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Date: 26 November 2025

To all Members of the Governance Scrutiny Group

Dear Councillor

A Meeting of the Governance Scrutiny Group will be held on Thursday, 4 December 2025 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>
Please be aware that until the meeting starts the live stream video will not be showing on the home page. For this reason, please keep refreshing the home page until you see the video appear.

Yours sincerely



Sara Pregon
Monitoring Officer

AGENDA

1. Apologies for Absence
2. Declarations of Interest

[Link to further information in the Council's Constitution](#)
3. Minutes of the Meeting held on 25 September 2025 (Pages 1 - 10)
4. Internal Audit Progress Report (Pages 11 - 28)

Report of the Director – Finance and Corporate Services
5. Statement of Accounts 2024-2025

A verbal update from Forvis Mazars
6. RIPA Review (Pages 29 - 64)

Report of the Monitoring Officer



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7. Capital and Investment Strategy Update (Pages 65 - 78)

Report of the Director – Finance and Corporate Services

8. Work Programme (Pages 79 - 80)

Report of the Director – Finance and Corporate Services

Membership

Chair: Councillor D Simms

Vice-Chair: Councillor M Gaunt

Councillors: K Chewings, P Gowland, H Om, N Regan, C Thomas, T Wells and G Wheeler

Meeting Room Guidance

Fire Alarm Evacuation: in the event of an alarm sounding please evacuate the building using the nearest fire exit, normally through the Council Chamber. You should assemble at the far side of the plaza outside the main entrance to the building.

Toilets: are located to the rear of the building near the lift and stairs to the first floor.

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Microphones: When you are invited to speak please press the button on your microphone, a red light will appear on the stem. Please ensure that you switch this off after you have spoken.

Recording at Meetings

National legislation permits filming and recording by anyone attending a meeting. This is not within the Council's control.

Rushcliffe Borough Council is committed to being open and transparent in its decision making. As such, the Council will undertake audio recording of meetings which are open to the public, except where it is resolved that the public be excluded, as the information being discussed is confidential or otherwise exempt



MINUTES OF THE MEETING OF THE GOVERNANCE SCRUTINY GROUP THURSDAY, 25 SEPTEMBER 2025

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 D Simms (Chair), M Gaunt (Vice-Chair), K Chewings, H Om, N Regan, C Thomas, T Wells and G Wheeler and D Polenta (as substitute)

ALSO IN ATTENDANCE:

Max Armstrong - BDO (The Council's Internal Auditors)
Jennifer Norman – Forvis Mazars (The Council's External Auditors)

OFFICERS IN ATTENDANCE:

P Linfield	Director for Finance and Corporate Services
S Whittaker	Head of Finance
M Heald	Finance Business Partner
E Richardson	Democratic Services Officer

APOLOGIES:

Councillors P Gowland

10 Declarations of Interest

There were no declarations of interest.

11 Minutes of the Meeting held on 19 June 2025

The Chair noted that the Independent Person, Jonathan Causton, was not recorded as being in attendance at the last meeting and confirmed that the minutes would be updated accordingly.

With the above amendment, the minutes of the meeting held on 19 June 2025 were approved and signed by the Chair.

12 Internal Audit Progress Report Q1

Mr Armstrong from BDO, the Council's Internal Auditors, presented the Internal Audit Progress Report Quarter 1. He referred Members of the Group to the table on page 16 of the report which showed the progress made in the year to date and confirmed that audits for Q1 audit had been completed and that audits for Q2 were in progress.

Mr Armstrong referred to page 14 of the report and noted a matter raised at the previous meeting as to whether the Internal Audit Plan should be amended to

include something on licensing. Mr Armstrong said that following discussion with Officers including the licensing team, it was felt that the risk was relatively low and as such the report should not be changed for this year, but that a review on licensing more broadly would be included in the Internal Audit report for 2026/27.

Councillor Thomas asked about fees, including additional fees for events. The Head of Finance explained that these were annual fees for licences, being both a standard fee and also an enhanced fee which could be charged for circumstances which met certain triggers and required additional work by the Licensing Team, for example a large event with a large number of attendees.

Mr Armstrong referred to page 17 of the report which detailed the audit report for Streetwise management which was the first review of this quarter. He noted that an opinion of moderate on design and substantial for effectiveness had been found, with one medium and two low recommendations. He said that the focus had been on governance, performance management and the street cleansing function. He said that overall opinion was positive and that the medium finding related to documentation and audit trails for reactive requests for street cleansing.

Mr Armstrong said that the second audit completed had been in relation to Council Tax and NNDR which, due to it being a statutory function of the Council, was generally audited every three to four years. He explained that the scope of the audit included billing for Council Tax, collections and application of discounts and relief and that substantial assurance had been provided for both design and effectiveness which was consistent with the previous audit in 2020/21. He said that there were only two low findings, in relation to checks to prevent fraud of refunds for historically rebanded council tax properties and also two cases where council tax hadn't been issued in a timely manner to new build properties.

Councillor G Wheeler asked about rebanding of properties and Mr Armstrong said that when Council Tax was introduced around 1993 every property was given a banding, and that in cases where a property had had its banding since changed to a lower band, the current and any previous owners would be entitled to a refund. He explained, however, the previous owners may not know that they were due a refund and as such there was some vulnerability, with one council having an employee who had stolen those funds. The Director for Finance and Corporate Services confirmed that the revaluation was done by the Valuation Office and not by the Council.

Councillor Thomas asked whether the audit had looked at properties which had changed from Council Tax to business rates and vice versa. Mr Armstrong said that they were not included in the scope but that new properties becoming eligible for Council Tax or people moving into existing residential properties were included.

Councillor Wells asked whether charges for maintenance services affected Council Tax charges and the Head of Finance said that Council Tax was separate to management fees.

Councillor Polenta asked about Streetwise KPIs recording and Mr Armstrong replied that the recommendation was raised in relation to potentially strengthening some of the KPIs to include more quantitative measures and better documentation of activity on the system.

Mr Causton asked about management responses to recommendations and inclusion of those in the report. Mr Armstrong said that Internal Audit was flexible in terms of its reporting templates and that it had been agreed that the aim for Rushcliffe was to keep reporting streamlined.

It is **RESOLVED** that the Governance Scrutiny Group considered the quarter 1 progress report for 2025/26 (Appendix A) prepared by the Council's Internal Auditor and note the proposed inclusion of Licensing Income in the 2026/27 audit plan.

13 **External Audit Completion Report**

Ms Norman from Forvis Mazars, the council's external auditors presented the External Audit Completion Report 2024/25, which summarised the audit of the Statement of Accounts.

Ms Norman said that work had been substantially completed with areas still outstanding listed on page 40 of the report, with the colours indicating the likelihood of a material misstatement arising from those areas. She said that the pension fund auditor assurance was still pending but that it was not expected for there to be any issues for the anticipated unmodified external audit opinion.

Ms Norman clarified that the covering report mentioned a deadline of 30 September but said that the deadline was the same as the back stop and she assured Members of the Group that the statutory deadline had been met. She said that there was a new deadline specifically for value for money work and that work was being carried out under the new NAO code of audit practice which meant that they had to issue their draft conclusions by 30 November, which had been met with the report presented to Committee at this meeting.

Ms Norman referred to page 62 of the report, appendix A, and the recommendation related to an unadjusted misstatement awaiting response at the time of the report but which she could now inform Members of the Group was likely to be circa £196k which was well below the material threshold but above the reporting threshold. She explained that the recommendation related to the timely removal of assets that were no longer in use from the Council's fixed assets register. She added that there some adjusted misstatements which were cumulatively above the trigger threshold and which related to IFRS16.

Councillor Thomas asked about reference to wrong accounting under for the new standards. Ms Norman said that this related to an investment property and the Head of Finance explained that it was an asset that the Council already had in its asset register that was then brought under the scope of IFRS16 and when added to the IFRS16 asset register it had not subsequently been removed as an investment property.

Councillor Polenta asked about assets of zero value, with reference to the Council repairing rather than having a capital replacement program and asked about managing future risk associated with that. The Head of Finance said that as part of the capital program, the life of an asset was assessed and replacement would be planned into the capital program when it was coming to the end of that lifespan, however, if at the anticipated point of replacement it was determined that the asset did not need to be replaced as yet, then replacement would just be carried forward in the capital programme and would still be budgeted for.

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

- a) Approved the findings of Forvis Mazars Audit Completion Report (Appendix 1)
- b) Approved the Draft Management Representation Letter (Appendix 2).

14 **Draft Annual Audit Report**

Ms Norman presented the Draft Annual Report which provided a commentary coming from the value for money work and proposed conclusions.

Ms Norman advised that no significant weaknesses in arrangements were being reported and that no recommendations were being made. She said that it was a very good report for the Council and it was anticipated that all work would be completed well before the deadline.

The Chair referred to the increased costs for external audit work and asked why they had increased so much. Ms Norman explained that the Council had signed a contract with Public Sector Audit Appointments (PSAA) which came under the Local Government Association and explained that the fees were set by the PSAA rather than Forvis Mazars and that PSAA carried out annual consultation to confirm the fees. She referred to historical incidents where many councils were not producing audited accounts on time and as such systemic reform was required and the increased fees supported that reform work.

It was **RESOLVED** that the Governance Scrutiny Group noted the receipt of the Draft Annual Audit Report at Appendix A.

15 **Statement of Accounts**

The Head of Finance presented the Statement of Accounts report and summarised the main points. She referred Members of the Group to the narrative section of the report which detailed and summarised the key points.

The Head of Finance informed the Group that total funding for the council was covered by Council Tax, business rates and grants. She said that the general fund remained stable and that earmarked reserves had risen from £20.9m to £24.3m. She referred the Group to note 4 on page 13 which showed the total transfers to reserves, mainly related to topping up the climate change reserve

and the creation of a simpler recycling reserve due to additional responsibilities for the Council arising from the Environment Act.

The Head of Finance said that the overall net increase included planned transfers to reserves, which included new homes bonus and underspends to the organization stabilization reserve. She confirmed that the Council's overall net worth had increased and that investments held by the council at 31 March 2024 totalled circa £76m, which was a slight increase from the previous year.

The Head of Finance informed Members of the Group that capital expenditure totalled £7m and that the Council had no requirement to borrow externally. She noted that the collection fund was in surplus and that this would be redistributed in 2026/27.

In relation to major service developments and key achievements for the Council through the year, the Head of Finance referred Members of the Group to the narrative section of the report. In relation to the Climate Change Reserve, she referred Members of the Group to paragraph 4.8 which provided information about some of the projects that it had funded.

The Head of Finance concluded that the Council's position remained stable, although challenges and risks still remained and were likely to continue with reviews of funding and the Local Government Reorganisation (LGR).

Councillor Thomas asked about risks to the Council's reserves with LGR, including s106 and CIL funds and New Homes Bonus (NHB). The Head of Finance said that LGR was a complicated process and expected that this would be determined in the future. The Director for Finance and Corporate Services added that much of the NHB funding was earmarked for projects and thought that amounts would be small by the point of LGR. He said that the reserves from all councils coming together would be combined under the new authority and that detail about how this would be managed was to be confirmed.

The Chair asked about the increase in reserves for the financial year and the Head of Finance explained that the balance varied annually but that this year reflected the delay in business rates reform and consequently higher level of business rates and confirmed that the annual budget would be determined by Cabinet and Full Council.

Councillor Thomas asked about £25m Freeport seed funding for 25/26 and the Director for Finance and Corporate Services said that the seed capital was allocated for infrastructure projects to help facilitate the development of the site and was due to be spent within this financial year.

Councillor Thomas asked whether land had been purchased for carbon capture and the Head of Finance confirmed that this had been carried forward.

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

- a) Approved the Statement of Accounts for 2024/25 (Appendix A) including the Annual Governance Statement at Section B page xxix

- b) Delegated 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.

16 Risk Management Progress Report

The Head of Finance presented the Risk Management Progress Report. She confirmed that the Risk Management Group met on 9 September 2025 and reviewed and made recommendations on the risk register. She noted that the last audit was conducted in 2022 by BDO when the Council had received a substantial rating for design and operational effectiveness.

The Head of Finance said that training was provided for Councillors in 2023 and that refresher training had been arranged for early 2026, when the next Risk Strategy would be brought to the Group.

The Head of Finance took the Group through changes to the risk register. She noted that a new risk relating to loss of housing benefit subsidy for charity and non-registered providers had been added, that no risks had been increased and that risks that had reduced related to inadequate services resulting from LGR, difficulty recruiting and retaining staff linked to LGR, reducing new homes bonus, reductions in business rates base and interest rates risk. She said that risks removed from the register were the Flintham compulsory purchase order, borrowing costs and risk related to the Crematorium opportunity.

Councillor Chewings referred to the risk relating to the Crematorium generating new income to pay back its cost being removed from the risk register but noted that the risk relating to the Crematorium meeting its business models remained. The Head of Finance said that the removed risk related to the opportunity risk presented before the Crematorium had been built and that the risk of the Crematorium not meeting its business plan was a current ongoing risk.

Councillor Polenta asked about the risks related to charities and non-registered providers and asked about differences between the services. The Head of Finance said that it was for the charities to determine whether they became housing providers and explained that they may provide additional specialised services, such as mental health services, which could result in a higher benefits claim to the Council but that the Council could only claim housing benefit subsidy up to the weekly rental value of the residence as determined by the rent officer, which may result in a loss to the Council.

Councillor Thomas asked how much this risk amounted to and the Head of Finance said that this risk related to the possibility of a new facility in the Borough and that it could amount to around £200k per year dependent upon what the rent was set at. She said that the risk was deemed to be low but had been included on the risk register so that there was visibility on it.

Councillor Regan asked about the reduction in risk relating to staff morale and loss of staff due to LGR and the Head of Finance explained that the Council

was not experiencing a high turnover of staff and was experiencing high applications for vacancies but said that the risk was fluid and may change.

