

**MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
THURSDAY, 23 NOVEMBER 2023**

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

and live streamed on Rushcliffe Borough Council's YouTube channel

PRESENT:

Councillors A Edyvean (Chair), P Gowland (Vice-Chair), T Birch, S Calvert,
H Om, C Thomas, R Butler and P Matthews

ALSO IN ATTENDANCE:

Max Armstrong – BDO (Internal Auditor)

Bethan Frudd – Mazars (External Auditors)

OFFICERS IN ATTENDANCE:

P Linfield

Director of Finance and Corporate
Services

S Whittaker

Service Manager - Finance

G Dennis

Monitoring Officer

M Heald

Finance Business Partner

T Coop

Democratic Services Officer

APOLOGIES:

Councillors N Regan, D Simms and G Wheeler

22 Declarations of Interest

There were no declarations of interest.

23 Minutes of the Meeting held on 28 September 2023

The minutes of the meeting held on 28 September were approved as a true record and were signed by the Chairman.

The Group noted that the Service Manager – Finance had responded to the actions from the meeting on 28 September by email.

24 Internal Audit Progress Report Q2

Mr Armstrong from BDO, the Council's Internal Auditors presented the second Internal Audit Report and its progress for the year against the Internal Audit Programme.

The report highlighted the completion of the Reconciliation Review, which received a substantial rating for design and a moderate rating for effectiveness with one medium and two low level recommendations. There were no limited assurance reports issued and management actions had been agreed for all

recommendations.

Mr Armstrong provided the Group with a sector update from the Chancellors autumn statement, advising that there will be changes to the planning process including central government support on larger applications and a freeze on business rates to support the retail and hospitality sector. It was noted that with regards to the planning reform the details are yet to be finalised.

Councillor Gowland questioned the audit findings and the lack of evidence retained for the separation of duties between officers preparing and reviewing the reconciliations and asked whether the Group should be concerned. The Service Manager – Finance explained that the Council's financial processes do have substantial support in place and the verification and authorisation of financial transactions are completed by separate officers.

It was **RESOLVED** that the Governance Scrutiny Group considered and noted the Q2 Internal Audit Progress Report for 2023/24 (Appendix A) prepared by the Council's Internal Auditors.

25 External Audit Completion Report

Ms Frudd from Mazars, the Council's External Auditors, presented the External Audit Completion report provided in Appendix A and the Management Representation Letter in Appendix B. The documents report to those charged with Governance the key conclusions in the audit process for 2022/23 and also comments upon the Statement of Accounts and their quality.

Ms Frudd provided a recap of the audit approach and highlighted the significant findings and the audit conclusion. These include:

- **Management Override** – No issues had been identified.
- **Net defined benefit liability valuation** – No issues had been identified. However, the audit was ongoing as they had not received the assurance required from the pension fund auditor.
- **Valuation of land and buildings and investment properties** – 2 immaterial misstatements had been identified and these remain unadjusted in the 2022/23 accounts. However, the Council will correct these for 2023/24.
- **Insourcing Streetwise** – No issues had been identified.

It was noted that the draft accounts were received (for the financial year to 31 March 2023), some minor adjustments had been identified and a further set of revised draft accounts were received on 4 August 2023.

With regards to internal control recommendations the Group were advised there had been one level 2 recommendation in respect of 2 missing Councillor declarations of interest forms. It was noted the Councillors were no longer serving.

Ms Frudd provided a summary of misstatements that the audit had identified and confirmed these had been corrected.

With regards to Value for Money the Group noted the audit work of the Council's arrangements had not been completed at the time of preparing this report. However, Ms Frudd confirmed the audit had not identified any significant weaknesses in the Council's arrangements and the Group were advised that commentary would be provided in the Auditor's Annual Report by January 2024.

Councillor Thomas asked a specific question in respect of S106 contributions not yet recognised as income due to conditions not yet being met and whether the Council's Growth Boards had had a significant role in highlighting where there were potential issues. The Group were reminded that in the recent review of Growth Boards in some areas these had been removed. The Service Manager – Finance explained S106 contributions were held by other organisations such as Nottinghamshire County Council and that planning officers regularly liaise with the organisations who requested the contribution, as well as contacting beneficiaries where a contribution is nearing its expiry date.

Councillor Birch commented on the valuation of assets and asked what measures are in place to assure members that officer valuations are accurate. Ms Frudd explained that valuation of assets is a significant risk area based on assumptions, expectations and benchmarking and due to the high degree of estimation uncertainty this has been determined as a significant risk. The Director – Finance and Corporate Services informed the Group that valuations are undertaken by a senior officer and overseen by the Director – Growth and Economic Development and finance also review the valuations, in particular with regards to key variances.

