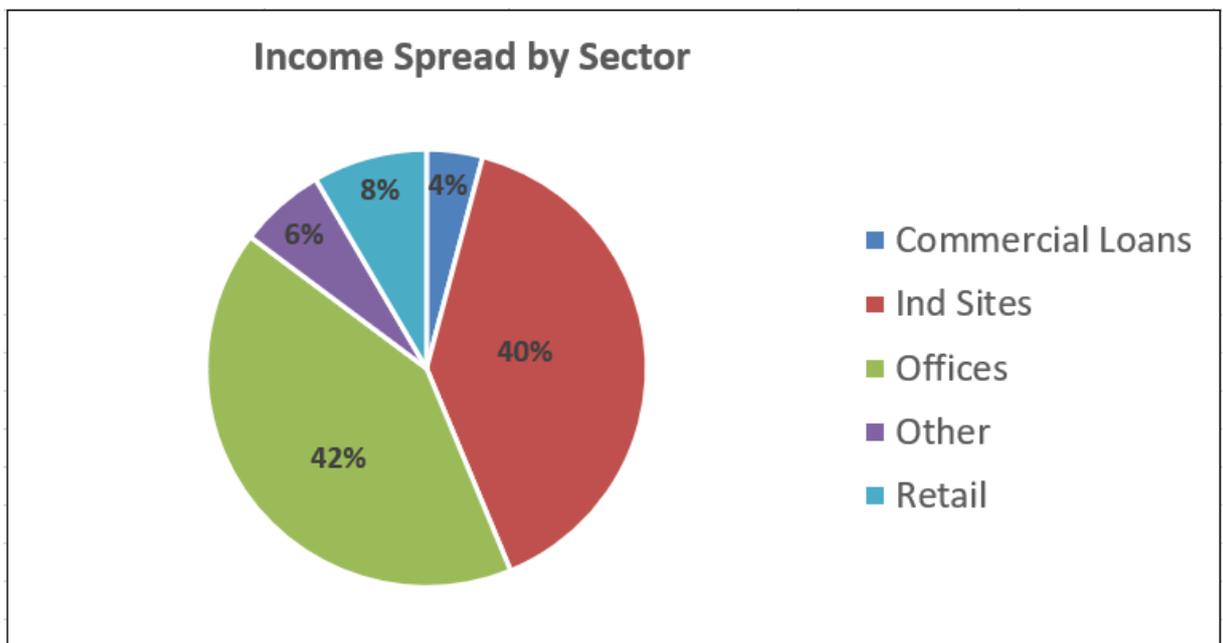
- 4.26 2020/21 was a very uncertain year with both Brexit negotiations and Covid-19 affecting the economy. During this period the Council acquired Unit 1 Edwalton Business Park closely followed by Unit 3 in October 2020. The changing risk profile meant some investments were not pursued and the balance of £3.828m of the asset investment fund was removed from the Programme as part of the MTFs.