Councillor Thomas asked about the reduction in NHB to yellow rather than green if there was no budget. The Head of Finance said that there was still the possibility that the government could consult or replace it with something else, so the risk remained to keep sight of it. Councillor Thomas asked whether it would be an opportunity rather than a risk and the Director for Finance and Corporate Services agreed and said the Council would look at changing it to an opportunity.

Councillor Thomas asked whether there was opportunity for business rates to be generated from the Ratcliffe on Soar power station site and the Head of Finance said that whilst there may be future opportunity, the Council was not aware of any at this current time.

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

- a) Scrutinised the changes made to the Council's Risk Registers during this period
- b) considered and made recommendations on risks that have red alert status.

17 **Going Concern Assessment 2024/25**

The Director for Finance and Corporate Services presented the Going Concern Assessment which assessed whether the Council remained a going concern for the next 18 months. He was pleased to report that the Council was considered to be a going concern and reflected on the Council's positive financial situation which supported that position.

The Director for Finance and Corporate Services summarised the key areas that had been considered as part of the assessment, which were detailed at paragraphs 4.3 to 4.8, including that the Council remained on course to meet its budget and to deliver its capital program for the year and that its overall net worth had increased. He confirmed that the Council had continued to invest in its assets and had healthy reserves and a healthy projected financial position.

The Director for Finance and Corporate Services referred to the projected financial position and said that the MTFS gave a largely balanced position over the next five years, although with LGR and the Fairer Funding review the situation may change. He said that the Council had a healthy level of cash and cash equivalents, strong governance structures, good regulatory controls and strong financial management as confirmed by the Internal and External audit reports.

The Chair commented that the Council was an excellent council and an exemplar of good practice and he thanked Officers for their hard work.

It was **RESOLVED** that the Governance Scrutiny Group noted the positive outcome of the assessment made of Rushcliffe Borough Council's status as a

18 Capital and Investment Strategy Q1 Update 2025/26

The Finance Business Partner presented the Capital and Investment Strategy Q1 Update for 2025/26.

In relation to the economic forecast, the Finance Business Partner said that inflation had increased over the quarter and interest rates had fallen to 4% and were expected to fall further in quarter 4. She said that the UK economy had marginally expanded but that growth was expected to slow.

In relation to investment income, the Finance Business Partner referred to paragraphs 4.4 to 4.7 and said that interest receipts were projected to exceed what had been budgeted and that the Council exceeded the budgeted average interest rate of 4.06%. She referred to Appendix B which detailed diversified funds which had seen significant fluctuation over the last few years and Appendix C which detailed prudential indicators which showed a current projected underspend.

The Finance Business Partner said that the CFR was the council's underlying need to borrow for capital expenditure and noted the forecast reduction in internal borrowing. In relation to net income from commercial and service investments to net revenue streams, she noted a marginally lower projected figure than expected. In relation to the financing cost to net revenue streams indicator, she said that this indicated that interest receipts exceeded financing costs.

The Finance Business Partner noted that the liability benchmark showed a credit balance which indicated that the Council did not need to borrow over the medium term.

In relation to commercial investments, the Finance Business Partner circulated an updated version of Table 3, as listed below, and explained that it demonstrated a reliance on commercial income which was projected to account for 12.5% of the Council's total income.

Table 3: Commercial Investments

	2025/26 Full Year	2025/26 Budget	2025/26 Projection	2025/26 Actual
Commercial Investments	£'000	£'000	£'000	£'000
Commercial Property Income	(1,979)	(515)	(495)	(1,979)
Running Costs	465	95	107	487
Net contribution to core functions	(1,514)	(420)	(388)	(1,492)
Interest from Commercial Loans	(59)	(15)	(15)	(59)
Total Contribution	(1,573)	(435)	(403)	(1,551)
Total Income	(12,537)	(3,000)	(2,998)	(12,411)
Total Contribution/Total income	12.5%	14.5%	13.4%	12.5%
Sensitivity +/- 10%	(198)	(52)	(50)	(198)

In conclusion, the Finance Business Partner said that the UK economy was still very fluid, with falling interest rates and inflationary pressures and trade tariffs.

Members of the Group asked about the change to Table 3 and the Finance Business Partner explained that the original table had erroneously included the net position on the Crematorium which should not have been included and which was rather calculated as part of the prudential indicator calculations in Appendix C.

It was **RESOLVED** that Governance Scrutiny Group noted the Capital and Investment Strategy update position as of 30 June 2025.

19 **Work Programme**

The Head of Finance presented the Governance Scrutiny Group Work Programme. She informed the Group about two changes to the work programme, in that the Annual Audit Letter and Value for Money Conclusion would be removed from the 4 December work programme and that the Statement of Accounts would be removed from the 5 February work programme.

The Head of Finance said that Risk Management training was likely to take place prior to the 5 February 2026 meeting and would likely commence 6pm.

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

4 December 2025

- Internal Audit Progress Report
- Capital and Investment Strategy Update
- RIPA Review

5 February 2026

- Internal Audit Progress Report
- Internal Audit Strategy
- Risk Management Update
- Risk Management Strategy
- Capital and Investment Strategy Update
- Capital and Investment Strategy 2026/27
- External Annual Audit Plan
- Asset Management Plan

The meeting closed at 8.11 pm.

CHAIR

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Governance Scrutiny Group

Thursday, 4 December 2025

Internal Audit Progress Report Quarter 2

Report of the Director – Finance and Corporate Services

1. Purpose of report

The attached report has been prepared by the Council's internal auditors BDO and is the second report for this financial year. It reflects the progress made for the year against the annual Internal Audit programme, any recommended changes to the programme, along with any significant recommendations with regard to the audits completed during this period.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group considers the quarter 2 progress report for 2025/26 (**Appendix A**) prepared by the Council's Internal Auditor.

3. Reasons for Recommendation

To conform to best practice and Public Sector Internal Audit Standards and give assurance to the Governance Scrutiny Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1. The Internal Audit Plan for 2025/26 was approved by the Governance Scrutiny Group at its meeting on 20 February 2025 and includes nine planned reviews.
- 4.2. The attached report highlights the completion and issuing of two reports from the 2025/26 Internal Audit Annual Plan. In terms of findings:
 - The Main Financial Systems audit received a moderate rating for Design and substantial rating for Effectiveness with one medium and one low level finding
 - The Business Continuity audit received a substantial rating for both Design and Effectiveness with two low level findings
 - No limited assurance reports have been issued
 - Management actions have been agreed for all recommendations
 - Follow up actions from previous audits have been completed in line with recommendations.

- 4.3. The audit plan is on target to be completed in accordance with deadlines.
- 4.4. There are two questions to assist the Group in their consideration of the audit plan. These are:
- Is the Group satisfied that there is sufficient assurance given for audits completed to Q1?
 - Is the Group satisfied with the progress made to date and to ensure completion of the plan?

5. Risks and Uncertainties

If recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

6. Implications

6.1. Financial Implications

There are no direct financial implications to the report. Indirectly a better internal control environment suggests risk could reduce and can result in a reduced audit workload and therefore cost.

6.2. Legal Implications

The recommendation supports good risk management.

6.3. Equalities Implications

There are no equalities implications identified for this report.

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

There are no such implications.

6.5. Biodiversity Net Gain

There are no biodiversity implications associated with this report.

7. Link to Corporate Priorities

The Environment	There are no links between the recommendations of this report and the Council's Environment priority
Quality of Life	Good health and safety processes and statistics is indicative of a good quality of life.
Efficient Services	Undertaking a programme of internal audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	There are no links between the recommendations of this report and the Council's Sustainable Growth priority

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group considers the quarter 2 progress report for 2025/26 (**Appendix A**) prepared by the Council's Internal Auditor.

For more information contact:	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	Internal Audit Plan 2025/26 Governance Scrutiny Group 20 February 2025 Internal Audit Progress report Governance Scrutiny Group 25 September 2025
List of appendices:	Appendix A - Internal Audit Progress Report Q2 2025/26– BDO

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Rushcliffe Borough Council
Internal Audit Progress Report
December 2025

Summary of 2025/26 work

Internal Audit

This report is intended to inform the Governance and Scrutiny Committee of progress made against the 2025/26 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Global Internal Audit Standards in the UK Public Sector. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal audit methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no' opinion. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



Internal audit plan 2025/26

We are making good progress in the delivery of the audit plan with 75% of audit reviews either finalised or in the fieldwork phase.

We are pleased to present the following reports to this Governance and Scrutiny Committee meeting:

- Main Financial Systems
- Business Continuity and Emergency Planning.

Fieldwork is in progress in respect of the following audits:

- Rushcliffe Oaks Crematorium - Operational Management
- Asset Investment and Management.

We anticipate presenting these reports at future Governance Scrutiny Group meetings.

Review of 2025/26 work

AUDIT	GOVERNANCE SCRUTINY GROUP	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Fraud Report	June 2025	✓	✓	✓	Advisory Report	
Council Tax and NNDP	September 2025	✓	✓	✓	S	S
Streetwise Management	September 2025	✓	✓	✓	M	S
Main Financial Systems	December 2025	✓	✓	✓	M	S
Business Continuity and Emergency Planning	December 2025	✓	✓	✓	S	S
Asset Management and Investment	February 2026	✓	✓			
Rushcliffe Oaks Crematorium - Operational Management	February 2026	✓	✓	✓ Draft		
Procurement	June 2026	✓				
Health and Safety	June 2026	✓				

Main Financial Systems

CRR REFERENCE: FCS03, FCS08, FCS09, FCS21

Design Opinion



Moderate

Effectiveness
Opinion



Substantial

Recommendations



SCOPE

Areas reviewed

- ▶ Financial policies and procurement card regulations to ascertain whether these were fit for purpose and reflected the Council's arrangements for Accounts Payables and procurement card management.
- ▶ A sample of 15 purchases where a PO was raised between 1 April 2024 and 31 March 2025 was tested to assess whether:
 - A PO was requisitioned and approved in accordance with the delegated authorities prior to the invoice being received.
 - The invoice was matched to the PO prior payment
 - A goods received note (GRN) was recorded on E-Procurement and matched to the invoice prior to payments being made to suppliers.
 - The correct amount was paid to the supplier in a timely manner.
- ▶ A sample of 15 non-PO invoices raised between 1 April 2024 and 31 March 2025 was tested to confirm that the invoice was approved in line with the delegated authorities and that the correct amount was paid to the supplier.
- ▶ A sample of 15 procurement card transactions (ten physical card purchases and five virtual card purchases) was tested to confirm that:
 - The purchases was submitted for authorisation by the cardholder in a timely manner.
 - Supporting documentation (ie receipts, invoices, etc.) were submitted for authorisation by the budget holder.
 - Purchases were in line with the Council's policies and was incurred for an appropriate business reason.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council has developed procedural guidance with step-by-step instructions on expected practices including how purchases should be requisitioned and approved on the E-Procurement (for POs) and E-Financials (for non-PO invoices). These documents are well structured, easy to follow and included screenshots to assist staff.
- ▶ From our sample of 15 PO purchases tested, we confirmed that:
 - All POs were raised and approved appropriately with a segregation of duties on E-Procurement and were matched to the corresponding invoices before the payment was made to the supplier.
 - All GRNs were accurately recorded on E-Procurement, confirming that the goods or services had been received from the supplier to a satisfactory standard, prior to the payment run.
 - Suppliers were paid accurately and in a timely manner. There were five instances where the supplier was paid later than the credit term set on the invoice, but

this was because the GRN had not been documented, demonstrating that the Council was not paying for goods or services until it was confirmed they had been received.

- ▶ From our sample of 15 non-PO invoices tested, we confirmed that:
 - All purchases were made for a valid business reason with a sufficient rationale for a PO not being raised. For example, these were generally for utility bills, grant payments, Parish Council precepts.
 - All invoices were approved in accordance with the approval limits set in the delegated authorities.
 - Suppliers were paid accurately and in a timely manner. There were some late payments, but these were because there were queries over invoices or credit notes that had been raised for other invoices. Therefore, it was acceptable that these payments were not made until issues are clarified.
- ▶ The Council provides procurement card training for new cardholders, with signatures obtained for all attendees, covering information on the relevant spending, logging and the evidence requirement, VAT considerations and fraud awareness.
- ▶ From our sample of 15 procurement card transactions tested, we confirmed that:
 - The purchases were supported by documentary evidence or proof of purchase.
 - The transactions were approved appropriately within the approver's authorisation limits, with a segregation of duties in place and in line with the limits identified on the signatory form.



AREAS OF CONCERN

Finding	Recommendation and Management Response
There were late submissions of procurement card logs for physical and virtual cards. Additionally, there has been a reduction in the frequency by which virtual cardholders must upload their logs, but this is not reflected in the Procurement Card Holder Regulation (Finding 1 - Medium).	<p>A. The Systems and Performance Officer should review and update the Procurement Card Holder Regulation to reflect the revised frequency of procurement card log submissions and reviews for virtual cards.</p> <p>B. The Finance Team should implement a clear and documented monitoring process to track late, missing or incomplete log submissions, recording the reasons for delay. Additionally, a formal escalation process should be established detailing the actions to be taken to address non-compliance (ie late submissions of logs) which may include disciplinary action or withdrawing cards from repeat offenders.</p> <p><u>Management Response</u></p> <p>We had accepted during the audit that we had already raised these concerns regarding accuracy and delays in relation to the logs being returned, and that we were reporting on these to the Senior Business partner to chase with the card holder's manager monthly. We had also spoken with the Head of service for Corporate Services regarding the two repeat offenders within that service area. All points accepted.</p> <p>A. Accepted.</p> <p>B. We have already taken action to start this recommendation. A spreadsheet is kept in the procurement card folder where both the Head of Financial Services and the Senior Finance Business Partner have</p>

	<p>overview. This also logs any spending we feel could be made elsewhere to enable senior managers to address with the department managers. It is also flagged to Finance managers to chase/follow up if logs are submitted late.</p>
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	<p>Target date: (A) 31 January 2026 and (B) Started.</p>
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Low Findings

- ▶ There was no written confirmation the authorisation of a temporary increase in an individual's approval limit. This increase was required to cover temporary staff gaps.

