

**MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
THURSDAY, 28 NOVEMBER 2024**

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), T Birch, S Calvert, J Chaplain, D Mason, D Soloman, C Thomas and G Wheeler

ALSO IN ATTENDANCE:

Charlotte Thomas – BDO (The Council's Internal Auditors)
Max Armstrong - BDO (The Council's Internal Auditors)

OFFICERS IN ATTENDANCE:

P Linfield	Director of Finance and Corporate Services
M Heald	Finance Business Partner
S Pregon	Monitoring Officer and Head of Chief Executive's Department
A Disney	Strategic ICT Manager
E Richardson	Democratic Services Officer

APOLOGIES:

Councillors H Om, D Polenta, N Regan and T Wells

20 Declarations of Interest

There were no declarations of interest.

21 Minutes of the Meeting held on 19 September 2024

The minutes of the meeting held on 19 September 2024 were agreed as an accurate record and were signed by the Chairman.

The Director for Finance and Corporate Services provided an update to the Group regarding the Statement of Accounts in that External Audit had advised that they had received assurance from the County Council Pension Fund and it was hoped that the Accounts would be signed off before the end of the year.

22 Regulation of Investigatory Powers Act (RIPA) Review

The Monitoring Officer and Head of Chief Executive's Department presented the Regulation of Investigatory Powers Act 2000 (RIPA) Review report.

The Monitoring Officer and Head of Chief Executive's Department explained

that a local authority could only undertake directed surveillance where such activity had been authorised in accordance with RIPA, which covered covert cameras, covert observations and use of undercover officers conducting surveillance. She said that authorisation could only be granted where it was necessary for the prevention or detection of crime or preventing disorder and only then when a crime would receive at least a six month custodial sentence or for the selling of tobacco or alcohol to children, and that it must be proportionate. If authorised by the Council then judicial approval would also be required before any activity could take place.

The Monitoring Officer and Head of Chief Executive's Department explained that only specified Officers could authorise activity, being the Chief Executive Officer and the relevant Director and Head of Service. She explained that she was the Senior Responsible Officer for overseeing the process, keeping records and ensuring the training was delivered to Officers and reviewing the Council's policy.

The Group was informed that there had been no authorisations for directed surveillance by the Council in the period since the report was last brought to this Committee in November 2023, but that the Monitoring Officer and Head of Chief Executive's Department was still required to review and bring the policy to Members for review on an annual basis. She noted that she had revised the policy slightly to update the code of practice, provide clarity on some of the definitions and the communications contact points.

Councillor Thomas asked for clarification around authorisations and the process for reporting of authorisations. The Monitoring Officer and Head of Chief Executive's Department said that this was monitored both through the management of staff to ensure that they did not undertake work without appropriate authorisation and ensuring that relevant Officers undertook the required training, with a new training module being introduced at the beginning of October.

Councillor Thomas noted that the updates to the policy were not specified through track changes and the Monitoring Officer and Head of Chief Executive's Department said that this was not done in part to keep the length of papers down. The chair suggested that changes could be highlighted to help identify them.

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

- a) Considered and noted the information contained within this report regarding the Council's use of RIPA powers; and
- b) Endorsed the updates to the Council's RIPA Policy at Appendix 1 to this report.

23 **Capital and Investment Strategy Update Q2**

The Finance Business Partner presented the Capital and Investment Strategy update 2024/2025 report which summarised the capital and investment of the Council for the period 1 April to 30 September 2024.

The Finance Business Partner highlighted some of the key headings from the update report, including in relation to:

- Economic forecast
- Investment Income
- Borrowing and Prudential Indicators
- Capital Expenditure and Financing
- Treasury Management and Prudential Indicators
- Risk Exposure Indicators
- Security and Liquidity
- Training and Development

The Finance Business Partner advised that interest rates were expected to stay higher, for longer, having a positive effect on returns in the medium term and that the UK economic outlook was generally positive. She said that pooled funds could be unpredictable with prices subject to fluctuations based on economic conditions, which could have a negative effect on the capital value. She said that the statutory override currently in place was due to end on 31 March 2025, so the Council would continue to monitor the situation and take advice from its Treasury Advisors.

Councillor Calvert referred to liquidity achieved and asked whether there was an acceptable level that the Council should aim for. The Director for Finance and Corporate Services said that it would be approximately £10m for a Council of this size.

Councillor Calvert asked about other adjustments and the Director for Finance and Corporate Services said that this information could be found in more detail in the Cabinet report and that it was for costs in addition to the budget.

Members of the Group asked about s106 monies and whether the Council used those for internal lending and how interest on them was calculated. The Director for Finance and Corporate Services said that the facility to utilise s106 monies was available but that the Council had not necessarily needed to use it, however, it made sense to use funds available to the Council rather than incur costs from external borrowing. He confirmed that the Council distinguished between the Council's own funds and funds it was holding for s106.