It was **RESOLVED** that the Governance Scrutiny Group:

- a) Approved the findings of Mazars Audit Completion Report (Appendix A)
- b) Approved the Management Representation Letter (Appendix B)

26 **Statement of Accounts**

The Service Manager – Finance presented the Council's Statement of Accounts for the financial year 2022/23 for the Group to approve.

The Group were advised there has been no significant issues arising from the audit and the Council was in a good position in comparison to other local authorities.

The Service Manager – Finance summarised the salient points from the Statement of Accounts provided in Appendix A of the report.

The Group were asked to note that under continuing financial challenges the Council has maintained its focus on achieving a viable Medium Term Financial Strategy (MTFS), securing Value for Money and delivering and growing its services. The Council's reserve balances remain healthy ensuring a good position to respond to both unexpected financial shocks and maintain service delivery.

Councillor Birch asked a specific question relating to the transfer of reserves from the New Homes Bonus (NHB) to offset the Minimum Revenue Provision (MRP) charges in relation to the capital cost of the Arena and Cotgrave Master plan, and whether this would have any impact on the building of new and affordable homes. The Service Manager – Finance explained that the NHB is not ringfenced for housing and the Council is free to use the NHB how we choose to help facilitate growth within the Borough.

The Group commented on Member Working Groups in reference to Transparency, adding that not all reports are publicly available on the Council's website. Members highlighted the West Bridgford Special Expenses and CIL Advisory Group as one meeting where the Council might want to consider it being publicly available. Councillor Gowland requested that the list of annuity charges for historical works charged to the Special Expenses budget annually, is shared with Governance Scrutiny Group members.

Councillor Birch asked a specific question in relation to Business Rates collection and highlighted the Ratcliffe on Soar power station being a large contributor and whether any future development at the site had been secured. The Service Manager – Finance explained the loss of the power station business rates have been calculated and new models are being worked on. With regards to future development at the site the Group were advised this is still unknown.

Councillor Thomas asked why Rushcliffe Enterprises Account remains dormant and not closed and informed officers that the correspondence address requires updating to reflect the change in Monitoring Officer.

It was **RESOLVED** that Governance Scrutiny Group:

- a) Approved the Statement of Accounts for 2022/23 (Appendix A) including the Annual Governance Statement at Section B page XXIX.
- b) Delegate authority to the Director of Finance and Corporate Services to make any changes necessary resulting from the matters outstanding on the accounts and advise both the Chair of Governance Scrutiny Group and Finance Portfolio Holder accordingly, such changes to be reported to the Governance Scrutiny Group.

27 **Capital and Investment Strategy Monitoring Q2**

The Finance Business Partner presented the Capital and Investment Strategy Monitoring report for mid-year 2023/24, which summarised the capital and investment activities of the council for the period 1 April to 30 September 2023.

The Group were advised that as from 1 November 2023 the Council have a new Treasury Management Advisor, Arlingclose Financial Advisors, who replace Link Treasury Services for the next three years.

The Finance Business Partner advised the Group that economic environment is looking favourable, inflation has fallen and is forecast to fall further. Interest rates remain stable.

With regard to investment income, the Group were advised that whilst the base rate have risen the pooled investment funds have not been positively affected and interest is expected to exceed the budget target. The Group noted that in order to maintain returns on its investments, the council has continued to diversify its investment mix, details of which were provided in Appendix A of the report.

With regards to borrowing and with reference to the Council's cash balances, the Council continues to internally borrow to fund capital expenditure and does not envisage having to externally borrow during the medium term.

In concluding the Group noted that treasury management continues to be challenging. Inflationary pressures are reducing, and although interest rates are stable, they are forecast to fall over the longer period which will have a negative impact on investment returns. Changes to the accounting codes will also restrict what local authorities can do. The Group were advised that officers will continue to report any significant issues to the governance Scrutiny Group.

The Group were informed that a training session hosted by Arlingclose is being scheduled for Tuesday 23 January which is essential for Governance Scrutiny Group members to attend.

Councillor Calvert asked a specific question relating to the interest return on S106 and CIL contributions and who benefits from this. The Service Manager – Finance explained the interest earned will be forwarded to the recipient of the S106 or CIL agreement, this could be health, education or highways.

Councillor Om referred to the list of investment institutions and questioned why some of the investments were only earning 0.5%. The Finance Business Partner explained that this was the Council's day-to-day account with immediate access to funds if needed.

It was **RESOLVED** that the Governance Scrutiny Group approved the Capital and Investment Strategy up-date position as at 30 September 2023.