Business Continuity and Emergency Planning

CRR REFERENCE: FCS27, FCS32, NS11

Design Opinion	 Substantial	Effectiveness Opinion	 Substantial
Recommendations	 0	 0	 2



SCOPE

Areas reviewed

- ▶ The Council's Business Continuity Plan (2022), Emergency Plan (2024), and the Business Continuity Strategy 2024-27, including the Action Plan and governance arrangements, to assess whether these documents clearly set out activation procedures, roles, responsibilities, and oversight mechanisms.
- ▶ BIAs from key services (ICT, Benefits, Revenues, HR, Emergency Planning) to ascertain whether critical functions had been identified, risks assessed, recovery time objectives defined, and contingency arrangements documented.
- ▶ The 2024-27 Action Plan and the Action Log 2025 to confirm whether actions were clearly defined, risk-based, assigned owners, and tracked by Executive Management Team (EMT), Resilience Review meetings, and reported to the Corporate Overview Group. A sample of actions were tested to confirm delivery against planned timescales.
- ▶ The Critical Service Master Document, ICT business continuity plan (BCP), and arrangements with Adam Continuity and Newark and Sherwood District Council to assess whether critical systems had been identified and recovery arrangements documented. We also considered continuity planning for the Customer Information Centre and telephony services.
- ▶ Evidence of recent exercises, including Exercise Conker (2024), flood responses (Storm Babet, Henk, Operation Cleves), Rapid Response Team training (2025), and participation in the recent Cyber Exercise by the Local Government Association (LGA) (October 2025), to assess whether staff are regularly tested and prepared to respond to disruptions and emergencies.
- ▶ Training delivered to the Rapid Response Team, managers (Leadership Forum 2024), elected members, parish councils, and community groups, to assess whether staff involved in continuity and emergency responses are adequately trained and aware of their roles.
- ▶ Debrief documentation for Storm Babet (2023), Storm Henk (2024), and Operation Cleves (2025), along with Resilience Review minutes between February and July 2025, to assess how lessons are captured, documented, shared, and embedded into corporate and departmental arrangements.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council has an established corporate Business Continuity Plan (2022), Emergency Plan (2024), and Business Continuity Strategy 2024-27, all of which are up to date, clearly structured, and aligned with statutory requirements.
- ▶ There is proactive and regular oversight of business continuity planning, with the Business Continuity Action Plan 2024-27 tracked using a live Action Log, discussed at Resilience Review meetings, and reported to the Corporate Overview Group.

- ▶ Resilience Review meetings provide a standing governance forum to monitor progress, review lessons learnt and ensure continuity risks remain visible to senior management.
- ▶ All services have completed business impact assessments (BIAs), with key services, including ICT, Benefits, Customer Services and Strategic Finance providing detailed risk assessments, recovery objectives, and contingency arrangements. This supports effective planning to consider the impact on core services in the event of business disruption or an emergency.
- ▶ BIAs are updated annually and signed off by service managers, demonstrating departmental ownership, with the Emergency Planning Officer providing challenge to ensure these are realistic and sustainable, and consider a wide range of implications.
- ▶ The Council has demonstrated a strong culture of conducting BCP exercises, using both scenario planning and real-world events. Notable examples include:
 - Exercise Conker (2024): a national power outage scenario tested at the Leadership Forum.
 - Rapid Response Team training (2025): practical refreshers covering the welfare centre set-up and dynamic risk assessment.
 - Recent LGA cyber exercise (October 2025): forward planning to test ICT and cyber resilience against external cyber threats.
- ▶ Real-life incidents (such as recent storms and Operation Cleves) have helped to inform application and learning of BCP and emergency planning responses, with post-event debriefs to consider the lessons learnt over the coordination of the response. Action logs are created to list the agreed actions from the debriefs which are reviewed at the Resilience Review meetings and reported to the Corporate Oversight Group. From recent emergencies, there was evidence to demonstrate that there was a progressive approach to embedding these into arrangements, ie improvements to personal protective equipment for storms.
- ▶ More widely, the Council share lessons learnt from its real-life situations with other authorities in Nottinghamshire. Following a power outage at a caravan park in Gamston an emergency was declared and lessons learnt from the incident was shared with the Emergency Planning Team, who coordinate BCP and emergency planning across the county.
- ▶ Training is well-targeted at those with bespoke training depending on the individual's role in responding. Training has been provided to the Rapid Response Team on operation responding to incidents, managers through leadership forums and exercises, elected members with briefings on their roles and parish councils with flood preparedness workshops. There are sufficient supporting logs and evidence to show who attended these sessions and when they were held.
- ▶ The Council collaborate with other external partners through programmes such as the Multi-Agency Gold Incident Command schemes to use national training resources and enhance the response to major incidents alongside partners in the Nottinghamshire LRF.
- ▶ The Council participated in cyber security exercise led by the LGA to test its preparedness for a major cyber incident and the effectiveness of response and recovery arrangements. This was attended by senior management, ICT, Emergency Planning Officers, and communications staff. This exercise provided the Council with a level of assurance over its command structures, communication channels. This exercise provided assurance over the resilience of the Customer Information Centre to maintain communication with external stakeholders and ICT recovery priorities in the event of a cyber-attack.

**AREAS OF
CONCERN**Low Findings

- ▶ A structured multi-year programme for scenario testing of business continuity risks is not in place, although there are ad hoc testing sessions on a range of different vulnerabilities.
- ▶ Reporting to Executive Management Team is not supported by documentation summarising risks and action implementation and Resilience Review meetings are not documented.

Sector update

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for Elected Members and Executive Directors.

MAYORS TO LEAD THE CHARGE FOR THOUSANDS OF NEW SOCIAL HOMES

Mayors outside of London will be given more influence over the delivery of the Social and Affordable Housing Programme in their areas.

On 6 November 2025, the Government announced that Mayors outside of London will be given greater influence over the government's historic £39bn Social and Affordable Houses Programme as part of its drive to increase the provision of social and affordable housing. This programme is expected to provide funds to build around 180,000 homes across England (outside of London and Greater London), with at least 60% of these being social rent homes.

The Housing Secretary has said "We're also backing councils to build again and transform derelict sites into thriving neighbourhoods, urging them to go big, go bold and go build. For the first time Mayors, working jointly with Homes England, will shape the course of action for new affordable housing money in their regions, setting out ambitious plans for the types of homes that get built, sites prioritised for construction and how many suitable bids for grant funding could come forward in each area".

This funding investment has been welcomed by the Chief Executives of Homes England and the National Housing Federation, allowing local leaders to shape the social and affordable housing provision in their communities.

This investment will target areas across the North of England and in the West Midlands.

Mayors to lead the charge for thousands of new social homes - GOV.UK

FOR INFORMATION

For the Governance and Scrutiny Group and Executive Directors

EAST MIDLANDS MAYOR ANNOUNCES THE 10-YEAR GROWTH STRATEGY

The Mayor of the East Midlands Combined Authority has unveiled the 10-year strategy for jobs and growth across Nottingham, Nottinghamshire, Derby and Derbyshire.

The Mayor of the East Midlands Combined Authority launch the East Midlands Growth Plan 2025-35 on 13 October 2025 to set out a long-term vision for growth across the region.

The Mayor of the East Midlands, Claire Ward, while unveiling the plan has said "For the first time, we have a growth plan that is backed by the region and puts us in pole position to succeed. This plan is about unlocking growth while tackling inequality, creating better jobs, fairer pay, and new opportunities in every community. By working with business, government, and local partners, we can build a stronger, more inclusive economy that delivers for everyone".

The strategy establishes a range of targets to be achieved across the region, as well as proposing various projects to increase jobs and promote investment into the Midlands, including major development opportunities across the Trent Arc (which will include the Ratcliffe-on-Soar power station) and the investment in the Supercluster project to create clean energy.

The key objectives and success measures of the East Midlands Growth Plan 2025-35 are:

- ▶ Adding £13bn into the regional economy
 - ▶ Supporting 60,000 people into work over the decade
 - ▶ Build more than 100,000 new affordable quality homes
 - ▶ Enabling 210,000 more people with skilled qualifications
-

- ▶ £2bn of investment into transforming transport infrastructure, including cycling routes, buses and rail
- ▶ Supporting key industries such as clean energy, advanced manufacturing, digital and the visitor economy.

Mayor unveils 10-year strategy for jobs and growth - East Midlands Combined County Authority

FOR INFORMATION

For the Governance and Scrutiny Group and Executive Directors

PROFESSIONAL BODY FOR MONITORING OFFICERS TO BE LAUNCHED THIS MONTH

A new professional body for monitoring officers will be launched in November 2025 to add to the existing bodies for chief executives and chief finance officers.

The role of a monitoring officer is a statutory role for all local authorities. However, it present, unlike other statutory roles (chief executive and chief finance officer) it does not have a professional body to represent those in this role.

The Lawyers in Local Government (LLG) will create a professional body focusing solely on monitoring officers in the sector to provide guidance to those in the role and to create a support network for monitoring officers, for professional development and resources.

This professional body is expected to give monitoring officers a stronger voice and increase resilience of the function, particularly to navigate the challenges posed by local government reform.

Professional body for monitoring officers to be launched this month - The MJ

FOR INFORMATION

For the Governance and Scrutiny Group and Executive Directors

NOTTINGHAMSHIRE COUNTY COUNCIL BACKS MERGER OF TWO BOROUGHES AND CITY COUNCIL

Plans to create a new local authority made up of the areas currently covered by Nottingham City Council and neighbouring Gedling and Broxtowe have been backed by county councillors.

The English Devolution White Paper was published on 16 December 2024 and announced a reform of local government, changing the existing two-tier structure of local authorities by creating fewer but larger councils.

Councils in Nottinghamshire have a deadline of 28 November 2025 to submit its proposals to the Government for how the new authorities will be set up in the county. Ministers are expected to reach a decision on the future council structure in Nottinghamshire in March 2026, with the implementation of the new structure in 2028.







Councillors in Nottinghamshire County Council voted in favour of option 1b to be presented to the Government. This option would result in a merger between Nottingham City Council, Gedling Borough Council and Broxtowe Borough Council, with the other councils in the county (including Rushcliffe Borough Council) merging to create a separate unitary authority.

Councillors back merger of two boroughs and city - BBC News

FOR INFORMATION





For the Governance and Scrutiny Group and Executive Directors

Key performance indicators




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Governance Scrutiny Group meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Engagement Partner or the Engagement Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO was found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	
Quality of work	We received two responses to our audit satisfaction surveys for 2024/25 reviews, with an average score of 4.3/5 for the overall audit experience and for the value added from our work. The number of responses is lower than we would expect, and we will work with the management team to increase the number of responses to our surveys during 2025/26.	  
Completion of audit plan	We have progressed the 2025/26 Internal Audit Plan, with two audits presented to this Audit Committee meeting and other audits in the fieldwork or planning phase.	

Appendix 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Governance Scrutiny Group

Thursday, 4 December 2025

Regulation of Investigatory Powers Act 2000 (RIPA) Review

Report of the Monitoring Officer and Assistant Director of Law, Governance and HR

1. Purpose of report

- 1.1. The Investigatory Powers Commissioner's Office (IPCO) requires that councillors are updated annually on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) to ensure compliance with the legislation.
- 1.2. One of the requirements under RIPA is that an annual review of the Council's RIPA policy is undertaken to ensure that it remains up to date and fit for purpose.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group:

- a) Considers and notes the information contained within this report regarding the Council's use of RIPA powers; and
- b) Acknowledge the Senior Responsible Officer's annual review of the Council's RIPA Policy, attached at Appendix 1 to this report.

3. Reasons for Recommendation

- 3.1. To comply with statutory obligations and guidance. Whilst the Council does not actively make use of its RIPA powers as a rule, it is important that councillors are aware of RIPA, the policy and its usage, or otherwise.

4. Supporting Information

- 4.1. Under RIPA, local authorities have the power to authorise directed surveillance (usually covert cameras or covert observations by officers) and the use of Covert Human Intelligence Sources (CHIS) (essentially undercover officers conducting surveillance). Authorisation should only be granted for such surveillance if it is considered necessary for the prevention and detection of crime or preventing disorder, and, if the surveillance is proportionate to the aims it seeks to achieve. Since 1 November 2012, any RIPA authorisations or renewals must also have judicial approval from a Justice of the Peace, which would be obtained from Nottingham Magistrates' Court.