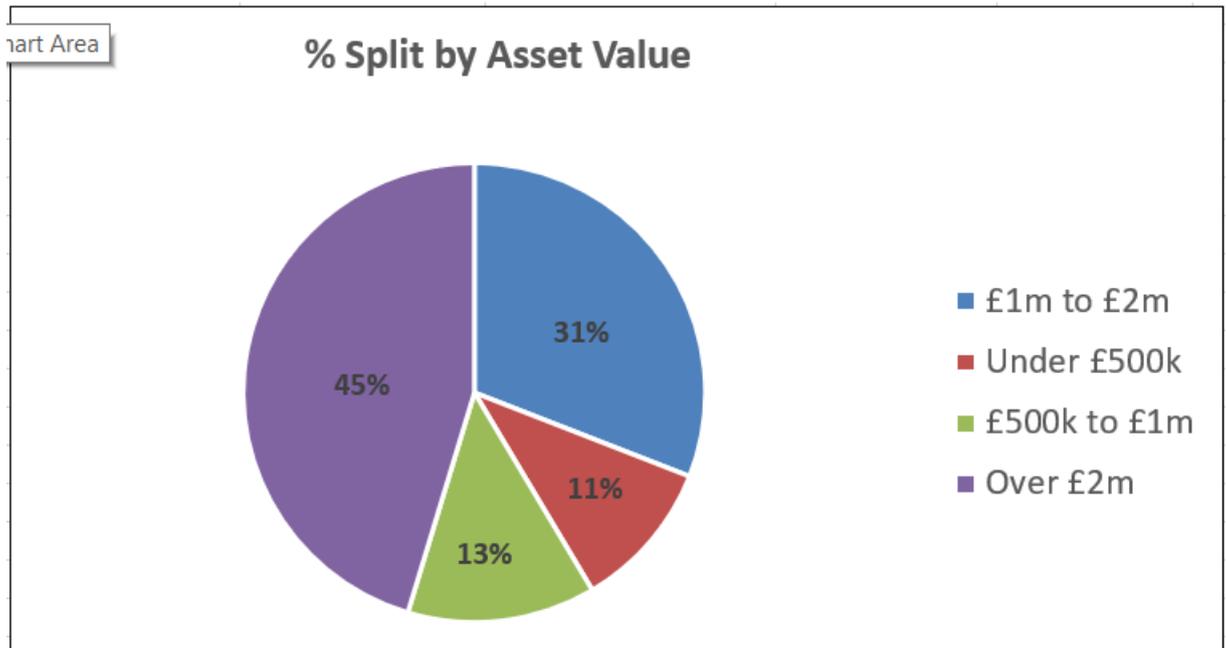
Current Position

- 4.27 The table below shows how the Asset Investment Strategy funds have been allocated and returns being made. When compared to the rates of interest on cash investments this demonstrates the benefit of a diversified approach of investing in both cash and assets. Differing rates of return and risk profiles, providing a balanced and proportionate approach to investments. Additional assets acquired this year were the Edwalton Business Units (reported in the 6 monthly update report to Corporate Governance Group).

Total Spend £	Gross Return	Investment	2020-21 £	2021-22 £	2022-23 £	2023-24 £	2024-25 £	2025-26 £
1,964,500	3.28%	NCCC Loan (interest)	74,912	71,093	67,754	64,398	60,509	56,833
1,477,500	4.67%	Trent Boulevard (Co-op)	69,000	69,000	69,000	69,000	69,000	69,000
984,000	6.76%	Finch Close	66,504	66,500	66,500	66,500	66,500	66,500
1,917,000	6.26%	Bardon	120,000	120,000	120,000	120,000	120,000	120,000
2,500,000	6.40%	Cotgrave - New Offices & Cotgrave- Ind Units	42,411	40,000	40,000	40,000	40,000	40,000
860,000	6.98%	Boundary Court	67,122	60,000	60,000	60,000	60,000	60,000
1,900,000	4.79%	Cotgrave Phase 2	-	25,000	65,000	91,000	91,000	91,000
2,450,790	5.59%	Unit 3 Edwalton Business	-	136,900	136,900	136,900	136,900	136,900
2,083,364	5.28%	Unit 1 Edwalton Business	77,804	110,000	110,000	110,000	110,000	110,000
16,137,154	3.95%	Totals	637,954	818,493	855,154	877,798	873,909	870,233
3,862,846	RETURNED							

- 4.28 If we look at the Council's overall property portfolio there is a good spread of risk (classifying by the rental earned or the asset value), as depicted below:





- 4.29 From the above, there is more investment in the industrial sector given much of the property investment, in the past, has been about economic growth and regeneration within the Borough. More recent acquisitions have been in retail and office accommodation, spreading the risk from income streams.
- 4.30 In terms of risk in relation to the Council's budget, the following table demonstrates that whilst property income is important for the Council's budget; there is not an over emphasis upon property income and there are other income streams. This is in keeping with the Council's Treasury Management Strategy where the objective is that the ratio of investment income as a proportion of the council's income does not exceed 30%.