The Finance Business Partner said that older s106 agreements would define the level of interest to be applied to the funds and for more recent s106 agreements the Council would apply an average of the interest rates available on the market. In relation to interest earned on funds, the Finance Business Partner said that when reporting on interest, the Council did not include interest earned on s106 funds and that interest on s106 funds was calculated at the point that they were paid out.

Councillor Brich asked what was meant by medium term borrowing and the Finance Business Partner said that this covered five years.

It was **RESOLVED** that the Group reviewed and commented as necessary on the Capital and Investment Strategy update position as of 30 September 2024.

24 Redmond Review of Public Sector Audit - Update

The Director for Finance and Corporate Services presented the Update on the Redmond Review of Public Sector Audit Report.

In relation to the Redmond Review, the Director for Finance and Corporate Services noted that a key consideration for the Group was whether it supported the principle of appointing an Independent Member. He noted that this recommendation had been brought to the Group previously and had been rejected as it had been considered that there had been enough expertise and experience within the Group at that time, and that it was for the Group to review whether it wished to recommend appointing one now. He said that there could be challenge in appointing an Independent Member who had relevant experience and given the low remuneration.

Members of the Group asked how the Independent Member would be chosen and by whom. The Director for Finance and Corporate Services said that a person specification and job description would be drawn up and the position would be advertised and an interview process would be undertaken.

Members of the Group said that having an Independent Member could offer a different perspective, a fresh take on matters and may assist in digesting aspects of reports and be someone to raise questions with.

Councillor Thomas suggested that there may be benefit in appointing more than one, perhaps two or three, Independent Members to the Group. The Chair said that that could be something for review in the future and given that the current recommendation was to appoint one.

In relation to questions about appropriate qualifications, Ms Thomas suggested that a chartered accountant qualification and experience of financial audit would be beneficial.

The Group voted unanimously in favour of appointing an Independent Member and the Director for Finance and Corporate Services confirmed that a report would be taken to Full Council with the recommendation from this Group.

The Director for Finance and Corporate Services referred the Group to paragraphs 4.5.1 through 4.5.5 of the report which focussed on matters such as market stability and fee structures, publishing dates of accounts, system leadership options, enhancing the local audit function and improving transparency of local authority accounts.

The Director for Finance and Corporate Services said that the Council offered training for Members ahead of the publication of the accounts and tried to explain key messages but appreciated that they could be difficult to understand.

In relation to Effective Scrutiny of Treasury Management, the Director for Finance and Corporate Services referred to paragraph 4.6 and appendix B of the report which set out some suggested recommendations, such as Officers

suggesting questions pertinent to the report that the group may wish to consider, seeking feedback from the group on the technical content of reports, including the Treasury Management Policy Statement as part of the Capital and Investment Strategy, appointing an Independent Person, requesting that the group raise questions in advance of the scrutiny meeting and asking for suggestions from the group on how to improve reports.

Councillor Birch referred to the enhancement of transparency through the provision of a summary document at the end of the Accounts. The Director for Finance and Corporate Services said that the Council sought to follow best practice and was waiting for guidance from CIPFA as to how this should be set out.

Councillor Calvert referred to fee structures and scale fees and the Director for Finance and Corporate Services said that the fees were set nationally by the PSAA and that they went out to consultation with local authorities for future years. He said that fees had been increasing over the past number of years but would hopefully plateau.

Councillor Calvert asked about publishing dates and how realistic they were and the Director for Finance and Corporate Services said that some local authorities may be in the position of having to get qualified opinions to close their accounts but confirmed that the Council was not in that position.

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

- a) Considered the recommendation at paragraph 4.5.3 (b) to appoint an independent member to the Governance Scrutiny Group subject to approval by full Council
- b) Considered the recommendations arising from CIPFA's Self-assessment 'Effective Scrutiny of Treasury Management' at paragraph 4.6 and Appendix B.

25 **Work Programme**

The Director for Finance and Corporate Services presented the Work Programme.

It was **RESOLVED** that the Governance Scrutiny Group approve the Work Programme as follows:

20 February 2025

- Internal Audit Progress Report Q3
- Internal Audit Strategy
- External Annual Audit Plan (May slip to next meeting)
- Risk Management Update
- Capital and Investment Strategy Update Q3
- Capital and Investment Strategy 2025/26
- Annual Audit Letter and Value for Money Conclusion
- Work Programme

26 **Exclusion of the Public**

It was resolved that under Regulation 20 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

27 **Internal Audit Progress Report Q2**

Ms C Thomas from BDO, the Council's Internal Auditors, presented the Internal Audit Progress Report Quarter 2 which reflected progress made for the year against the annual Internal Audit programme, recommended changes to the programme and any significant recommendations to the audits.

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

- a) Considered the follow up report prepared by the Council's Internal Auditor (Appendix A);
- b) Considered the quarter 2 progress report for 2024/25 (Appendix B) prepared by the Council's Internal Auditor (Exempt Item); and
- c) Approved the proposed amendment to the plan as detailed at paragraph 4.2.

The meeting closed at 8.05 pm.

CHAIR