- 4.2. Authorisations under RIPA can only be given by 'Authorising Officers' who for Rushcliffe Borough Council are the Chief Executive, the Director for Neighbourhoods and the Head of Service for Public Protection. Where knowledge of confidential or privileged information is likely to be acquired through directed or intrusive surveillance, enhanced authorisation is required and approval by the Chief Executive as Head of Paid Service is required. The entire process is now overseen by the Monitoring Officer as the Senior Responsible Officer (SRO).
- 4.3. The Council's RIPA processes and procedures come under regular scrutiny. Under the Council's RIPA policy, councillors are required to consider and review the Council's use of RIPA powers and its policy and guidance at least once a year. The Corporate Scrutiny Group last received a report in November 2024. Each year the SRO undertakes an audit of RIPA usage. There have been no authorisations given for directed surveillance or the use of CHIS (Covert Human Intelligence Sources) since the last report.
- 4.4. In addition to monitoring RIPA usage, the SRO is required, in line with the Council's policy, to ensure training on RIPA is available to officers on a regular basis. This training is to be delivered to relevant officers via an online module and HR maintain a list of those who have completed this training and when this was done. Refresher training is due to be completed every two years. 39 employees have undertaken refresher training in the period from April 2024 to May 2025. Each of the Authorising Officers has also undertaken training in respect of the authorisation process and criteria to consider.
- 4.5. In addition to the internal annual audit, policy review and report to scrutiny, every three years IPCO carry out an inspection of the Council's records and interview relevant officers to ensure that there is compliance with the appropriate legislation. The last inspection was undertaken in 2023 and was concluded as being satisfactory. Amendments to the Council's RIPA Policy recommended by the IPCO were completed in November 2023.
- 4.6. Regardless of the level of use of RIPA powers, the Council will continue to be subject to inspection in relation to its use of the powers by the IPCO and as such the Council's policy, processes, training and review of RIPA usage must continue, to ensure they remain fit for purpose. The Council will be due its next inspection in 2026 and it is expected that this will again involve a paper-based exercise, where details of the Council's RIPA usage, governance, procedures, policy, and training will be considered.
- 4.7. The SRO has undertaken the annual review of the Council's RIPA Policy and confirms that no material updates are required. The SRO's review in November 2024 took account of the Covert Surveillance Code of Practice published by the Home Office in February 2024 and updated the policy accordingly. The most up to date version of the policy is attached at Appendix 1.

5. Risks and Uncertainties

If the Council fails to keep its RIPA policy up to date it will fail to comply with the requirements of the relevant legislation.

6. Implications

6.1. Financial Implications

There are no additional financial implications arising from this report. The cost of training and other related RIPA activity are expected to be met from existing budgets.

6.2. Legal Implications

Where the Council wishes to carry out covert surveillance in relation to an investigation, compliance with RIPA ensures that any such surveillance is properly authorised, and full consideration is given to its necessity and proportionality. Where covert surveillance is conducted under a RIPA authorisation, this provides a potential defence to any claim that the surveillance amounted to a breach of the individual's right to privacy under the Human Rights Act 1998. Whilst RIPA authorisations are limited to specific circumstances for local authorities, the Council must still maintain appropriate processes and procedures to demonstrate compliance with RIPA, this includes ensuring that an appropriate policy document is maintained.

6.3. Equalities Implications

There are no equalities implications arising directly out of this report. No RIPA investigations have been conducted by the Council and so there is no data against which to assess the potential equalities aspects of RIPA use. If the Council sought to use RIPA powers at some point, the equalities aspects would be considered at that time.

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

RIPA allows the Council to legally make use of investigatory practices which could be utilised to protect communities from illegal activities and therefore have positive impacts on community safety.

6.5. Biodiversity Net Gain Implications

There are no BNG implications resulting from the work set out in this report.

7. Link to Corporate Priorities

The Environment	Fair and effective enforcement can be used as a tool to protect and enhance both the natural and built environment.
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Quality of Life	Fair and effective enforcement is essential for the protection of individuals and the community as a whole
Efficient Services	The Policy sets out the powers available to the Council and the criteria which are applied when decisions are made around the utilisation of these powers.
Sustainable Growth	The recommendations in this report do not impact on or contribute to the Council's Sustainable Growth priority.

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group:

- a) Considers and notes the information contained within this report regarding the Council's use of RIPA powers; and
- b) Acknowledges the Senior Responsible Officer's annual review of the Council's RIPA Policy, attached at Appendix 1 to this report.

For more information contact:	Rachel Clack Deputy Monitoring Officer Tel: 0115 9148419, RClack@rushcliffe.gov.uk
Background papers available for Inspection:	None
List of appendices:	Appendix 1: RIPA Policy last updated November 2024

RUSHCLIFFE BOROUGH COUNCIL
REGULATION OF INVESTIGATORY POWERS
ACT 2000 (RIPA)
POLICY AND GUIDANCE

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RUSHCLIFFE BOROUGH COUNCIL

POLICY ON REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

1. Introduction

- 1.1 The Regulation of Investigatory Powers Act 2002 (as amended) (“RIPA” or “the Act”) came into force on 24th September 2000 and aims to balance, in accordance with the European Convention of Human Rights, the rights of individuals with the need for law enforcement and security agencies to have powers to perform their roles effectively. The Act and amending legislation allow local authorities to collect evidence of criminal activity lawfully where the investigation requires covert surveillance even where that may lead to them obtaining private information about individuals.
- 1.2 Rushcliffe Borough Council only carries out covert surveillance where such action is justified and endeavours to keep such surveillance to a minimum. It recognises its obligation to comply with RIPA when such an investigation is for one of the purposes set out in that Act and has produced this Guidance document to assist officers.
- 1.3 The Council acknowledges that the 2000 Act provides a statutory framework under which covert surveillance (referred to in the Act as directed surveillance or use of covert human intelligence sources – CHIS) can be authorised and conducted compatibly with human rights legislation, the Data Protection Act 2018 and its common law obligations.

2. Applications for authority

- 2.1 Where an investigating officer identifies a contemplated surveillance activity as being regulated by RIPA, written authorisation in accordance with this Policy must be obtained before commencement of the activity. An officer authorised by the Council (see definition of Authorising Officer below) will consider all applications for authorisation in accordance with RIPA. Any incomplete or inadequate application forms will be returned to the applicant for amendment. The authorising officer shall in particular ensure that:-
 - there is a satisfactory reason for carrying out the surveillance;
 - the serious crime threshold is met;
 - the covert nature of the investigation is necessary for the prevention and

detection of crime or preventing disorder;

- proper consideration has been given to collateral intrusion;
- the proposed length and extent of the surveillance is proportionate to the information being sought;
- the Chief Executive's authorisation is sought where confidential legal/journalistic/medical/spiritual welfare issues are involved;
- the authorisations are reviewed and cancelled;
- records of all authorisations are sent to the Monitoring Officer for entry on the Central Register; and
- once authorisation has been obtained from the authorising officer the Investigating Officer will attend the magistrates' court in order to obtain judicial approval for the authorisation

If enforcement officers or their managers are in any doubt, they should contact the Legal Services department for advice.

3. Training

- 3.1 Each Head of Service shall be responsible for ensuring that relevant members of staff are aware of the Act's requirements. The Monitoring Officer shall ensure that all Authorising Officers have received appropriate training and that refresher training is provided as necessary.

4. Central register and records

- 4.1 The Monitoring Officer shall retain the Central Register of all authorisations issued by Rushcliffe Borough Council. The Monitoring Officer will also monitor the content of the application forms and authorisations to ensure that they comply with the Act.

5. Scrutiny

- 5.1 The Council has appointed the Monitoring Officer as the Senior Responsible Officer ("SRO").
- 5.2 Further detail of the role of the SRO and the role of elected members is set out in Appendix A.

POWERS ACT 2000 (RIPA)

PART I Directed Surveillance

6. Purpose

- 6.1 The purpose of this is to explain the scope of RIPA, the circumstances where it applies and the authorisations procedures to be followed.

7. Introduction

- 7.1 The Act is intended to regulate the use of investigatory powers exercised by various bodies including local authorities and ensure that they are used in accordance with the Human Rights Act 1998. This is achieved by requiring certain investigations to be authorised by an appropriate officer and approved by the judiciary before they are carried out.

The investigatory powers, which are relevant to a local authority, are directed covert surveillance in respect of specific operations, involving criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months' imprisonment or are related to the underage sale of alcohol and tobacco, and the use of covert human intelligence sources ("CHIS"). The Act makes it clear for which purposes they may be used, to what extent, and who may authorise their use. There are also Codes of Practice in relation to the use of these powers and these are attached at Appendix B.

- 7.2 Consideration must be given, prior to authorisation as to whether or not the acquisition of private information is necessary and proportionate, i.e. whether a potential breach of a human right is justified in the interests of the community as a whole, or whether the information could be gleaned in other ways.

8. Scrutiny and Tribunal

- 8.1 As of 1 November 2012, councils have to obtain an order from a Magistrate approving the grant or renewal of any authorisation for the use of directed surveillance or CHIS before the authorisation can take effect and the activity carried out. The Council can only appeal a decision of the Magistrate on a point of law by judicial review.
- 8.2 The Investigatory Powers Commissioner (IPC), a role established by the Investigatory Powers Act 2016 has comprehensive oversight of the use of RIPA powers by public authorities and will ensure compliance with the law by inspecting public authorities and investigating any issue which they believe warrants further scrutiny. The IPC will have unfettered access to all locations, documentation and information systems necessary to carry out their full

functions and duties.

8.3 In order to ensure that investigating authorities are using the powers properly, the Act also establishes the Investigatory Powers Tribunal (IPT) to hear complaints from persons aggrieved by conduct, e.g. directed surveillance. Applications will be heard on a judicial review basis. Such claims must be brought no later than one year after the taking place of the conduct to which it relates unless it is just and equitable to extend this period. Further information about the IPT can be found at www.ipt-uk.com.

8.4 The Tribunal can order:

- Quashing or cancellation of any warrant or authorisation
- Destruction of any records or information obtained by using a warrant or Authorisation
- Destruction of records or information held by a public authority in relation to any person

8.5 The Council has a duty to disclose to the tribunal all documents they require if any Council officer has:

- Granted any authorisation under RIPA
- Engaged in any conduct as a result of such authorisation.

8.6 Internal scrutiny

8.6.1 The Council will ensure that the SRO is responsible for;

- The integrity of the process in place within the Council to authorise directed surveillance and CHIS
- Compliance with PART II of the 2000 Act and with the accompanying Codes of Practice
- Engagement with the Commissioner and inspectors when they conduct their inspections and
- Where necessary overseeing the implementation of any post-inspection action plans recommended or approved by the Commissioner

8.6.2 The elected members of the Council will review the Council's use of the Act and the Council's policy and guidance documents at least once a year. Members will also consider internal reports on a regular basis throughout the year indicating the nature of RIPA activity undertaken or inactivity, to ensure that any use is consistent with the Council's policy and that the policy is fit for purpose. The members will not however be involved in making decisions on specific authorisations.

8.7 Unauthorised Activities

- 8.7.1 If any Officer is concerned that surveillance/CHIS activity is taking place and there is no authorisation under RIPA in place, he/she should contact Legal Services or the Monitoring Officer to seek advice.
- 8.7.2 If any activity is deemed to be unauthorised, it will be reported to the IPC.

9. Benefits of RIPA authorisations

- 9.1 The Act states that if authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, then it will be lawful for all purposes. Consequently, RIPA provides a statutory framework under which covert surveillance can be authorised and conducted compatibly with Article 8 of the Human Rights Act 1998 – a person's right to respect for their private and family life, home and correspondence.
- 9.2 Material obtained through properly authorised covert surveillance is admissible evidence in criminal proceedings., as long as it complies with the provisions of RIPA.
- 9.3 Compliance with RIPA ensures any interference is carried out in accordance with domestic laws. It also assists to defend any complaints against the Council and its officers of interference with the right to respect for private and family life which is protected by Article 8. The Council can claim the interference is 'in accordance with the law'. The activities undertaken however must be necessary and proportionate.

10. Definitions

'Covert' is defined as surveillance carried out in such a manner that is calculated to ensure that the person subject to it is unaware that it is or may be taking place. (s.26 (9)(a))

'Covert human intelligence source' (CHIS) is defined as a person who establishes or maintains a personal or other relationship with a person for the covert process of obtaining/providing access to/disclosing, information obtained through that relationship or as a consequence of the relationship(s.26 (8))

'Directed surveillance' is defined as covert but not intrusive and undertaken:

- for a specific investigation or operations,
- in such a way that is likely to result in the obtaining of private information about any person, and

- other than by way of an immediate response (s.26 (2))

'Private information' includes information relating to a person's private or family life (s.26(10)). Private information should be taken generally to include information on any aspect of a person's private or personal relationship with others including family and professional or business relationships. It is likely to be the case that where a person has a reasonable expectation of privacy, even though acting in public or placing information on publicly accessible areas of the internet, and where a record of that activity is being made by a public authority of that person's activities for future consideration or analysis, that this will result in obtaining private information.

'Intrusive' surveillance is covert surveillance that is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle or using a surveillance device. **Rushcliffe Borough Council may not authorise such surveillance, nor the entry on or interference with property or with wireless telegraphy.**

'Authorising officer' - in the case of the Council a list of designated authorising officers can be found at **Appendix D.**

11. When does RIPA apply?

- 11.1 The Council can only authorise directed surveillance of an individual or group of individuals, or use of CHIS where it is **necessary** for the purpose of preventing or detecting crime or preventing disorder.
- 11.2 The Council can only authorise Directed Surveillance to prevent and detect conduct which constitutes one or more criminal offences. The criminal offences must be punishable, whether on summary conviction or indictment by a maximum term of at least 6 months imprisonment or be an offence under:
 - a) Section 146 of the Licensing Act 2003 (sale of alcohol to children)
 - b) Section 147 of the Licensing Act 2003 (allowing the sale of alcohol to children)
 - c) Section 147A of the Licensing Act 2003 (persistently selling alcohol to children)
 - d) Section 7 of the Children and Young Persons Act 1933 (sale of tobacco etc to persons under 18)

12. Core Functions

- 12.1 A public authority may only seek authorisations under the Act when in

performance of its 'core functions'. Core functions are the specific public functions undertaken by the authority in contrast to the ordinary functions which are those undertaken by all authorities, for example, employment issues or contractual arrangements. The disciplining of an employee is not a core function, although related criminal investigations may be.