Commercial Investment income and costs

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Commercial Property Income	(1,660)	(2,015)	(2,160)	(2,240)	(2,302)
Running Costs	516	517	517	517	517
Net Contribution to core functions	(1,144)	(1,498)	(1,643)	(1,723)	(1,785)
Interest from Commercial Loans	(89)	(81)	(72)	(64)	(59)
Total Contribution	(1,233)	(1,579)	(1,715)	(1,787)	(1,844)
Sensitivity:					
+/- 10% Commercial Property Income	166	202	216	224	230
Indicator:					
Investment Income as a % of total Council Income	22.8%	24.7%	23.9%	24.3%	24.6%

The Way Forward

- 4.31 The Council's original intention was to look at generating around £1m of additional property rental income to help bridge the anticipated budget deficit. However last year, the AIG decided to rein in its commercial investment activity given risks within the property market and the amount of capital investment required. Recent changes regarding PWLB lending terms prevent Local Authorities from borrowing if they have any commercial activity in their MTFs. Investment income as a result of the Asset Investment Strategy (AIS) will reach its full year effect in 2022/23 (see table at paragraph 4.27).
- 4.32 Cabinet 9 February 2021 approved the MTFs which included the Capital Programme and the return of the unallocated balance on the AIS of £3.863m

Conclusion

- 4.33 The position on all Council investments, whether treasury or commercial investments, remains fluid. Clearly risks remain in the treasury markets, the property market and also with the Council's Capital Programme and the legacy of Covid-19 is still to be determined. Failure to deliver additional income streams will increase the requirement to identify further efficiencies or utilise reserves in the short to medium term. Such decisions were considered and reported as part of the MTFs 2021/22 budget process.

5 Risk and Uncertainties

- 5.1 The report covers many treasury risks including counterparty, interest rate risk, changes in Fair Value and also property risks both unique to individual properties and the wider strategic view of property. The Council is mindful of the impact of Covid-19 and its effect on different asset classes including investment properties, office accommodation, retail etc. It is important that the Council continues to mitigate risk by having a diversified asset investment portfolio and other income streams so it is not over reliant on property income (paragraphs 4.28-4.30).

6 Implications

6.1 Financial Implications

Financial implications are covered in the body of the report.

6.2 Legal Implications

This reports supports compliance with the Local Government Act 2003.

6.3 Equalities Implications

None

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

None.

7. Link to Corporate Priorities

Quality of Life	Efficient and effective treasury and asset investment management supports all of the Council's corporate priorities
Efficient Services	
Sustainable Growth	
The Environment	

8. Recommendations

8.1 It is RECOMMENDED that the Governance Scrutiny Group agrees the 2020/21 outturn position.

For more information contact:	Name; Peter Linfield Director – Finance and Corporate Services 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Statement of Accounts 2020/21; Capital and Investment Strategy 2020/21; Treasury Management Update – Mid-Year Report 2020/21
List of appendices (if any):	Appendix 1 - Glossary of Terms

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.



Governance Scrutiny Group

Thursday, 23 September 2021

Work Programme

Report of the Director – Finance and Corporate Services

1. Summary

- 1.1. The work programme is a standing item for discussion at each meeting of the Governance Scrutiny Group. 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.
- 1.3. The future work programme will be updated and agreed at the next meeting of the Corporate Overview Group on 2 November 2021, including any items raised via the scrutiny matrix.
- 1.4. The Statement of Accounts (SoA) is to be reported at the Governance Scrutiny Group meeting in November in response to the anticipated change in statutory deadline for the SoA.

2. Recommendation

It is RECOMMENDED that the Group agrees the work programme as set out below:

25 November 2021

- Internal Audit Progress Report
- Annual Audit Report 2020/21
- Statement of Accounts
- Streetwise Annual Report
- Treasury Asset Investments – 6 month update
- Asset Management Plan
- Work Programme

3 February 2022

- Internal Audit Progress Report
- Internal Audit Strategy

- External Audit Annual Plan
- Annual Audit Letter
- Risk Management
- Treasury and Investments Strategy – Update
- Work Programme

19 May 2022

- Internal Audit Progress Report
- Internal Audit Annual Report
- Annual Governance Statement
- Constitution Update
- Work Programme

3. Reason for Recommendation

To enable the Council’s scrutiny arrangements to operate efficiently and effectively.

For more information contact:	Peter Linfield Director – Finance and Corporate Services 0115 914 8349 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None.
List of appendices (if any):	None.