28 **Review of Regulation of Investigatory Powers Act Policy**

The Monitoring Officer presented the Review of Regulation of Investigatory Powers Act policy and explained the Investigatory Powers Commissioners Office (IPCO) requires that Councillors are updated annually on the Council's use of powers under the Regulation of Investigatory Powers Act (RIPA) to ensure compliance with the regulations.

The Monitoring Officer advised the Group that the Council does not actively make use of its RIPA powers as a rule, but it is important that Councillors are aware of RIPA, the policy and its usage.

The Group were informed that an inspection was undertaken in August 2023 and following this inspection several changes to the policy have been made and were attached as at Appendix 1 of the report.

Members asked whether these powers could be used to combat graffiti and antisocial behaviour in parks and around village halls or to help prevent fly-tipping. The Monitoring Officer explained RIPA is more of a covert power and the Council would need to apply for approval through a Magistrates court. If the Council were to consider CCTV approval would not be required under the RIPA Act.

Members asked specific questions relating to officer training and which officers would be required to undertake the training and whether this was something Members should be made aware of and have there been instances in other local authorities where covert exercises have been used. The Monitoring Officer advised that RIPA is more likely to be used within the capacity of Environmental Health or Licensing officers and that she was not aware of any instances in neighbouring authorities.

It was **RESOLVED** that Governance Scrutiny Group:

- a) Considered the information provided regarding the Council's use of RIPA powers
- b) Endorsed the updates to the Council's RIPA policy in line with the IPCO Inspection recommendations.

29 **Amendments to the Constitution**

The Monitoring Officer presented the amendments to the constitution and reminded the Group that at the last meeting on 28 September 2023, the Group approved the creation of a Working Group to consider outstanding changes to the Council's Constitution and nominated two members to sit on this Group, Councillor Calvert and Councillor Thomas.

The Group noted that the Working Group met on 7 November and has concluded its work.

The Monitoring Officer advised that a further change has been proposed regarding the timing of the submission of motions to be heard at Full Council meetings. The proposal is to extend the timescales within which motions must be delivered to the Chief Executive from not later than seven clear working days, to not later than ten working days (except in exceptional circumstances).

The exact wording for all amendments were outlined in the appendices for the Group consider.

Both Councillor Calvert and Councillor Thomas shared their experience with the Group. They felt the report overall was well drafted and approved the changes. Councillor Thomas commented on the order in which speakers addressed the Committee as this was incorrect and asked the Monitoring Officer to check with planning officers.

Members commented on a Ward Councillors request that an application be referred to Planning Committee and that such a request should be made within the statutory consultee timescales of 21 days and in view of previous

discussions at the meeting in September these timescales were often too tight. The Group were advised that officers need to be made aware early in the process to allow time to write the reports for committee.

The Chairman advised that a Ward Councillor may make further comments or amend comments outside of this timeframe for example, where new information has become available. The Chairman suggested the Monitoring Officer makes the 21 days clear when reporting to Full Council in December.

It was **RESOLVED** that Governance Scrutiny Group considered and approved the proposed changes to the Constitution prior to consideration by Council.

30 **Work Programme**

The Service Manager – Finance explained that there may be a delay with the External Annual Audit Plan and this may not be reported at the next meeting of Governance Scrutiny Group in February.

The Chairman proposed and the Group agreed that due to the number of items on the agenda in February the meeting would be brought forward to start at the earlier time of 6.30pm.

It was **RESOLVED** that Governance Scrutiny Group approve the work programme as follows:

22 February 2024

- Internal Audit Progress Report Q3
- Internal Audit Strategy
- Risk Management Strategy
- Risk Management – Update
- Capital and Investment Strategy Monitoring Q3
- External Annual Audit Plan
- Annual Audit Letter and Value for Money Conclusion
- Capital and Investment Strategy 2024/25
- Work Programme

June 2024 (Date TBC)

- Internal Audit Progress Report Q4
- Internal Audit Annual Report
- Annual Fraud Report
- Annual Governance Statement (AGS)
- Capital and Investment Strategy Monitoring Q3 Outturn
- Constitution Update
- Code of Conduct
- Work Programme

Actions – 23 November 2023

Min No	Action	Officer Responsible
26	In relation to West Bridgford special Expenses and CIL Advisory Group, the Group asked for a historical list of annuity charges	Service Manager – Finance
26	Councillor Thomas highlighted that the correspondence address for Rushcliffe Enterprises required updating with the current monitoring Officers details	Monitoring Officer

The meeting closed at 8.32 pm.

CHAIR