13. CCTV

- 13.1 The normal use of CCTV is not usually covert because members of the public are informed by signs that such equipment is in operation. However, authorisation should be sought where it is intended to use CCTV covertly, and in a pre-planned manner as part of a specific investigation or operation, to target a specific individual or group of individuals. Equally a request, say by the police, to track particular individuals via CCTV recordings may require authorisation (from the police). Guidance on the operation of CCTV generally is provided in the Surveillance Camera Code of Practice (as amended) issued under the Protection of Freedoms Act 2012. The Information Commissioner has also issued a code 'In the Picture – A Data Protection Code of Practice for Surveillance Cameras and Personal Information' which authorities should have regard to.

14. Online Covert Activity

- 14.1 The use of the internet and social media sites may be required to gather information prior to and during an operation/investigation. Officers should exercise caution when utilising such sites during an investigation and be alert to situations where authorisations under RIPA may be required. If officers have any concerns over the use of social media during an investigation they should contact Legal Services. As a general rule of thumb however, reviewing open source sites such as Facebook pages where no privacy settings are in place does not require an authorisation under RIPA unless review is carried out with some regularity, often to build a profile, when directed surveillance authorisation may be required.
- 14.2 Use of the internet prior to an investigation should not normally engage privacy considerations but if the study of an individual's online presence becomes persistent, or where material obtained from any check is to be extracted and recorded and may engage privacy considerations, a RIPA authorisation may be required. If the officer then, for the purposes of gleaning intelligence breaches privacy controls and becomes for example a "friend" within a subject's Facebook account, utilising a pseudo account to conceal his/her identity as a Council official, this is a covert operation which, by its nature, is intended to obtain private information and should be authorised as a minimum as directed surveillance. Further, if the officer engages in any form of relationship with the account operator then s/he is likely to become a CHIS requiring authorisation

and management by a Controller and Handler with a record being kept and a risk assessment created.

- 14.3 In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject knowing that surveillance is or may be taking place. This is regardless of what privacy settings the individual may have in place.

15. Authorisations

- 15.1 **Applications for directed surveillance** All application forms must be fully completed with the required details to enable the authorising officer to make an informed decision.
- 15.2 Application forms are available on the Home Office website, officers should ensure they are using the most up to date forms for RIPA authorisations. The authorisation will only commence on the date Magistrates Court approval is obtained and runs for three months from that date of that approval
- 15.3 No authorisation shall be granted unless the authorising officer is satisfied that the investigation is:
- necessary - for either the purpose of preventing or detecting crime or of preventing disorder. Covert surveillance cannot be said to be necessary if the desired information can reasonably be obtained by overt means.;
 - -Involves a criminal offence punishable whether summarily or on indictment by a maximum sentence of at least six months imprisonment or related to the underage sale of alcohol or tobacco
 - proportionate to the ultimate objective at an appropriate level (not excessive) and that no other form of investigation would be appropriate. This has 4 elements, namely:
 - (1) that the method of surveillance proposed is not excessive to the seriousness of the matter under investigation,
 - (2) the method used must be the least invasive of the target's privacy,
 - (3) the privacy of innocent members of the public must be respected and collateral intrusion minimised.
 - (4) that no other form of investigation would be appropriate. This should be evidenced by explaining what other methods of investigation have been considered or tried and why they have not been implemented or why they failed.

- 15.4 The grant of authorisation should indicate that consideration has been given to the above points.
- 15.5 The authorising officer must also take into account the risk of ‘**collateral intrusion**’, for example, intrusion on, or interference with, the privacy of persons other than the subject of the investigation. The application must include an **assessment** of any risk of collateral intrusion for this purpose. Steps must be taken to avoid unnecessary collateral intrusion and minimise any necessary intrusion.
- 15.6 Those carrying out the investigation must inform the Authorising Officer of any unexpected interference with the privacy of individuals who are not covered by the authorisation, as soon as these become apparent. When such collateral intrusion is unavoidable, the activities may still be authorised provided this intrusion is considered proportionate to what is sought to be achieved. The same considerations in respect of proportionality outlined above apply to the assessment of collateral intrusion.
- 15.7 The Authorising Officer should also fully understand the capabilities and sensitivity levels of any equipment being used to carry out directed surveillance so as to properly assess the risk of collateral intrusion in surveillance techniques.

16. Special consideration in respect of confidential information

- 16.1 Particular attention is drawn to areas where the subject of surveillance may reasonably expect a high degree of privacy, e.g. where confidential information is involved.
- 16.2 Confidential information consists of matters subject to legal privilege, communications between a Member of Parliament and another person on constituency matters, confidential personal information or confidential journalistic material. (ss 98-100 Police Act 1997).

Legal privilege

- 16.3 Generally, this applies to communications between an individual and his/her legal adviser in connection with the giving of legal advice in connection with or in contemplation of legal proceedings. Such information is unlikely ever to be admissible as evidence in criminal proceedings.
- 16.4 If in doubt, the advice of the Monitoring Officer should be sought in respect of any issues in this area.

Confidential personal information

- 16.5 This is oral or written information held in (express or implied) confidence, relating to the physical or mental health or spiritual counselling concerning an individual (alive or dead) who can be identified from it. Specific examples provided in the codes of practice are consultations between a health professional and a patient, discussions between a minister of religion and an individual relating to the latter's **spiritual welfare** or matters of **medical or journalistic confidentiality**.

Confidential constituent information

- 16.6 This is information relating to communication between a Member of Parliament and a constituent in respect of constituency business. Such information is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation.

Confidential journalistic material

- 16.7 This is material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence.
- 16.8 It should be noted that matters considered to be confidential under RIPA may not necessarily be properly regarded as confidential under section 41 Freedom of Information Act.

Where such information is likely to be acquired, the surveillance may only be authorised by the Chief Executive, or, in their absence, a Chief Officer and should only be authorised where there are exceptional and compelling circumstances that make the authorisation necessary.

Authorisations must be in writing and have a wet signature

- 16.9 Authorising officers are not responsible for authorising investigations or operations in which they have been directly involved. Whilst it has been recognised that this may sometimes be unavoidable in cases where it is necessary to act urgently the authorising officer authorises such an investigation or operation should place a note of the authorisation on the central record of authorisation.
- 16.10 Authorising officers must be aware of the requirements of RIPA and how to properly consider requests for authority. The authorising officer must demonstrate that the request has been properly considered when completing the application.

17 Applications for CHIS

- 17.1 The process for CHIS applications is the same as for Directed Surveillance except that the serious crime threshold of investigating criminal offences with a sentence of at least 6 months in imprisonment does not apply. The authorisation must be in writing, must specify the activities and identity (by pseudonym only) of the CHIS and that the authorised conduct is carried out for the purposes of, or in connection with, the investigation or operation so specified.
- 17.2 Again the Authorising Officer must be satisfied that the authorised use and conduct of the CHIS is proportionate to what is sought to be achieved by that conduct and the CHIS must be necessary for the prevention or detection of crime or the prevention of disorder. Collateral intrusion must also be considered.
- 17.3 All application forms must be fully completed with the required details to enable the Authorising Officer to make an informed decision. A risk assessment and record must be prepared for each CHIS.

18 Judicial Approval of authorisations

- 18.1 Once the Authorising Officer has authorised the Directed Surveillance or CHIS, the Investigating Officer who completed the application form should contact the Magistrates Court to arrange a hearing for the authorisation to be approved by a Justice of the Peace. The Authorising Officer should make themselves available to attend court with the Investigating Officer. The hearing should ideally be on the same day as the Authorising Officer gives authorisation, the court should be contacted prior to attendance to ensure the matter can be heard.
- 18.2 The Investigating Officer will provide the Justice of the Peace with a copy of the original authorisation and the supporting documents setting out the case. This forms the basis of the application and should contain all information that is relied upon.
- 18.3 The Investigating Officer will provide the Magistrate with a partially completed judicial application/order form. These document should be taken to the court by the Investigating Officer and not sent to the court by any other means prior to the hearing. Officers may seek support from Legal Services in completing the application/order form.
- 18.4 The hearing will be in private and the Investigating Officer will be sworn in and present evidence as required by the Justice of the Peace. Any such evidence should be limited to the information in the authorisation.

18.5 The Justice of the Peace will consider whether he/she is satisfied that at the time the authorisation was given there were reasonable grounds for believing that the authorisation or notice was necessary and proportionate and whether that continues to be the case. They will also consider whether the authorisation was given by the appropriate designated person at the correct level within the Council and whether (in the case of directed surveillance) the crime threshold has been met.

18.6 The Justice of the Peace can:

- a) **Approve the grant of the authorisation**, which means the authorisation will then take effect.
- b) **Refuse to approve the grant of the authorisation**, which means the authorisation will not take effect, but the Council could look at the reasons for refusal, make any amendments and reapply for judicial approval.
- c) **Refuse to approve the grant of the authorisation** and quash the original authorisation. The court cannot exercise its power to quash the authorisation unless the applicant has at least 2 business days from the date of the refusal in which to make representations

19 Notifications to Inspector/Commissioner

19.1 The following situations must be brought to the inspector/commissioner's attention at the next inspection:

- Where an officer has had to authorise surveillance in respect of an investigation in which he/she is directly involved.
- Where a lawyer is the subject of an investigation or operation;
- Where confidential personal information or confidential journalistic information has been acquired and retained.

20 Duration and Cancellation

- An authorisation for directed surveillance shall cease to have effect (if not renewed) 3 months from the date the Justice of the Peace approves the grant or renewal.
- If renewed, the authorisation shall cease to have effect 3 months from the expiry of the renewed authorisation.

- An oral authorisation or renewal shall cease to have effect (unless renewed) 72 hours from the date of grant or renewal.

This does not mean that the authorisation should continue for the whole period so that it lapses at the end of this time. The Authorising Officer must cancel the authorisation at any time if they consider that the Directed Surveillance no longer meets the criteria upon which it was authorised. Where the original Authorising Officer is no longer available, this duty will fall on the person who has taken over the role of Authorising Officer or the person who is acting as Authorising Officer

20.1 On cancellation, the cancellation form should detail what product has been obtained as a result of the surveillance activity. The forms should include the dates and times of the activity, the nature of the product obtained and its format, any associated log or reference numbers, details of where the product is to be held and the name of the officer responsible for its future management. Documentation of any instruction to cease surveillance should be retained and kept with the cancellation form.

20.2 When cancelling an authorisation, the Authorising Officer must ensure that proper arrangements have been made for the activity's discontinuance, including the removal of technical equipment and directions for the management of the product.

21 Reviews

21.1 The Authorising Officer should review all authorisations at reasonable intervals determined by themselves. This should be as often as necessary and practicable. The reviews should be recorded within the record of authorisation.

21.2 Particular attention should be paid to the possibility of obtaining confidential information.

22 Renewals

22.1 Any Authorising Officer may renew an existing authorisation on the same terms as the original at any time before the original ceases to have effect. The renewal must then be approved by a Justice of the Peace in the same way that the original authorisation was approved.

23 Records of authorisations

23.1 All authorities must maintain the following documents:

- Copy of the application and a copy of the authorisation together with any supplementary documentation and notification of the approval given by the Authorised Officer;
- Copy of the Order made by the Magistrates' Court;
- A record of the period over which the surveillance has taken place;
- The frequency of reviews prescribed by the Authorising Officer;
- A record of the result of each review of the authorisation;
- A copy of any renewal of an authorisation and Order made by the Magistrates' Court and supporting documentation submitted when the renewal was requested;
- The date and time when any instruction to cease surveillance was given by the Authorising Officer.
- The date and time when any other instruction was given by the Authorising Officer

23.2 The original copy of every authorisation, review, renewal and cancellation issued should be lodged immediately with the Monitoring Officer of the Council in an envelope marked 'Private and Confidential'. Any original authorisations and renewals taken to the Magistrates' Court should be retained by the Council and the Court should retain only copies of the authorisations or renewals.

23.3 The Council must also maintain a centrally retrievable record of the following information (the Central Register):

- type of authorisation
- date the authorisation was given
- details of attendance at the Magistrates' Court, the date of the attendance, the determining Justice of the Peace, the decision of the court and the time and date of the decision
- name and rank/grade of the Authorising Officer
- unique reference number of the investigation/operation
- title (including brief description and names of the subjects) of the investigation/operation
- details and dates of reviews

- whether urgency provisions were used and if so why
- details of renewal including the name and rank of the Authorising Officer
- dates of any approval order for renewal given by the Magistrates' Court
- whether the investigation/operation is likely to result in obtaining confidential information
- date of cancellation
- whether the authorisation was granted by an individual directly involved in the investigation.

These records will be retained by the Monitoring Officer for at least 5 years and will be available for inspection by the Investigatory Powers Commissioner's Office.

24 Unique Operation Reference Number

- 24.1 Each Application for Directed Surveillance and CHIS, must have a Unique Operation Reference Number. This URN will begin with either ENV (if it is granted in the Environment and Planning Department) or FIN (if it is granted in the Finance Department), followed by a sequential number, followed by 20?? being the year in which the Authority was applied for, e.g. ENV/27/2005

25 Retention of records

- 25.1 All documents must be treated as strictly confidential and the Authorising Officer must make appropriate arrangements for their retention, security and destruction, in accordance with the Council's Data Protection Policy and the RIPA Codes of Practice, UK-GDPR and Data Protection Act 2018. The recommended retention period for authorisation records is five years from the ending of the period authorised.
- 25.2 Appropriate arrangements must be put in place for the handling, storage and destruction of material obtained through the use of covert surveillance ("the product"). Authorising Officers must ensure compliance with the relevant data protection requirements and any relevant codes of practice

26 Working in Partnership with the Police/Collaborative Working

- 26.1 Authorisation can be granted in situations where the police rather than Rushcliffe Borough Council require the surveillance to take action, as long as the behaviour complained of, meets all criteria to grant and in addition is also of concern to the Council. Authorisation cannot be granted for surveillance requested by the police for a purely police issue.
- 26.2 The Police, as an emergency service may authorise RIPA without Magistrates approval, if an urgent situation arises and RIPA authorisation would be required urgently, the Council should contact the police if surveillance is deemed to be necessary and proportionate in an urgent situation.
- 26.3 Any person granting or applying for an authorisation will also need to be aware of particular sensitivities in the local community where the surveillance is taking place and of any other similar activities being undertaken by other public authorities which could impact on the deployment of surveillance or property interference. Where an Authorising Officers considers conflicts may arise they should consult a senior officer within the police.
- 26.4 Where the Police are carrying out surveillance and request the use of the Council's cameras to do so, the police should obtain the authorisation and provide sufficient information to the Council to enable the surveillance to be undertaken in line with the authorisation.

27 Complaints procedure

- 27.1 The Council will maintain the standards set out in this guidance and the Codes of Practice (See Appendix C). The Investigatory Powers Commissioner has responsibility for monitoring and reviewing the way the Council exercises the powers and duties conferred by RIPA.
- 27.2 Contravention of RIPA may be reported to the Investigatory Powers Tribunal.. Before making such a reference, a complaint concerning a breach of this guidance should be made using the Council's own internal complaints procedure. To make a complaint, complete the online complaints form or contact the Communications Team, Rushcliffe Borough Council, Rushcliffe Arena, Rugby Road, West Bridgford, NG2 7YG or telephone Customer Services on 0115 981 9911

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

PART 2 COVERT HUMAN INTELLIGENCE SOURCES

28 Covert Human Intelligence Source (“CHIS”)

28.1 The RIPA definition (section 26(8)) is anyone who:

a) establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraphs b) or c)

b) covertly uses such a relationship to obtain information or provide access to any information to another person; or

c) covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship

28.2 Any reference to the conduct of a CHIS includes the conduct of a source which falls within a) to c) or is incidental to it.

28.3 References to the use of a CHIS are references to inducing, asking or assisting a person to engage in such conduct.

28.4 Section 26(9) of RIPA goes on to provide that:

a. surveillance is covert, if and only if, it is carried out in a manner that is calculated to ensure that persons who are subject to the surveillance are unaware that it is or may be taking place

b. a purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if, and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of that purpose; and

c. a relationship is used covertly, and information is obtained as mentioned above and is disclosed covertly, if, and only if it is used or as the case may be, disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

28.5 There is a risk that an informant who is providing information to the Council voluntarily may in reality be a CHIS even if not tasked to obtain information covertly. It is the activity of the CHIS in exploiting a relationship for

a covert purpose which is ultimately authorised in the 2000 Act, not whether or not the CHIS is asked to do so by the Council. When an informant gives repeat information about a suspect or about a family and it becomes apparent that the informant may be obtaining the information in the course of a neighbourhood or family relationship, it may mean that the informant is in fact a CHIS. Legal advice should always be sought in such instances before acting on any information from such an informant.

28.6 With any authorised use of a CHIS, the Council must ensure that arrangements are in place for the proper oversight and management of the CHIS, this includes appointing individual officers as handlers and controllers in relation to the CHIS (s.29(5)(a) and (b)). The handler should not be the Authorising Officer. Appropriate risk assessments should also be prepared in relation to the CHIS activity.

29. Juvenile Sources

- 29.1 Special safeguards apply to the use or conduct of juvenile sources; that is sources under the age of 18 years. On no occasion should the use or conduct of a source under the age of 16 years be authorised to give information against his parents or any person who has parental responsibility for him. The duration of a juvenile CHIS is four months. The Regulation of Investigatory Powers (Juveniles) Order 2000 contains special provisions which must be adhered to in respect of juvenile sources. Any authorisation of a juvenile CHIS must be by the Chief Executive.

30. Vulnerable Individuals

- 30.1 A vulnerable individual is a person who by reason of mental disorder or vulnerability or other disability, age or illness is, or may be, unable to take care of himself, or unable to protect himself against significant harm or exploitation. Any individual of this description should only be authorised to act as a source in the most exceptional circumstances. Any authorisation of a vulnerable individual as a CHIS must be by the Chief Executive.

31 Applications for CHIS

The Council may only in applying the employment of CHIS for the purpose of preventing or detecting crime or preventing disorder. The Council is unlikely to need to use CHIS and the Council's Monitoring Officer should be consulted before any authorisation is sought.

- 31.1 The procedure is the same as for Directed Surveillance except that except that the serious crime threshold of investigating criminal offences with a

sentence of at least 6 months in imprisonment does not apply. The authorisation must specify the activities and identity of the CHIS and that the authorised conduct is carried out for the purposes of, or in connection with, the investigation or operation so specified.

31.2 Again the Authorising Officer must be satisfied that the authorised use and conduct of the CHIS is proportionate to what is sought to be achieved by that conduct and the CHIS must be necessary for the prevention or detection of crime or the prevention of disorder. Collateral intrusion must also be considered.

31.3 All application forms) must be fully completed with the required details to enable the Authorising Officer to make an informed decision. A controller and handler (one of whom should be a record keeper) should be identified at this stage. The source manager should ensure that a risk assessment is carried out and appended to the application.

31.4 Once the Authorising Officer CHIS, the Investigating Officer shall apply to the Magistrates Court for the authorisation to be approved by a Justice of the Peace as per the guidance for Directed Surveillance (paragraph 18 onwards).

31.5 An authorisation for CHIS shall cease to have effect (unless renewed) 12 months from the date of grant or renewal. A CHIS authorisation must be thoroughly reviewed before it is renewed. The duration of authorisation for a Juvenile CHIS is 1 month.

31.6 The duration of a CHIS authorisation commences at the time of the Magistrates approval of it.

REGULATION OF INVESTIGATORY POWERS ACT 2000

PART 3 ACQUISITION AND DISCLOSURE OF COMMUNICATIONS DATA

32 Introduction

32.1 With effect from 5 January 2004, and in accordance with Chapter II of Part I of Regulation of Investigatory Powers Act 2000 (“the Act”), local authorities can authorise the acquisition and disclosure of ‘communications data’ provided that the acquisition of such data is necessary for the purpose of preventing or detecting crime or preventing disorder; and proportionate to what is sought to be achieved by acquiring such data. This guidance should be read in conjunction with the relevant Code of Practice.

NOTHING IN THIS CODE PERMITS THE INTERCEPTION OF THE CONTENT OF ANY COMMUNICATION.

32.2 The procedure is similar to that of authorisation for Directed Surveillance and CHIS but has extra provisions and processes.

32.3 The purpose and effect of the procedure is the same i.e. to ensure proper consideration is given to permitting such investigations and to provide protection against a human rights challenge. **All potential applications shall be referred initially to the Monitoring Officer for advice.**

32.4 The Authorising Officer is called a ‘Designated Person’.

33 What is ‘Communications data’?

33.1 Communications data is information relating to the use of a communications service e.g. postal service or telecommunications system. It is defined by Section 21(4) of the Act and falls into three main categories:

- Traffic data – where a communication was made from, to whom and when
- Service data – use made of service e.g. itemised telephone records
- Subscriber data – information held or obtained by operator on person they provide a service to.

33.2 Local authorities are restricted to subscriber and service use data and only for the purpose of preventing or detecting crime or preventing disorder.

34 Designated person

- 34.1 A Designated Person are the same officers as Authorising Officers set out in Appendix ?.

35 Application forms

- 35.1 All applications must be made on a standard form (**see Appendix B**).

36 Authorisations

- 36.1 Designated Persons can only authorise conduct to which Chapter II or Part I of the Act applies.
- 36.2 In order to comply with the code, a Designated Person can only authorise the obtaining and disclosure of communications data if:
- i) It is **necessary** for any of the purposes set out in Section 22(2) of the Act. (NB. Rushcliffe Borough Council can only authorise for the purpose set out in Section 22(2)(b) which is the purpose of preventing or detecting crime or preventing disorder); and
 - ii) It is **proportionate** to what is sought to be achieved by the acquisition of such data (in accordance with Section 22(5) the Act). This involves balancing the extent of the interference with an individual's rights and freedoms against a specific benefit to the investigation or operation being undertaken by a relevant public authority in the public interest. consideration must also be given to any actual or potential infringement of the privacy and other rights of individuals who are not the subject of the investigation or operation.
- 36.3 Consideration must also be given to the possibility of collateral intrusion and whether any urgent timescale is justified.
- 36.4 Communication data can be acquired by two alternative methods under RIPA:
- 1) By authorisation under section 22(3) of the Act - An authorisation granted to a member of a public authority permits that person to engage in conduct relating to the acquisition and disclosure of communications data under Part I Chapter II of RIPA. This applies where the relevant public authority collects the data itself. and may be appropriate in the following circumstances:
 - The postal or telecommunications operator is not capable of collecting

or retrieving the communications data;

- It is believed the investigation may be prejudiced if the postal or telecommunications operator is asked to collect the data itself;
- There is a prior agreement in place between the relevant public authority and the postal or telecommunications operator as to the appropriate mechanisms for the disclosure of communications data.

2) By notice under Section 22(4) of the Act. A notice given to a postal or telecommunications operator requires it to disclose the relevant communications data held by it to a public authority, or to obtain and disclose the data, when it is reasonably practicable for them to do so. Disclosure may only be required to either the Designated Person or the single point of contact.

36.5 A service provider must comply with the notice if it is reasonably practicable to do so (s.22(6)-(8)) and can be enforced to do so by civil proceedings.

36.6 The postal or telecommunications service can charge for providing this information.

37 Oral authority

37.1 The Council is not permitted to apply or approve orally.

38 Single point of contact (SPOC)

38.1 Notices and authorisations should be passed through a single point of contact within the Council. This should make the system operate more efficiently as the SPOC will deal with the postal or telecommunications operator on a regular basis and also be in a position to advise a designated person on the appropriateness of an authorisation or notice.

38.2 SPOCs should be in position to:

- Where appropriate, assess whether access to communication data is reasonably practical for the postal or telecommunications operator;
- Advise applicants and the Designated Person on whether communications data falls under Section 21(4)(a), (b) or (c) of the Act;
- Provide safeguards for authentication;
- Assess any cost and resource implications to both the public authority and the postal or telecommunications operator.

39 Duration

- 39.1 Authorisations and notices are only valid for one month beginning with the date on which the authorisation is granted or the notice given. A shorter period should be specified if possible.

40 Renewal and cancellation

- 40.1 An authorisation or notice may be renewed at any time during the month it is valid using the same procedure as used in the original application. A renewal takes effect on the date which the authorisation or notice it is renewing expires.
- 40.2 All authorisations and notices should be cancelled by the Designated Person who issued it as soon as it is no longer necessary, or the conduct is no longer proportionate to what is sought to be achieved. The relevant postal or telecommunications operator should be informed of the cancellation of a notice.

41 Retention of records

- 41.1 Applications, authorisations renewals cancellations and notices are confidential material and must be retained until the Council has been audited by the Commissioner (see paragraph 10).
- 41.2 Applications must also be retained to allow the Tribunal (see paragraph 10) to carry out its functions.
- 41.3 A record must be kept of:
- the dates on which the authorisation or notice is started or cancelled.
 - any errors that have occurred in the granting of authorisations or giving of notices.
- 41.4 A report and explanation of any errors must also be sent to the Commissioner as soon as is practicable.
- 41.5 Communications data, and all copies, extracts and summaries of it, must be handled and stored securely and the requirements of the Data Protection Act 2018 and UK GDPR must be observed.
- 41.6 The documents referred to herein and any information contained therein should not be disclosed to any person who does not have a legitimate need to have access to the document or to the information contained within it. Authorising officers are required in ensure proper arrangements are in place

within their service areas for the retention and security of the said documents.

41.7 The Monitoring Officer maintains a register of all authorisations, reviews, cancellations and renewals. Authorising officers are required to ensure that hard copies of the said documents are forwarded to the Monitoring Officer as soon as reasonably practicable for retention.

41.8 The Monitoring Officer will review the central register periodically to remove information that is more than 6 years old unless relevant court proceedings are outstanding. All documentation no longer required will be securely disposed of.

42 Oversight and Complaints

42.1 The Act provides for an Investigatory Powers Commissioner's Office whose remit is to provide independent oversight of the use of the powers contained in Part I and the code requires any person who uses the powers conferred by Chapter II to comply with any request made by the Commissioner to provide any information he requires to enable him to discharge his functions. As the authority uses NAFN as its SPOC, NAFN as opposed to the Council will be inspected on a regular basis. It is still important that all of the relevant documents are completed properly by the Council and stored appropriately. T

42.2 The Act also establishes an independent Investigatory Powers Tribunal to investigate and decide any case within its jurisdiction. Details of the relevant complaints procedure should be available for reference at Rushcliffe Borough Council's public offices.

APPENDIX A SCRUTINY ARRANGEMENTS

The following arrangements have been put in place to comply with the requirements set out in the revised Codes of Practice published by the Home Office in 2018.

43 Senior Responsible Officer

43.1 The SRO shall be responsible for:

- the integrity of the process in place to authorise directed surveillance and CHIS
- compliance with Part II of the 2000 Act and with the accompanying Codes of Practice
- engagement with the Surveillance Commissioners and Inspectors when they conduct their inspections, and
- where necessary, oversight of the implementation of any post-inspection action plans recommended or approved by a Commissioner
- Maintaining the central record of authorisations and collating the original applications/authorisations, reviews, renewals and cancellations
- Oversight of submitted RIPA documentation
- Organising a RIPA training programme and
- Raising RIPA awareness within the Council.

43.2 The SRO is the Monitoring Officer and a member of the Council's Corporate Management Team. They are responsible for ensuring that all Authorising Officers are suitably qualified and trained.

44 Elected Member Involvement

44.1 The SRO will report annually to the Governance Scrutiny Group with the following information:

- the current Policy and Guidance being used by the Council
- statistics and overview of the use of directed surveillance and CHIS by the Council during the previous year

- following an IPCO inspection, detailing any recommendations made and the action(s) taken in response to those recommendations

44.2 Any significant issues arising shall also be reported to a meeting of Cabinet.

APPENDIX B

Forms

See Home Office website: [RIPA forms](#)

APPENDIX C

Codes of Practice

[RIPA codes - GOV.UK](#)

[acquisition and disclosure of communications data code of practice](#)

APPENDIX D**RUSHCLIFFE BOROUGH COUNCIL****Senior Responsible Officer and Authorised Officers**Senior Responsible Officer

The designated Senior Responsible Officer and RIPA Coordinator for RUSHCLIFFE BOROUGH COUNCIL under the Regulation of Investigatory Powers Act 2000 shall be:

Officer	Department	Contact details
Monitoring Officer	Chief Executive Department, Legal Services Rushcliffe Arena, Rugby Road, West Bridgford, Nottingham, NG2 7YG	Tel: 0115 9148 480 E-mail: monitoringofficer@rushcliffe.gov.uk

Authorising Officers

The following officers shall be designated as Authorising Officers for the specified purpose on behalf of RUSHCLIFFE BOROUGH COUNCIL under the Regulation of Investigatory Powers Act 2000:

Post
Chief Executive
Director - Neighbourhoods
Head of Service – Public Protection

Enhanced Authorising Officer

The CHIEF EXECUTIVE shall be designated as Authorising Officers for the specified purpose on behalf of RUSHCLIFFE

BOROUGH COUNCIL under the Regulation of Investigatory Powers Act 2000 when knowledge of confidential or privileged information is likely to be acquired.

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Governance Scrutiny Group

Thursday, 4 December 2025

Capital and Investment Strategy – Quarter 2 Report 2025/26

Report of the Director - Finance and Corporate Services

1. Purpose of report

- 1.1. The purpose of this report is to summarise the Capital and Investment activities of the Council for the period 1 April to 30 September 2025.
- 1.2. The Capital and Investment Strategy for 2025/26, approved by Council on 6 March 2025, outlines the Council's capital and investment priorities as follows:
 - Security of capital
 - Liquidity of investments; and
 - Optimising yield earned on investments (cash and property).
- 1.3. The Strategy includes indicators that help ensure that the Council's capital investment plans are affordable, prudent, and sustainable. Setting an integrated Capital and Investment Strategy is a requirement of the CIPFA Code of Practice.

2. Recommendations

It is recommended that the Governance Scrutiny Group reviews and comments as necessary on the Capital and Investment Strategy update position as of 30 September 2025.

3. Reasons for Recommendation

- 3.1. CIPFA's Code of Practice for Treasury Management (2021) recommends that Councillors should be informed of Treasury Management activities quarterly. This report, therefore, ensures this Council is embracing best practice for the scrutiny of capital and investment activity in accordance with the CIPFA Code of Practice.

4. Supporting Information

Economic Forecast

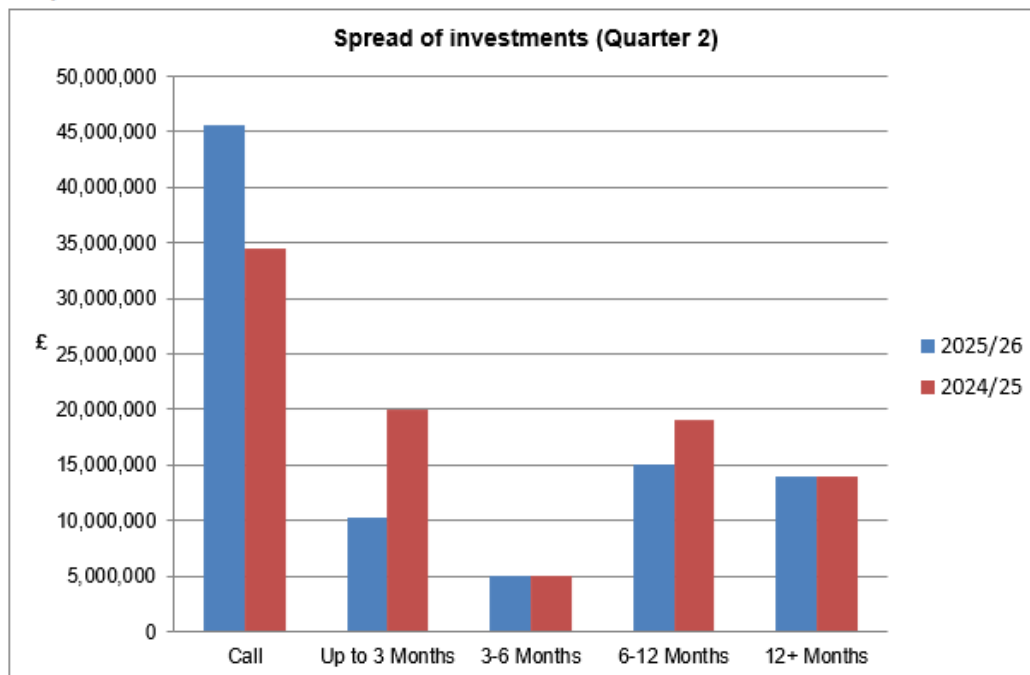
- 4.1. Inflation (CPI) rose by 3.8% in the 12 months to September 2025, in line with the Bank of England's forecast of 3.7% but well above its 2% target. However, it is expected to fall back towards this target in 2026.
- 4.2. The Bank of England retained base rate at 4% at the Monetary Policy Committee meeting in November but Arlingclose expects a cut to 3.75% in December, with easing inflation, a softer labour market and fiscal tightening strengthening the case.

- 4.3. The UK economy is estimated to have grown by 0.3% in the second quarter of the 2025, following a 0.7% increase in the first quarter. Growth in Q2 has been driven by increases in services and construction, although the production sector fell by 0.3%. Forecasters anticipate a more muted pace of growth in the second half of 2025 persisting into early 2026.

Investment Income

- 4.4. Based on the Arlingclose interest rate forecast at the time (an average rate of 4.06%), the Council budgeted to receive £1,434,900 in investment income in 2025/26. Actual interest earned to 30 September 2025 totalled £816,277 with total receipts for the year expected to be approximately £1,630,000 (£2,168,616 in 2024/25). Interest receipts are higher than estimated due to investment balances and interest rates both being higher than expected. All investments have been made in accordance with the Council's Capital and Investment Strategy. The Council achieved an average interest rate of 4.34% in quarter 2.
- 4.5. The average level of funds available for investment purposes during the quarter was £75.61m, with the level of funds fluctuating dependent on the timing of precept payments, receipt of grants, S106 receipts and progress on the capital programme. The Council holds £13.929m core cash balances for investment purposes (i.e. funds available for more than one year).
- 4.6. To maintain returns and mitigate risks, the Council has continued to diversify its investments mix. As a result, the Council is currently placing deposits in Money Market Funds (MMFs), Call Accounts, CCLA Property Fund, UK Local Authorities and Diversified Funds. The Council also currently holds two ESG (Environmental, Social and Governance) accounts totalling £7.50m. A full list of investments at 30 September can be found at **Appendix A**.
- 4.7. The graph below depicts the Council's investment spread showing the range of investments over different time periods, balancing both cash flow risk and counterparty risk. The spread of investments is comparable over 3 months to this time last year, but more is currently being held in call accounts as opposed to up to 3 months as currently there are fewer Local Authority deals. To counter this, the Council invested £6m in a secured bank deposit with Standard Chartered in October fixed for 94 days. To ensure liquidity, the Council continues to hold considerable sums over the short term, with a greater number of institutions, but with interest rates coming down the Council will be looking to invest for slightly longer terms in the future to lock in the higher rate deals and maximise returns. This is compliant with the Council's Capital and Investment Strategy and recommended action by the Council's Treasury advisors.

Graph 1



- 4.8. The Council ensures investments are secure and that liquidity is maintained whilst proactively looking to maximise its rate of return (See paragraph 4.4).
- 4.9. The Council's diversified funds are subject to fluctuations in fair value. The current position can be seen in **Appendix B**, a balance of £0.727m. Funds are still volatile but loss in capital value largely experienced in previous years, is reversing and has been mitigated by appropriations to the Treasury Capital Depreciation Reserve (current balance of £1.310m). There is a statutory override currently in place, preventing any accounting adjustments impacting on the revenue accounts until April, 1 2029. Overall, the rates of return on the Diversified Funds (5.58%) are higher than those achieved on MMFs (4.05%), but capital valuations are more volatile on these funds. The Council will continue to monitor the position on these investments and take advice from the treasury advisors and as appropriate increase or reduce the reserve.

Borrowing and Prudential Indicators

- 4.10. In accordance with the Local Government Act 2003, the Council has a statutory duty to determine and keep under review how much it can afford to borrow. Therefore, the Council establishes 'Affordable Borrowing Limits' (or Authorised Limit) as part of the Prudential Indicators with the approved Capital and Investment Strategy.
- 4.11. The authorised limit represents the limit beyond which external borrowing is prohibited and is set as part of the Treasury Strategy, whereas the operational boundary is the expected borrowing position of the Council based on the CFR and a buffer. The operational boundary set for the year is £15m (see **Appendix C**). The authorised limit is set at £20m.
- 4.12. Considering cash balances in paragraph 4.5, the Council continues to internally borrow to fund capital expenditure and does not envisage externally borrowing during the medium term.

- 4.13. The Liability (or Asset) Benchmark reflects the real need to borrow (**Table 1**). The Council is reporting a credit balance (asset), which shows that the Council has no need to borrow over the medium term since existing resources exceed the underlying need to borrow. The projected position at the end of the year reflects both IFRS 16 (and the impact on CFR) together with the expected S106 balances, which feed into the working capital figure, together with higher usable reserves. Working capital is projected to reduce over the medium term as S106 balances reduces and resources are used to fund the capital programme.

Table 1 – Liability/(Asset) Benchmark

	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
Capital Financing Requirement (CFR)	Budget	Projection	Projection	Projection	Projection	Projection
	£'000	£'000	£'000	£'000	£'000	£'000
Closing CFR	8,836	8,362	7,125	6,693	6,381	6,063
Less:						
Usable Reserves	(31,516)	(33,633)	(28,503)	(25,374)	(22,548)	(19,695)
Working Capital	(48,020)	(46,301)	(44,301)	(42,301)	(40,301)	(38,301)
Plus, minimum investments	10,000	10,000	10,000	10,000	10,000	10,000
LIABILITY/(ASSET) BENCHMARK	(60,700)	(61,572)	(55,679)	(50,982)	(46,468)	(41,933)

Capital Expenditure and Financing

- 4.14. As part of the Capital and Investment Strategy, the Council established a range of Prudential Indicators (which also accords with professional practice) to monitor both Treasury and Capital as the two are intrinsically linked. Details of the performance against the Prudential Indicators can be found at **Appendix C** and key comments to note regarding Capital are at paragraphs 4.15 to 4.18.
- 4.15. The original Capital Programme for 2025/26 was £8.344m. This has been revised to £13.847m, mainly due to carry forwards from 2024/25 and acceleration of schemes from 2026/27. The projected outturn is £12.381m, resulting in an estimated underspend of £1.466m primarily arising from Warm Homes schemes reduction to match actual grant allocated £610k and £400k Land acquisition for carbon offsetting not yet committed.
- 4.16. The actual capital expenditure forms one of the required prudential indicators. **Table 2** below shows the actual capital expenditure and how this is financed; fully funded from Council resources.

Table 2 Capital Expenditure and Financing

	2025/26	2025/26	Projected
Capital Programme	Estimate	Projection	Variance
	£'000	£'000	£'000
Capital Expenditure	13,847	12,381	(1,466)
Less Financed by:			
Capital Receipts	(4,732)	(4,494)	238
Capital Grants	(2,969)	(2,209)	760
Reserves	(6,146)	(5,678)	468
Increase in borrowing need	0	0	0

- 4.17. 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 2025/26 and prior years that has not yet been paid for by revenue or other resources. No external borrowing was undertaken during the quarter ended 30 September 2025 and the Council does not anticipate a need to externally borrow over the Medium-Term, so the CFR balance continues to reduce after deducting MRP repayments and capital receipts as seen in **Table 3**.
- 4.18. The impact of IFRS 16 (the impact of all leases going on the balance sheet) was not known at the time the budgets were set but the impact on the opening position is reflected in the projection for the year.

Table 3 Capital Financing Requirement (CFR)

	2025/26 Estimate £'000	2025/26 Projection £'000
Capital Financing Requirement (CFR)		
Opening Balance	10,010	10,010
Add: unfinanced capital expenditure (IFRS16)	0	0
Less MRP/VRP	(1,174)	(1,648)
Less applied Capital Receipts and S106	0	0
Closing Balance	8,836	8,362

Treasury Management and Prudential Indicators

- 4.19. During the quarter ended 30 September 2025, the Council has operated within treasury management indicators set and it is not envisaged that there will be any difficulties in the current or future years in complying with these indicators (**Appendix C**).
- 4.20. All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.
- 4.21. No external borrowing was undertaken during the quarter ended 30 September 2025 and the Council does not anticipate a need to externally borrow in this financial year or over the medium term.
- 4.22. The ratio of Financing Costs to Net Revenue Streams is a Key Prudential Indicator of affordability and compares net financing costs (MRP, borrowing costs, less investment income) to net revenue income. This indicator shows the proportion of net income that is used to pay for financing costs. The projected actual at quarter 2 is 0.68%, which is better than estimated, due to higher interest receipts reducing net financing costs.
- 4.23. Net Income from Commercial and Service Investments to Net Revenue Streams reflects the Council's dependence on investments. The projected figure is marginally higher than budgeted primarily due to savings on utilities against budget, increasing the net income received from these investments (See table 4).

Commercial Investments

- 4.24. The Council must disclose its dependence on commercial income, and the contribution non-core investments make towards core functions.
- 4.25. The projected position for total contribution of non-core investments towards core functions is 12.2% compared with the estimated figure of 12.5% reflecting a slight drop in rental income due to vacancies (Bridgford Hall) and the increase in total income due to interest receipts as discussed on paragraph 4.4 above (see **Table 4** below).

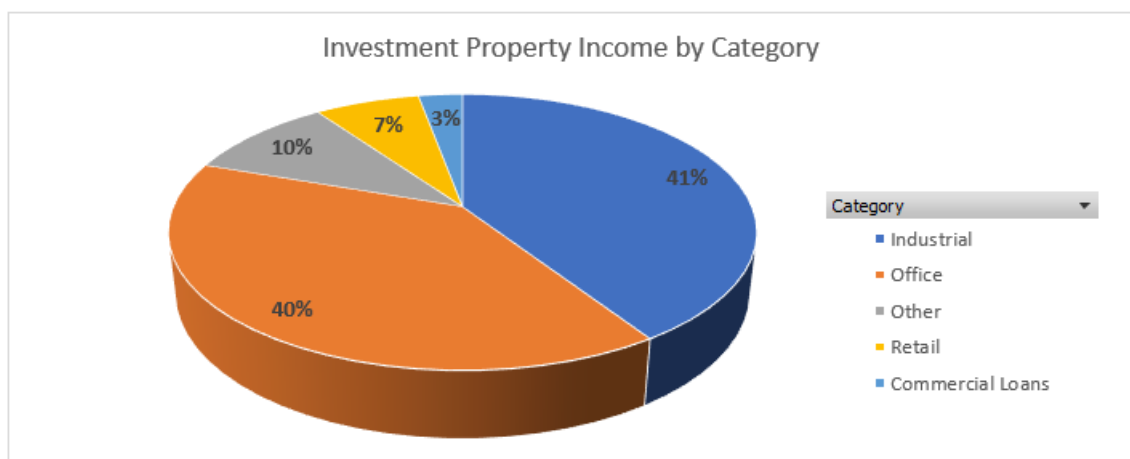
Table 4

	2025/26 Full Year Budget £'000	2025/26 Actual Qtr 2 £'000	YTD Budget Qtr 2 £'000	25-26 Full Year Projection £'000
Commercial Investments				
Commercial Property Income	(1,979)	(973)	(990)	(1,960)
Running Costs	465	223	229	471
Net contribution to core functions	(1,514)	(750)	(761)	(1,489)
Interest from Commercial Loans	(59)	(30)	(30)	(59)
Total Contribution	(1,573)	(780)	(791)	(1,548)
Total Income	(12,537)	(6,350)	(6,103)	(12,660)
Total Contribution/Total income	12.5%	12.3%	13.0%	12.2%
Sensitivity +/- 10%	(198)	(97)	(99)	(196)

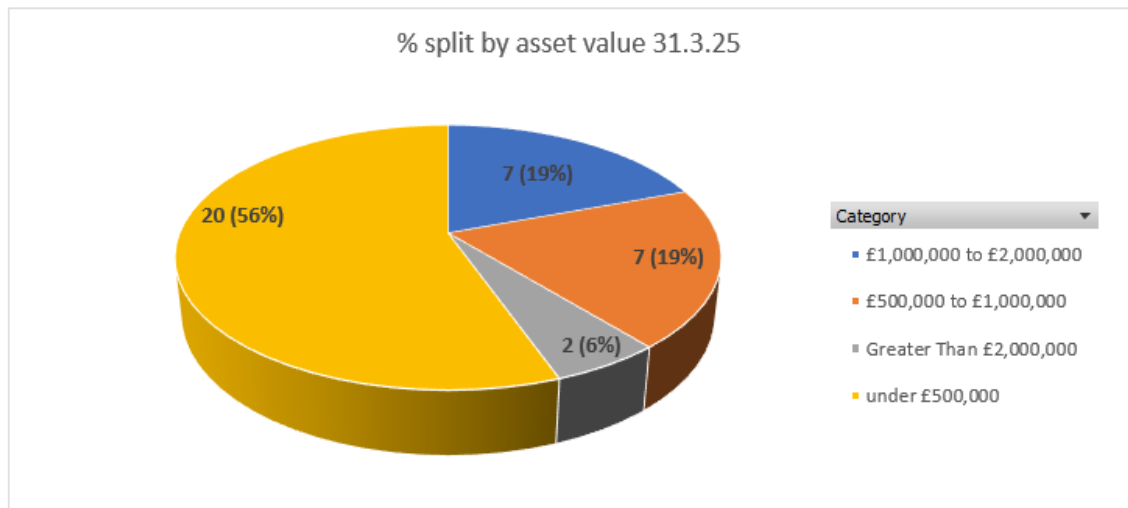
Risk Exposure Indicators

- 4.26. The Council minimises its exposure to risk by spreading investments across sectors and by avoiding single large-scale investments. The spread of investments across sectors can be seen by asset value in graph 2 and number of investments in graph 3. Industrial units and office accommodation account for the majority of income from investment properties (81% in total). The two largest investments are The Point and Unit 3 Edwalton Business Park.

Graph 2



Graph 3



Security and Liquidity

- 4.27. Commercial investments are held for longer term asset appreciation as well as yield. Investments or sales decisions will normally be planned as part of the five-year capital strategy to maximise the potential return. Nevertheless, the local and national markets are monitored to ensure any gains are maximised or losses minimised.
- 4.28. To help ensure asset values are maintained, the assets are given quarterly inspections, together with a condition survey every three years. Any works required to maintain the value of the property will then form part of the Council's spending plans.
- 4.29. The liquidity of the assets is also dependent on the condition of the property, the strength of the tenants and the remaining lease lengths. The Council keeps these items under review with a view to maximising the potential liquidity and value of the property wherever possible. The last Asset Management review of commercial assets was reported to this group 22 February 2024 with the next review planned for February 2026. A review has also just been completed on operational/non-investment properties and will be subject to Cabinet approval.
- 4.30. The liquidity considerations for commercial investments are intrinsically linked to the level of cash and short-term investments, which help manage and mitigate the Council's liquidity risk.

Training and Development

- 4.31. The last presentation and training session to Councillors, provided by the Council's Treasury Management Advisors, was 17 December 2024. The next scheduled training session will be held on 6 January 2026.

5. Conclusion

- 5.1. Officers can confirm that the approved limits within the Capital and Investment Strategy were not breached during the quarter ended 30 September 2025.
- 5.2. The UK economy is recovering from recent financial market volatility, but risk remains globally along with inflationary pressures and falling interest rates. The latter will have a negative effect on returns that can be achieved from investments, and global unrest may impact on the capital value of some of the Council's investments. Officers will continue to monitor the environment and report any significant issues to the Governance Scrutiny Group.

6. Risk and Uncertainties

- 6.1. The report covers both counterparty, interest rate and property related risks.

7. Implications

7.1. Financial Implications

Financial Implications are covered in the body of the report.

7.2. Legal Implications

There are no specific legal implications identified in this report. The report demonstrates the Council's good practice in following CIPFA's Code of Practice for Treasury Management (2021) recommends by informing Councillors of Treasury Management activities quarterly. Adoption of the best practice ensures scrutiny of capital and investment activity undertaken during the relevant period.

7.3. Equalities Implications

There are no equalities implications identified for this report.

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

There are no Section 17 implications identified for this report.

7.5. Biodiversity Net Gain Implications

There are no Biodiversity Net Gain Implications as a result of the recommendations in this report.

8. Link to Corporate Priorities

The Environment	Helping to protect the environment by consideration of carbon footprint and fossil-based investments as part of the Capital and Investment Strategy
Quality of Life	No direct impact on quality of life
Efficient Services	Responsible income generation and maximising returns
Sustainable Growth	No direct impact on sustainable growth

9. Recommendations

It is recommended that the Governance Scrutiny Group reviews and comments as necessary on the Capital and Investment Strategy update position as of 30 September 2025.

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers available for inspection	Capital and Investment Strategy 2025/26
List of Appendices:	Appendix A – Investments at 30 September 2025 Appendix B – Pooled Funds Appendix C – Prudential and Treasury Indicators for 2025/26 at 30 September 2025 Glossary of Terms

Investment Balances at 30 September 2025

Type	Financial Institution	Amount £	Length of Investment	Maturity Date for Fixed Investments	Interest
Pooled Fund	Royal London Cash Plus Fund	1,015,613	On-going		3.96%
Pooled Fund	CCLA Property Fund	2,008,092	On-going		4.36%
Pooled Fund	CCLA Cautious Fund	1,825,481	On-going		3.25%
Pooled Fund	Aegon Diversified Income fund	4,560,790	On-going		6.80%
Pooled Fund	Ninety One Diversified Income Fund	4,518,894	On-going		6.20%
MMF	Aviva	623,797	Call		3.99%
MMF	BlackrodK	8,539,440	Call		4.06%
MMF	CCLA - PSDF	1,341,118	Call		4.04%
MMF	Federated Investors (UK)	9,965,650	Call		4.09%
MMF	Goldman Sachs Asset Management	2,972,257	Call		4.00%
MMF	HSBC Asset Management ESG	5,677,204	Call		4.05%
MMF	Invesco AIM	6,494,903	Call		4.07%
MMF	Aberdeen Asset Management	9,289,661	Call		4.07%
MMF	HSBC Asset Management Business Deposit	128,668	Call		1.53%
Government	Cheshire East Council	5,000,000	364 Days	13/07/2026	4.20%
Government	Blackpool Council	5,000,000	181 Days	12/05/2026	4.25%
Government	Leeds City Council	5,000,000	212 Days	24/04/2026	4.25%
Government	Telford & Wrekin	5,000,000	185 Days	26/01/2026	4.20%
Government	Lancashire County Council	5,000,000	364 Days	18/06/202	4.25%
Banks Unsecured	Bank of Scotland PLC	833	Call		0.01%
Banks Unsecured	Bank of Scotland PLC32	118,879	32 Days		2.50%
Banks Unsecured	Barclays Bank PLC	6,887	Call		1.63%
Banks Unsecured	Barclays Bank PLC 32	4,993,280	32 Days		3.80%
Banks Unsecured	Handelsbanken PLC	12,286	Call		3.85%
Banks Unsecured	Handelsbanken PLC35	13,022	35 Days		3.60%
Banks Unsecured	Santander UK PLC	469,064	Call		2.23%
Banks Unsecured	Santander UK PLC35	92,016	35 Days		3.53%
Average Interest Rate					4.34%
Total Investments		89,667,834			

Pooled Funds at 30 September 2025

Fair Value	Amount Invested	31/03/2025	30/09/2025	Difference since April 2025	Difference in valuation from initial investment
Aegon-Previously Kames	£5,000,000	£4,560,790	£4,808,208	£247,418	(£191,792)
Ninety One-Previously Investec	£5,000,000	£4,518,894	£4,616,254	£97,360	(£383,746)
RLAM	£1,000,000	£1,015,613	£1,022,888	£7,275	£22,888
CCLA Property	£2,000,000	£2,008,092	£2,012,620	£4,528	£12,620
CCLA CF	£2,000,000	£1,825,481	£1,812,970	(£12,510)	(£187,030)
Total	£15,000,000	£13,928,870	£14,272,940	£344,071	(£727,060)

Prudential and Treasury Indicators

Prudential & Treasury Indicators 30th September 2025	2025/26 Estimate £'000	2025/26 Projected £'000
Prudential Indicators		
Capital Expenditure	13,847	12,381
Expected Investment Position at 31 March 2026	73,021	68,428
Capital Financing requirement at 31 March 2026	8,836	8,362
Proportion of financing costs to net revenue streams	1.67%	0.68%
Gross Debt (Debt incl PFI & Leases)	0	0
Net Income (from Commercial and Service Investments) to Net Revenue Streams	(10.5%)	(10.9%)
Treasury Management Indicators		
Authorised Limit for external debt (Borrowing and other Long Term Liabilities)	20,000	20,000
Operational Boundary for external debt (borrowing and other Long Term Liabilities)	15,000	15,000
Upper limit for fixed interest rate exposure on investments up to 1 year	50%	28%
Upper limit for variable rate exposure (investments)	100%	72%
Upper limit for total principal sums invested over 1 year	36,500	34,214
Liability Benchmark	(60,700)	(61,572)

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

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

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

ESG – stands for environmental, social, and governance and refers to how companies score on these responsibility metrics. Environmental criteria gauge how a company safeguards the environment. Social criteria examine how it manages relationships with employees, suppliers, customers, and communities. Governance measures a company's leadership, executive pay, audits, internal controls, and shareholder rights.

MRP – Minimum Revenue Provision – is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for paying back borrowing. This is an annual revenue expense in a Council's budget.

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Governance Scrutiny Group

Thursday, 4 December 2025

Work Programme

Report of the Director – Finance and Corporate Services

1. Summary

- 1.1. The work programmes for all Scrutiny Groups are created and managed by the Corporate Overview Group. This Group accepts and considers Scrutiny Matrices from both officers and councillors which propose items for scrutiny. If those items are accepted following discussion at Corporate Overview Group, they are placed on the work programme for one of the Council's Scrutiny Groups. In creating the work programme for the Governance Scrutiny Group due regard has been given to matters usually reported to the Group, the resources available for scrutiny, and the timing of issues to ensure best fit within the Council's decision-making process.
- 1.2. The work programme is provided in this report for information only so that the Group is aware of the proposed agenda for the next meeting. The work programme 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.

5 February 2026

- Internal Audit Progress Report
- Internal Audit Strategy
- Risk Management Update
- Risk Management Strategy
- Capital and Investment Strategy Update
- Capital and Investment Strategy 2026/27
- External Annual Audit Plan
- Asset Management Plan

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

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